

OIA-2015-2328

19 October 2015

**D Maclure**

fyi-request-3185-d90e9eff@requests.fyi.org.nz

Dear D Maclure

I refer to your email of 30 September 2015 requesting, under the Official Information Act 1982 (OIA), the Establishment Review Report.

Please find the requested document enclosed. Information has been removed under sections 9(2)(a) and 9(2)(g)(i) of the OIA: respectively, to protect an individual's privacy; and maintain the effective conduct of public affairs through the free and frank expression of opinions of officials in the course of their duty.

Public interest considerations do not outweigh the need to protect this information.

I trust this satisfies your request for information. You retain the right, however, under section 28(3) of the OIA, to ask an Ombudsman to review my response to your request.

Yours sincerely



**G.R. SMITH**

Commodore, RNZN  
Chief of Staff HQNZDF

HEADQUARTERS NEW ZEALAND DEFENCE FORCE  
Defence Personnel Executive  
**MINUTE**

HQNZDF 5535/1

8 Jul 14

**PCC**

**NZDF ESTABLISHMENT REVIEW RESULTS**

**References:**

- A. Cab Min (13) 38/5
- B. The 2014/15-2017/18 Four Year Plan
- C. DPE Min 1920/PB/10 NZDF Establishment Review Methodology of 6 Mar 14

**Background**

1. The Government approved Defence Mid-point Rebalancing Review (DMRR) conducted in 2013 determined a funding track for NZDF expenditure over the next 16 years. As part of this review, analysis on the size of the NZDF workforce required to support NZDF outputs was completed. Ref A directed that an Establishment Review was to be conducted as part of the DMRR follow-on processes, which would enable the NZDF to clearly define its personnel demand and remain aligned to the Four Year Plan (ref B) and DMRR funding.
2. At Ref C, the Personnel Capability Committee (PCC) approved a methodology to complete this review. The review was started in April and a consultation phase conducted throughout May. All sub-portfolio owners were consulted. Views on the demand for personnel in the short-term were collected from all and these have been collated to present the following results.

**Results**

3. Detailed agreed results and recommendations are at Annex A. To move the NZDF establishment towards an affordable and sustainable state the following changes to the establishment are therefore proposed:
  - a. Remove 104 positions from the personnel demand,
  - b. Militarise 36 Civilian roles, with due process, over time,
  - c. Retain 552 DMRR tagged and new positions,
  - d. Disestablish 227 TEMP positions over time.
4. It should be noted that, during the period of this review (Feb – Jun 2014), 15 new roles have been created in the NZDF establishment, without offsets. These have not been considered in this review, as they were not in the datasets under analysis.

## Results Vs DMRR Outcomes

5. A comparison between the personnel demand end result from the establishment review and the end outcome from DMRR is shown in the table below. This shows the resulting demand after the proposal at para 3 is executed.

Table 1: Establishment Review Results Vs DMRR Targets

NEW DEMAND PORTFOLIO	CIVILIAN	MILITARY					TOTAL	GRAND TOTAL
		NAVY	ARMY	AIRFORCE	DEFENCE			
CA	408		4068	3	10		4081	4489
CAF	275	13	4	1376			1393	1668
CFO	90					0		90
CN	149	1105				1105		1254
COMJFNZ	36	24	42	28	79	173		209
COMJFNZ- DEPLOYED					4	4		4
COO	1388	211	136	609	167	1123		2511
VCDF	565	61	81	46	379	567		1132
PTE Reduction			200			-200		-200
LH & AB Shore Positions		260				260		260
Defence Allocation		160	319	160	-639	0		0
Sustainment/Trg		506	750	375		1631		1631
FTE Reduction (Vacancies/LWOP)	-146	-40	-50	-30		-120		-266
<b>Grand Total</b>	<b>2765</b>	<b>2300</b>	<b>5150</b>	<b>2567</b>	<b>0</b>	<b>10017</b>		<b>12782</b>
<b>DMRR TARGETS</b>	<b>2450</b>	<b>2300</b>	<b>5150</b>	<b>2500</b>		<b>9950</b>		<b>12400</b>
<b>Variance</b>	<b>315</b>	<b>0</b>	<b>0</b>	<b>67</b>		<b>67</b>		<b>382</b>

6. Note that the establishment review result is reflective of personnel demand over the short-term and,

a. includes the 15 additional establishment changes approved since Feb 14.

b. does not include:

- (1) positions currently under consideration for addition to the establishment (such as IEP and Navy Seaworthiness);
- (2) capability changes to personnel demand still to be made over the next decade including those that were added in DMRR;
- (3) all temporary positions currently on the establishment (noting that there is generally always a demand for about 200-250 additional personnel to fill temporary positions);<sup>1</sup> and
- (4) any deployed demand including UN positions.<sup>1</sup>

<sup>1</sup> Note that temp and deployed positions create a standing additional demand of approx. 250-300 personnel over actual establishment.

7. The results highlight the need for some additional work to reduce the variance against the number of civil staff positions in the current establishment and the demand for Air personnel. Also, there is no flexibility in the establishment for any more additional positions if DMRR targets are to be achieved, which means:

- a. The NZDF will need to continue carrying vacancies in order to meet personnel demand for temporary requirements (at home and deployed), albeit a different demand to that ideal to sustain capability outputs;
- b. No additional positions can be added at lower ranks for sustainment without offset at higher ranks (*ie. rebalancing the rank mix in the establishment to ensure trade sustainment, and affordability*)

8. After consultation with all portfolios and review of the above changes on the establishment, WfP re-ran the DMRR methodology to determine the single Service demands. With the adjustment of minor changes to Output Capability bricks and sustainment assumptions, all three Services have been re-modelled to numbers that are close to the DMRR target, suggesting that the DMRR targets are sustainable with minimal risk. However, the following issues were identified:

s(7)(2)(g)(i)

#### Next Steps

s(7)(2)(g)(i)

11. The minor changes that were made with establishments, capability bricks and sustainment for the re-run of the DMRR methodology are yet to be socialised with single Services and this is required before agreement can be obtained, and subsequent changes to the Services establishments. Although the establishment review has calculated a personnel demand that is workable for all three Services within their DMRR targets, there is still work that needs to be completed with single Services:

- a. **Navy** – ensure suitable positions exist to reflect the productive employment of the sustainable number of AB and LH in shore positions;

- b. **Army** – determine the PTE positions that will be tagged against the PTE risk and develop an implementation plan for this strategy;
- c. **Air** – find more opportunities to reduce the personnel demand by either reducing the number of positions or trade sustainment overhead.

**Recommendations**

12. The PCC are requested to:

- a. **approve** the proposed establishment changes listed in Annex A,
- b. **note** the difference between the end result of the review to the DMRR personnel demand,
- c. **note** that the PCC will have to decide on a process to manage the establishment to ensure its personnel demand remains affordable, and
- d. **note** that DPE will continue to work with single Services to find solutions on how best to raise and sustain their forces within DMRR caps.

Annex:

- A. NZDF Establishment Review Results

s(7)(a)

RELEASED UNDER THE OFFICIAL INFORMATION ACT

## NZDF ESTABLISHMENT REVIEW RESULTS

1. From the results the following changes to the establishment are proposed:
  - a. 104 positions identified to be removed from the personnel demand:
    - (1) 64 to be disestablished by 2016,
    - (2) 28 to be used as a contract offset
    - (3) 12 to be changed to count post "No"
  - b. 36 Civilian roles to be considered for militarisation over time.
    - (1) 20 currently empty to be changed to Mil roles now
    - (2) 2 currently filled with RF or NR to be changed to Mil roles now
    - (3) 14 currently filled by civil staff to be considered for change to Mil roles as these civil staff resign
  - c. 552 Positions identified to be retained:
    - (1) 486 DMRR tagged positions to be retained,
    - (2) 30 New roles (not in DMRR) to be retained,
    - (3) 34 TEMP roles to be retained permanently, and
    - (4) 2 TEMP roles identified in DMRR to be changed to permanent.
2. Over time a further 227 TEMP positions will be disestablished, however, over half are currently established in support of Capability projects and the further demand for TEMP positions required to support such projects is unlikely to change;
  - a. 49 Civilian TEMP roles to be disestablished between now and FY18/19
  - b. 178 Mil TEMP roles to be disestablished between now and FY18/19
3. In addition to the above proposed change from the review, the following changes have been made to the NZDF establishment since the beginning of the review:
  - a. 15 Positions have been added to the personnel demand;
    - (1) 10 Admin support civilian roles,
    - (2) 2 CIS civilian roles,

- (3) 1 Mil role in Strategy,
  - (4) 1 Mil DA role,
  - (5) 1 civ role established in Air which was added in DMRR, but was added to DMRR as Mil role
- b. More additional roles are under consideration;
- (1) 7 IEP civilian roles
  - (2) 16.5 Navy Seaworthiness roles (although note to be established with offsets)
- c. 2 positions have been disestablished;
- (1) 2 positions used as offset to fund higher grades on positions
4. For single Service personnel demand re-runs, some minor changes were made which still need to be socialised with single Services for agreement as planning assumptions:
- a. Army:
- (1) Minor rank adjustments to the Output Capability brick to balance out the numbers and reduce sustainment issues on some rank levels;
  - (2) Minor establishment adjustments which reduced the overall sustainment demand for more lower rank levels and demand on recruitment throughput; and
  - (3) Reduction of demand of 200 PTE rank positions in accordance to the risk strategy applied in DMRR.
- b. Air:
- (1) Minor rank adjustments to the Output Capability brick to balance out the numbers and reduce sustainment issues on some rank levels; and
  - (2) Minor sustainment adjustments which reduced the overall demand for more lower ranked positions and recruitment throughput.
- c. Navy:
- (1) No adjustments made to original DMRR sustainment or Capability bricks, only adjusted establishment to reflect changes made since Mar 13.