

# Partnering for Greater Effect

## Partnering between Industry & NZDF

Debbie Howarth

Director – Industry Engagement

# Engaging with Industry



## **DEFENCE INDUSTRY**

Optimising New Zealand Industry Involvement  
in the New Zealand Defence Sector

Evaluation Division  
October 2014

New Zealand Government



# The Industry Engagement Team



## **OUR MISSION**

To optimise engagement with the Defence industry by facilitating increased accessibility, early engagement, information sharing and relationship development.

## **OUR MANTRA**

There is no wrong door for industry to approach.

# Benefits of Working in Partnership



Innovative outcomes

Economies & efficiencies

Reduction of some major costs around capital equipment and administrative overheads

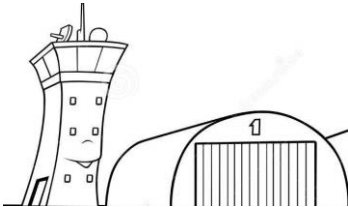
Exposing our people to a wider range of knowledge skills and experience

Enables the development of blended workforces to maximise capabilities and capacity

# The Opportunities

\$

A budget of \$2bn – about 1% of GDP



An asset base of \$5bn

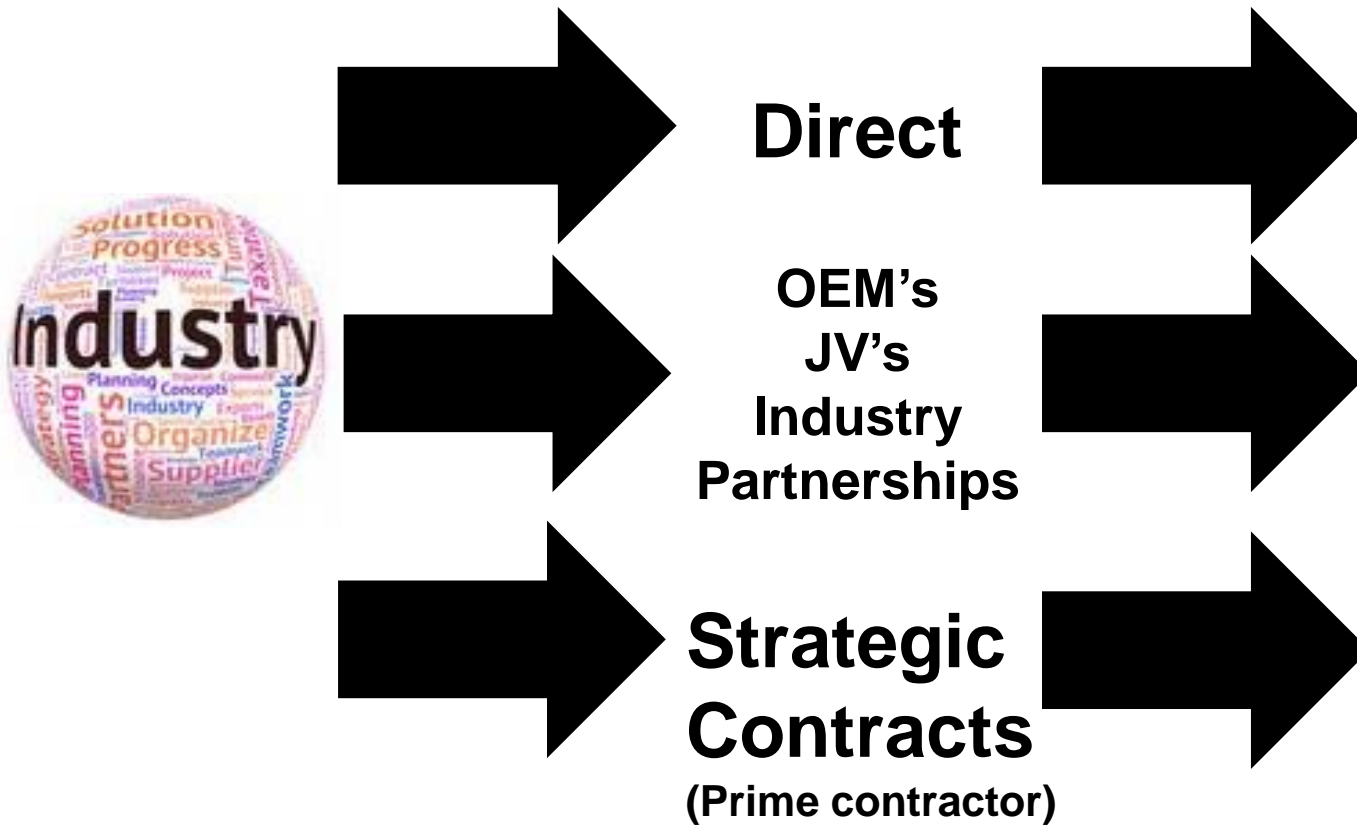


Capital Acquisitions to 2030 - \$16bn<sup>1</sup>



Operational Expenditure to 2019 – \$3.4bn<sup>2</sup>

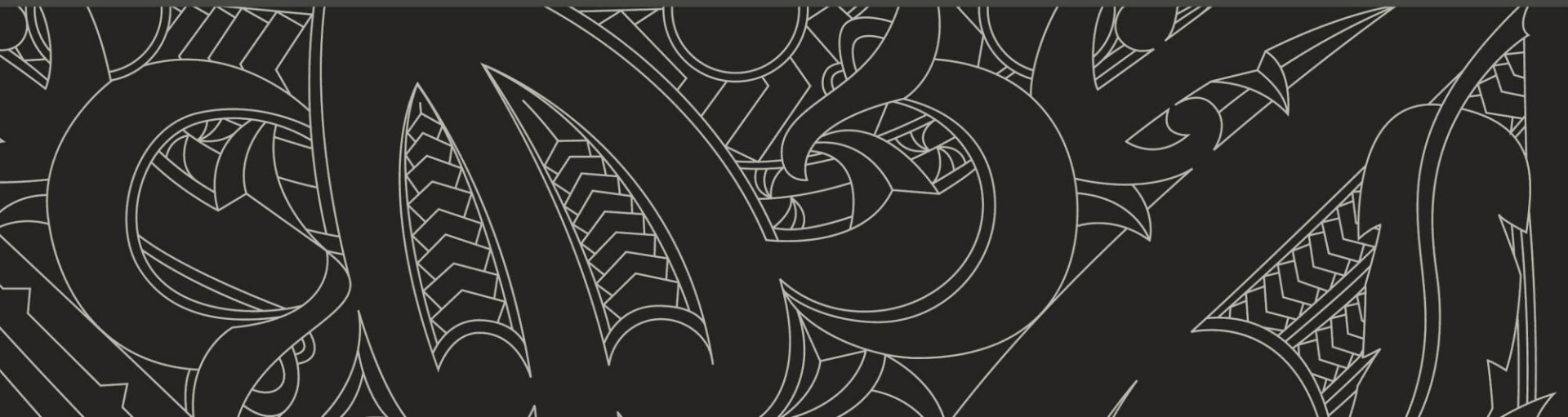
# Different Engagement Models



9 Contracts each in excess of \$20m



# Partnering for Greater Effect – Dockyard Management Contract



# Captain Andrew Brown, RNZN – Logistics Commander (Maritime)



LOGISTICS COMMAND MARITIME

# Mike Wardlaw – Managing Director Babcock (NZ) Ltd





# The Journey

- Babcock provided an offer to renew Dec 13
- Analysis of offer completed and decision to proceed Mar 14
- Negotiation and Transition begins Mar 14
- Oct 14 – CDF signed DMC variation based on TCIF model and 5+2 year period
- 1 Mar 15 – Babcock and LC(M) Transitioned to new Model (Vesting Day)

# Where Have We Come From?

- Contractual Relationship – pre and post 1994
- Outdated Business Model
- Unsustainable
- Behaviours

# MARITIME ENGINEERING SUPPORT TEAM

Together We're Stronger



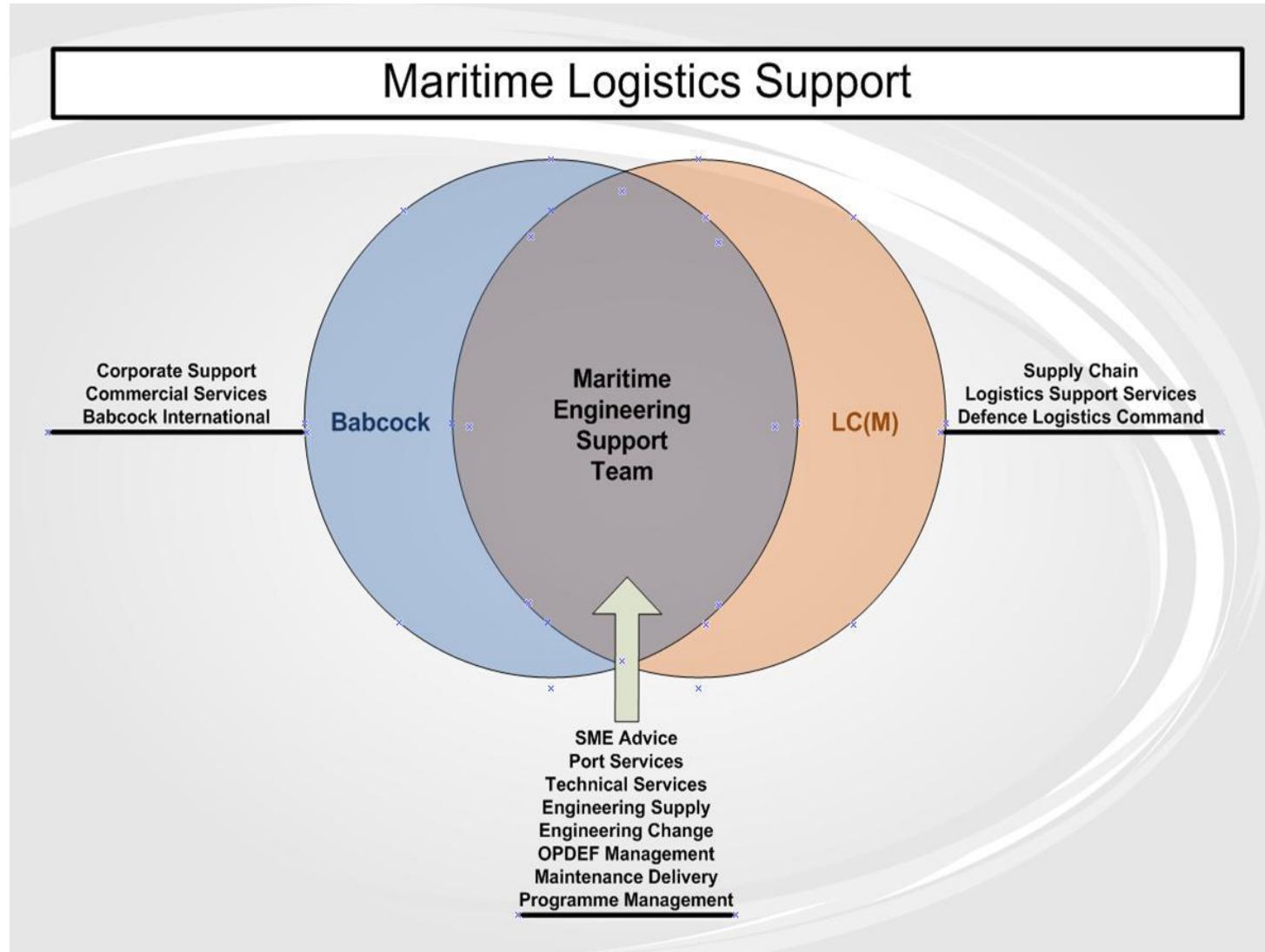
trusted to deliver™



New Zealand  
**DEFENCE FORCE**  
Te Ope Kātua O Aotearoa



DEFENCE LOGISTICS COMMAND



# Partnering - a Key Enabler



- **Communication and Change Management Coaching**
- **Human Resource Transition Plan**
- **Management Behavioural Training**
- **Collocation of teams**
- **Focus on Induction Training**
- **Constant focus to prevent 'old habits'**
- **Complete new Governance structure**

# MEST Vision, Mission & Values



## Vision

- One team. One purpose. Setting the global benchmark for maritime support



## Mission

- To provide mission capable ships through effective logistics and engineering solutions

## Values

- Striving to help our customers achieve the best outcomes
- Respect for each other's distinct cultures
- Transparency, accountability and discipline
- An uncompromising commitment to OH&S

# Transformation Journey



LOGISTICS COMMAND MARITIME





The DMC contract is delivered through a Prime Systems Integrator (PSI) model based on the following components:

- Asset management and comprehensive asset life-cycle planning
- Procurement and supply base management
- Centre of engineering excellence: providing a strong reliability engineering function (failure analysis and interpretation, condition assessment and VA), life cycle optimisation, engineering change and configuration management
- Operational resourcing which meets the requirements of the future model
- Secure, interoperable IT systems – high data integrity and single point of truth

# Partnering with Industry



As a Prime Systems Integrator, Babcock is seeking to engage with suppliers and specialist services providers in the following ways:

- developing long term relationships which reflect the underlying proposition of the prime contract i.e. deliver long term value for money to the NZDF
- partnerships with suppliers in which the parties can invest in doing business for the long term with mitigation of risk and an understanding of the returns
- targeted, strategic supply arrangements that are sustained over the equipment life-cycle and support optimised, cost-effective and efficient life-cycle delivery
- partnerships with preferred subcontractors and suppliers that are traded electronically with high levels of automation and are built on close working relationships, mutual collaboration and respect



# Partnering with Industry

