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NEW ZEALAND

30 May 22

See distribution

## CDF DIRECTIVE 19/2022:

### CHIEF OF DEFENCE FORCE PLANNING DIRECTIVE FOR FINANCIAL YEARS 2022/23 - 2025/26

#### Reference:

- A. NZDF Strategy

#### Authority

1. Issued by the Chief of Defence Force.

#### Applicability

2. This Directive constitutes a general order to members of the Armed Forces and instructions to the Civil Staff and other persons employed for Defence Force purposes.
3. This Directive applies to all members of the NZDF who have responsibilities for planning and managing resources to deliver on policy expectations and outputs.
4. Non-compliance with this Directive may result in disciplinary action being taken in accordance with the *Armed Forces Discipline Act 1971* or may result in possible sanctions in accordance with the Civil Staff Code of Conduct.

#### Purpose

5. The purpose of this Directive is to set the planning conditions that will realise a balanced budget in order to achieve NZDF Outputs. To achieve the purpose this directive will clearly articulate the command intent, set the NZDF priorities, and assign responsibilities and accountabilities.

#### Context

6. **External Factors.** Over the past two years the NZDF has successfully supported the All-of-Government (AoG) response to the COVID-19 pandemic through Op PROTECT. This has been sustained while simultaneously responding to emergency operations and maintaining mandated deployments in New Zealand, the Pacific region, and globally<sup>1</sup>. The NZDF adapted to the pandemic, while continuing to bring upgraded capabilities into service, modernise its

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<sup>1</sup> This was achieved through a combination of variations to, and the reduction of, readiness levels and the scale of outputs.

Information Communication Technology (ICT) and enabling systems, and regenerate its infrastructure.

7. The NZDF is under less immediate financial pressure than it was twelve months ago. An injection of depreciation funding from the Government has partially mitigated risks to output delivery. However, this injection does not address operating expenditure (OPEX) and personnel expenditure (PERSEX) cost pressures. Where a need for additional funding is identified, it will need to be pursued through the business case process, and in most cases deliberate trade-offs will be required.
8. Personnel growth beyond already approved Full Time Equivalent (FTE) caps will be an additional constraint. Public sector workforce growth is an area under close Public Service Commission scrutiny. Any business case or other initiative that seeks an increase in FTE over approved workforce plan numbers will require specific and robust justification, and will need to identify realistic offsets from existing FTE or PERSEX when developing options.
9. **Internal Direction.** The Executive Committee (EXCO) recognised the external factors above, acknowledging issues of 'do-ability' including: maintaining current (reduced) outputs; regenerating capability post Op PROTECT; and introducing new capability in accordance with the NZDF Strategic Plan (previously called Plan25). EXCO conducted a priority-setting exercise in March 2022 to determine NZDF relative priorities for the next four years. The results were (in order of weighting):
  - a. workforce (30%);
  - b. information and network capability (21%);
  - c. force generation and core operational activity (20%);
  - d. capital capability sustainment (15%);
  - e. physical estate and infrastructure (11%); and
  - f. non-core output and other activities (3%).
10. The priorities were tested by modelling and assessing the impacts of two top-down budget and workforce scenarios, which also took into account Government and Minister of Defence (MINDEF) priorities. The first scenario was driven by the weighted priorities, including an emphasis on workforce investment, and the second scenario reflected a more 'traditional' allocation of OPEX and PERSEX. An analysis revealed that a priority-driven approach delivered the best results. EXCO agreed<sup>2</sup> to use the results to focus planning, investment, and other activity for the next four years.
11. **Strategy Review.** EXCO reviewed Strategy25 in parallel to the scenario exercise. This review demonstrated that impacts across the NZDF over the last two years had resulted in Strategy25 end-states not being achievable within the planned timeframe. It was agreed<sup>3</sup> to extend the horizons through to 2027, while confirming the extant strategic goal of a Networked Combat Force (NCF).
12. EXCO also approved a new naming convention for Strategy25 and Plan25; these documents are now called the NZDF Strategy (reference A) and the NZDF Strategic Plan respectively.

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<sup>2</sup> EXCO Special meeting 29 Apr 2022.

<sup>3</sup> EXCO Meeting 12 Apr 2022

13. The NZDF Strategic Plan is being updated to reflect the changed horizons and revised end statements, and baselines will be adjusted to enable measurement against new milestones<sup>4</sup>. The update will include ongoing consultation with Services, portfolios, and other stakeholders.
14. **Bridge to Defence Policy.** The Defence Policy Review (DPR) is underway, which will inform strategic policy and direction from 2024 onwards. Collectively the priorities above and the NZDF Strategy will provide a bridge for planning and activity direction to the completion of the DPR.

## Execution

15. **CDF Intent.** The NZDF is a combat-ready force keeping New Zealand safe and secure. Its mission focus remains to secure New Zealand against external threat, to protect its sovereign interests, and to be able to take action to meet likely contingencies in its strategic areas of interest. To enable this, Services and Portfolios must raise, train and sustain the force, and enabling portfolios must provide support, to ensure mission success. Joint Forces New Zealand will maintain operations throughout. In parallel, the NZDF must ensure that the mission is achieved through the most effective and efficient means possible.
16. **Method.** To set those conditions necessary to achieve the intent, this directive will:
  - a. set the command intent;
  - b. set the priorities for NZDF planning and activities;
  - c. set specific responsibilities and accountabilities for FY 2022/23;
  - d. provide high level guidance through to the end of FY 2025/26;
  - e. inform output planning; and
  - f. inform the development of four-year budgets.
17. **Endstate.** Mission success through output achievement, balanced between preparing NZDF for the future, and delivering against current Government objectives. Effectiveness and efficiency gained through having applied relative priorities to all decisions requiring trade-offs involving the allocation of effort and resources.
18. **NZDF Priorities.** Many of the challenges experienced in FY 2021/22 will continue in FY 2022/23 and beyond. The NZDF must be prepared to respond to events within agreed response times, and organisational resilience will be particularly important for managing unforeseen disruptions. The NZDF cannot do everything in the current circumstances. Commanders at all levels need to prioritise and consider reducing activity that does not align with the EXCO weighted priorities.
19. The top three EXCO priorities collectively account for over 70% of the weightings, however the lower ranked priorities should still attract effort and resources broadly proportionate to their weightings. A list of the priorities is at Annex A to provide further elaboration.
20. **Outputs.** The delivery of outputs will continue to be challenging in a resource-constrained environment. Pending the release of the NZDF Output Plan FY 2022/23, existing guidance<sup>5</sup>

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<sup>4</sup> For example Joint Readiness Exercises 24 and 26.

<sup>5</sup> CDF Directive 04/21 Chief of Defence Force Annual Plan of 4 Jun 2021

for the prioritisation of Outputs 4 to 7 is at Annex B. This guidance will be reviewed when there is a material change to the planning environment.

21. Readiness for regional operations under Output 5.2 is to be in accordance with the NZDF Output Plan FY 2022/23 (when released), with priority being given to Humanitarian Aid and Disaster Relief (HADR) tasks. Delivery of Output 5.1 and 5.3 (if utilised) is to be in accordance with approved mandates.
22. **Budget.** Initial budget allocations for FY 2022/23 to FY 2025/26 will be made on the basis of the weighted priorities. Budget-build instructions<sup>6</sup> will include direction to conduct detailed activity planning for FY 2022/23 and undertake high-level activity planning for FYs 2023-26. While the priorities are to be used to guide activity planning over the next four years, the effects will be assessed annually, with priorities adjusted as required.
23. It remains imperative that the NZDF continues to manage itself within approved operating and capital appropriation limits. CDF will exercise discretion to move funding to ensure critical risks and interdependencies are managed.

### **Responsibilities and Accountabilities**

24. **Chiefs of Service and Heads of Portfolios** are to:
  - a. schedule at least two reduced activity periods (eg around July School Holidays 9 – 24 Jul 2022 and Christmas closedown) as business as usual; and
  - b. develop and implement (or update) their respective Service and portfolio plans, command directives and other orders in accordance with this Directive and existing planning guidance<sup>7</sup>.
25. **Vice Chief of Defence Force (VCDF)** is to:
  - a. lead development of the NZDF Output Plan FY 2023/24;
  - b. finalise the First Principles Review of the Defence Estate Footprint once Cabinet guidance is known;
  - c. continue to regenerate the Defence Estate in accordance with the Defence Estate Regeneration Programme, through the Defence Estate and Infrastructure Alliance; and
  - d. with the Ministry of Defence (MoD) as appropriate, lead the prioritisation of any new capability initiatives to be submitted for Budget 23.
26. **Commander Joint Forces New Zealand** is to:
  - a. close Op PROTECT and be prepared to lead the operational response to future tasks in support of AoG COVID-19 responses;
  - b. maintain Cabinet authorised operational deployments;
  - c. advise CDF of any operational issues and risks that may impact the ability to maintain states of readiness or deliver outputs within the designated response times or notices to move;

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<sup>6</sup> CFO Administrative Instruction 01/2022 FY22/23 to FY25/26 NZDF Financial Budget Process

<sup>7</sup> NZDF Strategy, NZDF Output Plan FY 2022/23 (to be released)

- d. manage the Master Activity Schedule to support the regeneration of NZDF readiness, re-engagement with partners, and the conduct of the Joint Readiness Exercise 2024 as part of the Force generation validation; and
- e. execute the Pacific Campaign Plan.

27. **Chief of Navy** is to:

- a. generate maritime outputs in accordance with the NZDF Output Plan FY 2022/23 (to be released);
- b. recommend to the Outputs Committee any variations to the NZDF Output Plan FY 2023/24;
- c. advise CDF of any operational issues and risks that may impact the ability to maintain states of readiness or deliver outputs within the designated response times or notices to move;
- d. prepare for transition to new or upgraded capabilities; and
- e. regenerate maritime capabilities in accordance with standards and timeframes to meet the NZDF Regeneration Goal<sup>8</sup>.

28. **Chief of Army** is to:

- a. generate land outputs in accordance with reduced levels in the NZDF Output Plan FY 2022/23 (to be released);
- b. recommend to the Outputs Committee Land and Special Operations variations to the NZDF Output Plan FY 2023/24;
- c. advise CDF of any operational issues and risks that may impact the ability to maintain states of readiness or deliver outputs within the designated response times or notices to move;
- d. prepare for transition to new or upgraded capabilities; and
- e. regenerate land capabilities in accordance with standards and timeframes to meet the NZDF Regeneration Goal<sup>9</sup>.

28. **Chief of Air Force** is to:

- a. generate air outputs in accordance with the NZDF Output Plan FY 2022/23 (to be released);
- b. recommend to the Outputs Committee any variations to the NZDF Output Plan FY 2023/24;
- c. advise CDF of any operational issues and risks that may impact the ability to maintain states of readiness or deliver outputs within the designated response times or notices to move;

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<sup>8</sup> As approved by Outputs Committee, 8 Dec 2021: *"To Force Generate joint capability to conduct and sustain a NZ led Output 5.2 Stability and Security Operation (SASO) in the Pacific NLT Dec 25. (The ability to project and sustain through multiple rotations up to a deployment period of 18-months).*

<sup>9</sup> Ibid.

- d. conduct transition to new or upgraded capabilities;
- e. regenerate air capabilities in accordance with standards and timeframes to meet the NZDF Regeneration Goal<sup>10</sup>; and
- f. continue the development of the Information Domain and its capabilities in accordance with EXCO direction.

**29. Chief People Officer is to:**

- a. deliver the Strategic Workforce Plan;
- b. consider and implement any actions directed by Cabinet, should the Plan proceed to Cabinet, in response to the Strategic Workforce Plan;
- c. provide support to the development of the DPR;
- d. develop a business case to address the long term sustainability of the Veterans' Affairs workforce to deliver the services required and any specialised resourcing and skills needed to develop a business case;
- e. develop and implement guidelines for the engagement of contractors and consultants to ensure that such resources are used and managed appropriately and effectively, to deliver the right outcomes for the NZDF and provide a sound return on the investment;
- f. support Services and Portfolios in the costing of any new cost pressures for personnel and remuneration;
- g. identify, and report, any cost pressures for personnel and remuneration impacting within FY 2022/23 and out-years;
- h. continue to implement the recommendations arising from the Op RESPECT review<sup>11</sup>;
- i. implement "Horizon", the technology solution for career and talent management ;
- j. implement "Totara", the technology solution for technology-enabled learning; and
- k. deliver the NZDF Strategic Plan initiatives aligned to the People Capability Portfolio, including:
  - (1) the harm minimisation framework;
  - (2) meeting recruiting demand set by Services; and
  - (3) diversity and inclusion initiatives.

**30. Chief Joint Defence Services (CJDS) is to:**

- a. continue initiatives to improve contract management, including review and provide recommendations, regarding the resilience of strategic partner, supply chain, and contractor arrangements<sup>12</sup>;

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<sup>10</sup> Ibid.

<sup>11</sup> Ministry of Defence Independent Review into NZDF progress against its Op RESPECT Action Plan dated 28 May 20. Progress is to be reported via MINDEF Quarterly report.

<sup>12</sup> The specifics to be sourced from Rebalancing Programme Directive: CDF Directive 15/2020 – Defence Baseline Review – NZDF Rebalancing Programme dated 12 May 20 (closed).

- b. continue improvements to the planning, monitoring and management of the NZDF's logistics environment including maintenance, repair and overhaul<sup>13</sup>;
- c. deliver the NZDF Strategic Plan initiatives aligned to CJDS (including Consolidated Logistics Programme, Security Capability Programme and Security Guard Force Reform); and
- d. identify and prioritise the completion of changes needed to deliver the Defence Information Platform (technical implementation, upskilling etc) in order to realise the full benefits envisaged in the 2016 CIS Branch Change and Transformation Programme Single Stage Business Case.

**31. Chief Financial Officer (CFO) is to:**

- a. lead an NZDF budget process that ensures portfolios and budget holders have clear sight of their approved plans, budgets, and expenditure authority;
- b. lead the identification of any OPEX, depreciation and capital charge cost pressures to be submitted for Budget 23;
- c. support the costing of any new organisational initiatives to be submitted for Budget 23; and
- d. with the MoD, support the New Zealand Treasury to identify system settings for the management of defence capital funding prior to Budget 23 with the objective of improving long-term sustainability<sup>14</sup>.

**32. Chief Defence Strategy and Management is to:**

- a. provide advice to VCDF to assist development of the NZDF Output Plan FY 2023/24;
- b. coordinate the NZDF's support to the DPR and support preparation for a potential Defence White Paper<sup>15</sup>;
- c. lead the development of NZDF multiyear strategic planning guidance, including prioritisation of organisational initiatives for the NZDF Strategic Plan, and annual Budgets;
- d. provide quarterly updates to MINDEF against MINDEF priorities in partnership with MoD;
- e. produce the NZDF Annual Report;
- f. coordinate the NZDF Strategic Programmes work stream;
- g. update the NZDF Strategic Plan to reflect changes to strategic initiatives and other priorities; and
- h. in collaboration with CFO, manage the planning and input phase to the Budget 23 process, including prioritising cost pressures and budget initiatives within the four-year planning horizon.

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<sup>13</sup> Ibid.

<sup>14</sup> Ibid.

<sup>15</sup> CDF Directive 38/2020 – NZDF Support to DA20 and DWP 22 dated 24 Aug 20

## Special Instructions

33. **Policy.** All planning is to be based on extant Government and Defence policy<sup>16</sup>. The NZDF will support the MoD in undertaking the DPR and, if required, prepare for a subsequent Defence White Paper as directed<sup>17</sup>.
34. **Output Delivery.** Where output delivery is forecast to fall below directed levels, the impact (both in-year and out-years) is to be reported without delay. Any impacts on the achievement of the NZDF Strategic Plan are also to be identified, including advice on implications and available options.
35. **NZDF Strategic Plan.** All strategic planning will continue to be linked to reference A, and the three strategic goals of Joint Operational Excellence, Operational Domain Mastery, and Organisational Excellence. During FY 2022/23 the NZDF Strategic Plan will be updated with extended timelines to FY 2026/27. The NZDF Strategic Plan is a living document that will be updated following the outcomes of prioritisation of strategic initiatives and guidance set by EXCO.
36. **In-year management.** Budgets for Services and HQNZDF will continue to be updated based on decisions made by EXCO, including through delegations to the Organisation Committee (ORG). In particular, single Services and portfolios are to ensure that personnel numbers remain within approved targets<sup>18</sup>. Planned activity levels are to be tailored to align with the above NZDF priorities, resources allocated, and the NZDF Output Plan FY 2022/23 readiness requirements.

## Cancellation

37. This Directive is cancelled with effect 30 Jun 23.



KR SHORT, A20  
Air Marshal  
Chief of Defence Force

## Annexes

- A. NZDF Weighted Priorities
- B. Prioritisation of delivering Outputs

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<sup>16</sup> Defence White Paper 2016; Strategic Defence Policy Statement 2018; Defence Capability Plan 2019; Defence Assessment 2021; and ERR Minister of Defence Priorities for Defence Portfolio dated 22 October 2021.

<sup>17</sup> CDF Directive 38/2020 – NZDF Support to DA20 and DWP 22 dated 24 Aug 20

<sup>18</sup> CFO Administrative Instruction 01/2022 FY22/23 to FY25/26 NZDF Financial Budget Process



**Distribution**

VCDF

CN

CA

CAF

COMJFNZ

CFO

CPO

CJDS

CDSM

CoS HQNZDF

WODF

### NZDF Weighted Priorities

1. The following are the weighted priorities to be used to focus planning, investment, and activity for FY 2022/23 to FY 2025/26.
2. Priority one is the NZDF Workforce; to acquire, retain, and develop a skilled, sustainable and diverse workforce to deliver Defence Outputs. This includes greater emphasis on:
  - a. delivering the Strategic Workforce Plan to enable the future force outcomes;
  - b. acquiring and retaining talent to sustain the workforce to deliver defence outcomes;
  - a. implementing the recommendations arising from the Op RESPECT review<sup>19</sup>; and
  - b. maintaining a focus on healthy homes delivered via the Defence Estate and Infrastructure maintenance programme.
2. Priority two is the uplift of information and network capability including:
  - a. introducing integrated information capabilities to deliver NZDF Strategic Plan outcomes;
  - b. enabling the Defence Digital Change Transformation Programme to establish an integrated information environment; and
  - c. maintaining a focus on four critical digital capabilities – technology, people, process, and data – to accelerate Defence’s ability to respond to changing threats.
3. Priority three is force generation and the delivery of core operational Defence activity, primarily in Outputs 1-3, 4.1, 4.2 and 4.3, and including:
  - a. maintaining Cabinet authorised deployments;
  - b. delivering agreed variations and known uplift in joint and collective training activities, and other operational activity, against the NZDF Output Plan FY 2022/23 and regeneration plans; and
  - c. delivering the NZDF’s part of the Government’s Pacific Reset Plan<sup>20</sup>.
4. Priority four is capital capability sustainment, including:
  - a. the level of commitment required to deliver outputs; and
  - b. The level of commitment required to safeguard introduction of new capability.
5. Priority five is physical estate and infrastructure, namely the investment required to maintain current outputs while preparing for the arrival of future capital capability.

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<sup>19</sup> Ministry of Defence Independent Review into NZDF progress against its Op RESPECT Action Plan dated 28 May 20

<sup>20</sup> Advancing Pacific Partnerships: A Framework for Defence’s Approach to the Pacific 2019, through the Strategic Effects Board, the HQ JFNZ Pacific Campaign Plan, and the Defence International Engagement Plan.

6. Priority six is non-core output and other activity, namely commitment to activities associated with Outputs 4.4 and 4.5 (non-emergency assistance and community support), and other more discretionary activity.