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OIA-2022-4555

5 December 2022

[REDACTED]
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Dear [REDACTED]

I refer to your email of 4 November 2022 requesting, under the Official Information Act 1982 (OIA): *Briefings to the Minister of Defence titled Naval Force Capability and Readiness Update as at August 2022*

This briefing is enclosed. Personal information is withheld under section 9(2)(a) of the OIA and the name of an official is withheld under section 9(2)(g)(i) of the OIA. Particular information regarding New Zealand's naval capability and information regarding partner nations is withheld under section 6(a) of the OIA.

You have the right, under section 28(3) of the OIA, to ask an Ombudsman to review this response to your request. Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602.

Please note that responses to official information requests are proactively released where possible. This response to your request will be published shortly on the NZDF website, with your personal information removed.

Yours sincerely

AJ WOODS
Air Commodore
Chief of Staff HQNZDF

Enclosure:

1. Naval Force Capability and Readiness Update as at August 2022



NEW ZEALAND DEFENCE FORCE

SUBMISSION TO MINISTER COVER SHEET

Title	NAVAL FORCE CAPABILITY AND READINESS UPDATE AS AT AUGUST 2022				
Tracking No	NZDF Tracking # 2022-230		Minister's Tracking #		
Importance of the Issue	High	✓	Moderate		Routine
Urgency for Attention/Sign-off	URGENT		Request ministerial response by: N/A		
Contacts	CDRE Melissa Ross		s. 9(2)(a)		
	s. 9(2)(g)(i)		s. 9(2)(a)		
Purpose	The purpose of this note is to seek agreement to place HMNZS WELLINGTON into care and custody alongside HMNZ Ships OTAGO and HAWEA, from September 2022, to assist the Navy to manage attrition, and focus on the regeneration of the workforce, while continuing to deliver outputs domestically and in the Pacific region.				
Recommendations	<p>It is recommended that you:</p> <ul style="list-style-type: none"> a. Note that Navy attrition, specifically within critical experienced and skilled trades, continues to worsen and impact Navy's ability to deliver outputs; b. Note that the NZDF and Navy are implementing some immediate retention focused initiatives and strategies; c. Note that the Chief of Navy recommends Option One and that this is endorsed by the Chief of Defence Force; d. Agree that Option One provides the best balance between managing attrition, regenerating the workforce and maintaining prioritised output delivery; e. Agree to place HMNZS WELLINGTON into care and custody from September 2022; f. Note that HMNZS WELLINGTON returning to NZ early s. 6(a) [redacted] to support OGAs for OP HAVRE, the high risk weather season and OP ENDURANCE; g. Note OP MAHI TAHI will continue until October 2022 as scheduled with HMNZS MANAWANUI delivering the prioritised tasks; and h. Note risks remain to Naval output delivery if attrition and hollowness cannot be addressed in a timely manner. 				
MoD/NZDF Consultation	Required: MoD (International Branch) consulted and input included within this paper.				
Minister's Comments					
Minister's Action	Signed/Noted/Agreed/Approved/Declined/Discussion required				
	Referred to:				
Minister's Signature				Date:	

KR SHORT

Air Marshal

Chief of Defence Force 23 Aug 22



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NTM 2022-230

23 August 2022

Minister of Defence

NAVAL FORCE CAPABILITY AND READINESS UPDATE AS AT AUGUST 2022

Purpose

1. On 30 June 2022 you were updated on New Zealand Defence Force (NZDF) Capability and Readiness, including commentary on workforce sustainability issues impacting the delivery of outputs and regeneration of capability.¹ That note signalled that as a direct result of personnel attrition affecting ship availability, it was intended to place the Offshore Patrol Vessel (OPV) HMNZS WELLINGTON into a care and custody² arrangement from October 2022. The note advised that OPVs WELLINGTON and OTAGO, and Inshore Patrol Vessel (IPV) HAWEA would then remain in care and custody S. 6(a)

. Since June, the Navy's attrition and hollowness has not been arrested, with strategically significant trades continuing to decline.

2. The purpose of this note is to seek agreement to place HMNZS WELLINGTON into care and custody alongside HMNZ Ships OTAGO and HAWEA, from September 2022, to assist the Navy in managing attrition and enable a focus on the regeneration of the workforce, while continuing to deliver outputs domestically and in the Pacific region.

Bottom Line: Workforce issues are impacting ship availability to deliver Naval Outputs.

The Workforce Challenge

3. Through separate briefs you will be aware of a number of actions being taken to respond to the workforce challenges and meet our people priority. A bid for additional remuneration will look to close the gap between NZDF remuneration and public sector market medians. Remuneration is a key factor identified as a reason by personnel who are leaving the NZDF. To assist in addressing attrition, the NZDF is looking to pay retention bonuses to strategically significant trades where a clear linkage exists between attrition and output failure. The NZDF is also considering a range of modifications to entitlements and

¹ Note to Minister – NZDF Capability and Readiness update dated 30 Jun 2022

² Care and custody means that the vessel is tied up alongside and preserved under a commercial arrangement to maintain its seagoing capability but without an assigned crew.

conditions of service to give personnel more options to support themselves and their whānau. The Navy is seeking to implement these initiatives with urgency. Lateral recruitment, training initiatives and trade recovery plans are also being developed in response to the workforce issue.

4. In addition to these strategies, changes to the Navy fleet programme, resulting from placing a ship into care and custody, will consolidate the workforce and allow better management of the effects of attrition. In keeping with our People priority, this slowing of the tempo will provide greater 'certainty' to sailors regarding which ship they will be posted to and will enable them to plan and take leave with their whānau, undertake development courses for promotion, and generally plan with greater confidence. This certainty, that many sailors in strategically significant trades are seeking, is an additional action in the multi-faceted approach to addressing attrition.

Navy Capability To Deliver Outputs

5. In order to manage the impact of the increased attrition, the Chief of Navy has considered a number of options to reconfigure the Navy fleet programme. s. 6(a) and the impact statements within the options have been measured against the NZDF Output Plan FY 21/22 and considered in relation to the draft Performance Specification for FY 22/23.

Options Analysis

6. **Option One** - This option focuses on Navy regeneration through the Naval Combat Force³, the delivery of regional and domestic outputs through the Naval Support Force⁴/Littoral Warfare Force and de-prioritises the Naval Patrol Force⁵. s. 6(a)

HMNZS WELLINGTON returns to NZ one month early from OP MAHI TAHI⁶ in September 2022 and HMNZS MANAWANUI will continue to undertake the OP MAHI TAHI deliverables until the planned completion in October 2022. Releasing HMNZS WELLINGTON will free up engineering personnel s. 6(a) for Operations HAVRE⁷ and ENDURANCE⁸. This will also enable regeneration in preparation for the high risk weather season. This option provides the ability to manage the fleet tempo to assist with arresting attrition while maximising the training throughput and also maintaining the ability to respond to prioritised outputs.

- a. **Output 1.** There is no impact to the Naval Combat Force/Naval Support Force and Littoral Warfare Force deliverables. s. 6(a)

³ Frigates HMNZS TE KAHA and HMNZS TE MANA.

⁴ Support vessels HMNZS AOTEAROA, HMNZS CANTERBURY, HMNZS MANAWANUI.

⁵ Offshore Patrol Vessels HMNZS WELLINGTON, HMNZS OTAGO; Inshore Patrol Vessels HMNZS TAUPO, HMNZS HAWEA.

⁶ Op MAHI TAHI fishery patrols planned for Fiji, Niue, Samoa, Tonga, Tuvalu and Vanuatu.

⁷ Operations involving Raoul Island resupply.

⁸ Operations to the New Zealand Sub Antarctic islands in support of New Zealand Government agencies.

s. 6(a)

b. **Output 4 Performance Variation.** s. 6(a)

c. **Impact to Op MAHI TAHI.** No impact to originally programmed RBPO tasking for HMNZS WELLINGTON within OP MAHI TAHI. Support to the Ministry for Primary Industries and Maritime Security Patrols, OP NASSE and OP ISLAND CHIEF will continue as planned. s. 6(a)

d. **OGA Stakeholder Impact.** No impact to OGA planned future operations (OP HAVRE and OP ENDURANCE).

7. **Option Two.** This option focuses on Navy regeneration through the Naval Combat Force, the delivery of regional and domestic patrol outputs through a limited Naval Patrol Force fleet and de-prioritises the Naval Support Force. s. 6(a)

This option provides the ability to reduce the fleet tempo to assist with arresting attrition while also maximising the training throughput. However, this reduces the ability to respond to amphibious, sealift and Humanitarian Assistance and Disaster Relief (HADR) operations.

a. **Output 1.** There is no impact to the Naval Combat Force/ Naval Support Force (Replenishment) and Littoral Warfare Force deliverables. s. 6(a)
reduced flexibility to carry out amphibious, sealift and HADR operations. s. 6(a)

b. **Output 4 Performance Variation.** There will be no impact to Output 4. s. 6(a)

c. **Impact to OP MAHI TAHI.** No impact to OP MAHI TAHI outcomes.

s. 6(a)

¹⁰ OP RENDER SAFE is the mission to remove Explosive Remnants of War (ERW) (eg. from the Solomon Islands). s. 6(a)

- d. **OGA Stakeholder Impact.** Negative impact to OGA planned operations (OP HAVRE and OP ENDURANCE).

8. **Option Three.** This option focuses on the delivery of regional and domestic patrol outputs through the Naval Support Force and Naval Patrol Force fleet and de-prioritises the Naval Combat Force. s. 6(a)

. This option provides the ability to reduce the fleet tempo to assist with arresting attrition but training regeneration will be significantly impacted, s. 6(a)

. This option will not provide an ability to respond to Maritime Security Operations and Maritime Warfare Operations in the Pacific or globally.

- a. **Output 1.** There is no impact to the Naval Support Force and Littoral Warfare Force deliverables. Increased number of ships and therefore increased flexibility to deliver concurrent tasking as well as amphibious, sealift and HADR operations. s. 6(a)
- b. **Output 1 Performance Variation.** s. 6(a)
- c. **Output 4 Performance Variation.** There will be increased platform ability to deliver Output 4. s. 6(a)
- d. **Impact to Op MAHI TAHI.** No impact to OP MAHI TAHI outcomes.
- e. **OGA Stakeholder Impact.** No impact to OGAs for current planned tasking.

Options Comparison

9. All three options have benefits and disadvantages in terms of regeneration, training throughput, output delivery and impact to OGAs. Options One and Two are considered the best options to meet both our People and Pacific priorities through regeneration of the workforce across the maximum number of trades employed and to enable sailors to undertake their training and development so they can progress their careers. Option One additionally provides the ability to deliver outputs domestically, and in the Pacific region while also maintaining the capability and capacity to be prepared to deploy further afield.

10. Option Three provides the maximum number of ships to deliver outputs domestically and in the Pacific region however the breadth of outputs that can be performed is narrowed and the benefits of the Frigate System Upgrade are unable to be realised, after significant investment. s. 6(a)

11. With HMNZS WELLINGTON having delivered the majority of her OP MAHI TAHI planned tasks there will be minimal impact on OP MAHI TAHI overall deliverables should HMNZS WELLINGTON return home in September 2022. s. 6(a), then there may be an opportunity for HMNZS MANAWANUI to deliver additional tasking

within OP MAHI TAHI. If HMNZS WELLINGTON returns one month earlier than currently planned this will s. 6(a) support OGAs for OP HAVRE, the high risk weather season and OP ENDURANCE. This still maintains the NZDF presence and profile in the Pacific in support of our priorities.

12. The NZDF remains conscious of the commitment that has been made regarding NZDF support to Pacific partners under the banner of Op MAHI TAHI and the need to appropriately provide assurance to Pacific and other partners that the objectives of Operation MAHI TAHI will still be fulfilled. Noting this, the NZDF will work closely with the Ministry of Defence, Ministry of Foreign Affairs and Trade, and Ministry for Primary Industries to convey appropriate messaging to this effect.

13. The Chief of Navy's recommendation is Option One as it provides the best Output delivery in terms of flexibility, adaptability and pace of contingency response while managing the tempo to help reduce attrition. Option One also maximises regeneration to allow the Navy to grow back to the optimal fleet size and output. I endorse this recommendation.

14. **Risk/Issues.** The most significant issue is hollowness in critical trades that is degrading Navy's ability to regenerate and deliver outputs. The highest risk is that if attrition cannot be arrested, increased hollowness will require further reduction in Naval outputs.

Recommendations

15. It is recommended that you:

- a. **Note** that Navy attrition, specifically within critical experienced and skilled trades, continues to worsen and impact the Navy's ability to deliver outputs;
- b. **Note** that the NZDF and Navy are implementing some immediate retention focused initiatives and strategies;
- c. **Note** that the Chief of Navy recommends Option One and that this is endorsed by the Chief of Defence Force;
- d. **Agree** that Option One provides the best balance between managing attrition, regenerating the workforce and maintaining prioritised output delivery;
- e. **Agree** to place HMNZS WELLINGTON into care and custody from September 2022;
- f. **Note** that HMNZS WELLINGTON returning to NZ early s. 6(a) to support OGAs for OP HAVRE, the high risk weather season and OP ENDURANCE;
- g. **Note** OP MAHI TAHI will continue until October 2022 as scheduled, with HMNZS MANAWANUI delivering the prioritised tasks; and

- h. **Note** risks remain to Naval output delivery if attrition and hollowness cannot be addressed in a timely manner.



KR SHORT
Air Marshal
Chief of Defence Force