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New Zealand Defence Force  
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New Zealand

OIA-2023-4794

4<sup>th</sup> October 2023

[REDACTED]  
[REDACTED]@gmail.com

Dear [REDACTED]

I refer to your email of 8 August 2023 requesting information related to New Zealand Defence Force (NZDF) recruitment since the end of Operation Protect, specifically:

*Regarding efforts to regenerate the NZDF post OP Protect, what recruiting targets does the NZDF have? Please break down by service as appropriate.*

*- How is progress towards these targets tracking and how is progress being measured? please breakdown by service branch as appropriate.*

*- Does the NZDF hold any estimates about how long it will take to achieve its regeneration goals with its current rate of recruitment/ attrition? If so, please provide all such estimates in their original format (i.e., the containing report/ memo/ email)*

*- Please provide copies of any memos or reports (including those in email format) circulated in the past year regarding recruiting effectiveness, issues with recruiting and suggestions for improvement.*

*- Please provide a detailed cost breakdown of any external agency spend on regeneration/recruitment, including the name of any agency and dollar amount of any advertising spend (broken down by financial quarter). Please include any estimates or commitments of future expenditure.*

*- How much did the NZDF spend each financial year on recruitment (including adverts) for the decade 2009-2019?*

*- What brainstorming sessions has the NZDF conducted regarding options for improving recruitment and retainment since OP protect ended? What staff were involved? Please provide copies of any lists of ideas generated (including for lists of suggestions/ideas generated by outside advertising agencies and consultancies for the NZDF)*

Your request has been considered in accordance with the Official Information Act 1982 (OIA)

The NZDF is working to regenerate capacity following high rates of attrition over the past few years. During that time, ongoing recruitment has been counterbalanced by an outflow of skilled and experienced personnel, many of whom had between five and 12 years'

service. The skills and experience that have been lost cannot be immediately filled by new recruits who are less trained and with less military experience. It will take several years to train people to replace key roles. In some cases it will take almost a decade to get skill levels back to where they were as military recruitment is not simply a matter of receiving applications and filling the 'gaps'. A number of applicants who embark on the recruitment process will not achieve the required standards, or they may choose not to complete the process to attestation. The NZDF's current approach to recruitment is to promote the organisation as a desirable career option and to change perceptions of life in the Armed Forces.

The following table provides the training capacity for Regular Force intakes for each of the three Services for the current financial year, and their respective Reserve Force training capacity where appropriate.

Service	Regular Force	Reserve Force
NZ Army	480	155
RNZAF	274	-
RNZN	316	25

The only advertising carried out by the NZDF is used for recruitment purposes and this is reported by financial year. The following table provides the amount spent on recruitment expenditure from the 2008/09 Financial Year.

Financial Year	Recruitment expenditure (\$M)
2008/09	6.9
2009/10	5.8
2010/11	4.9
2011/12	5.2
2012/13	4.9
2013/14	5.1
2014/15	5.2
2015/16	4.0
2016/17	4.7
2017/18	5.0
2018/19	4.0
2019/20	4.8
2020/21	5.4
2021/22	4.7

Information for the 2022/23 Financial Year will be publicly available on the Parliamentary website in reporting on the Financial Review to the Foreign Affairs, Defence and Trade Select Committee. For the current 2023/24 Financial Year, a total of approximately \$2.9 million has been expended thus far on recruitment. Details of the current budget and contracts are withheld to avoid prejudice to negotiations in accordance with section 9(2)(j) of the OIA. Clemenger BBDO, as an approved all-of-government advertising service, has been contracted in the past to deliver recruitment advertising campaigns.

A record of all meetings/*brainstorming sessions* across the NZDF concerning recruitment and retention is not centrally recorded. A substantial research and collation effort would be required to create the information requested. This part of your request is therefore declined in accordance with section 18(f) of the OIA. If you were to refine this part of your request, it will be reconsidered.

With respect to reports on recruitment and retention, consultation regarding documents from the New Zealand Army, the Royal New Zealand Navy, the Royal New Zealand Air Force, and the People and Capability Portfolio continues. This is taking longer than expected and apologies for any inconvenience this may cause. Tranches of documents will be provided as soon as possible once consultations are complete.

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](http://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 on the NZDF website, with your personal information removed.

Yours sincerely

**AJ WOODS**

Air Commodore

Chief of Staff HQNZDF



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OIA-2023-4794

6 December 2023

Oscar Francis  
[oscar.francis.reporter@gmail.com](mailto:oscar.francis.reporter@gmail.com)

Dear Oscar Francis

I am writing further regarding your email of 8 August 2023 in which you requested information related to New Zealand Defence Force (NZDF) recruitment and regeneration since the end of Operation Protect.

A partial response was provided in a letter to you dated 4 October 2023. The letter advised that further time was required for consultation on documents from the Royal New Zealand Navy, the New Zealand Army, the Royal New Zealand Air Force, and the People Capability Portfolio. I apologise for the length of time it has taken to provide this information.

The relevant documents are enclosed. These include the NZDF Interim Workforce Plan from May 2023 and high-level discussion documents from the three Services. Information concerning specific capability is withheld in accordance with section 6(a) of the OIA to avoid prejudice to the security or defence of New Zealand. Information is also withheld in accordance with section 9(2)(g)(i) of the OIA to maintain the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any department or organisation in the course of their duty. This includes enclosures and annexes that have not been included with this response. Where indicated, information is withheld in accordance with section 9(2)(f)(iv) of the OIA to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials. Signatures and contact details are withheld in accordance with section 9(2)(k) of the OIA to avoid the malicious or inappropriate use of staff information, such as phishing, scams or unsolicited advertising.

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](http://www.ombudsman.parliament.nz) or freephone 0800 802 602.

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

Yours sincerely

**AJ WOODS**  
Air Commodore  
Chief of Staff HQNZDF

**Enclosures:**

1. NZDF Interim Workforce Plan
2. Royal New Zealand Navy documents
3. New Zealand Army Documents
4. Royal New Zealand Air Force documents



# NEW ZEALAND DEFENCE FORCE

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## Interim Workforce Plan

May 2023

## Introduction

The purpose of this Interim Workforce Plan (IWP) is to set out how the NZDF will work over the next two years to reduce the high levels of attrition and increase recruitment to bring its workforce back to a level, over time, where government outputs can be consistently delivered.

The NZDF has lost 31.25% of its full-time, uniformed, and trained personnel during the 21 months up until 30 April 2023. While recruitment over that period has been able to replace some of the numbers, overall, the NZDF is still down 12% in total numbers. In addition, because it takes many years to build qualified, experienced personnel, when people depart the NZDF at rates faster than its training system can replace them, the result is workforce hollowness that directly affects the delivery of outputs.

The workforce hollowness is particularly apparent in those military ranks and trades that are critical to the delivery of outputs. It needs to be noted, however, that hollowness is also impacting enabling ranks and trades and the civilian workforce. Although those parts of the workforce do not directly deliver military outputs, those outputs cannot be delivered, sustained, and improved without them.

A principal driver of attrition is low remuneration compared to the market, combined with the increased cost of living, and a very competitive labour market. Pay is not the only reason why people leave, but it is the main reason.<sup>1</sup>

Previously, when the NZDF faced attrition challenges, the targeting of 'strategically significant trades' via additional financial incentives was a sufficient intervention strategy. Retention payments have been made to people in strategically significant trades over the last year. The evidence is that these payments have not worked to retain those staff. In addition, the scope, magnitude, and sheer scale of roles, trades and ranks that are now critical across the entire workforce, and the associated broader dissatisfaction that this targeting gives rise to, means that further and different interventions are needed.

This plan sets out a range of initiatives to retain those who work here, re-enlist qualified and experienced personnel who have previously served, and speed up the recruitment of the future workforce.

The initial goal is to flatten the rate of attrition and prevent the overall workforce deficit from increasing above 12% by December 2023. By December 2024, we aim to reduce this deficit to 9.7%.

It will take years to rebuild the NZDF workforce to the level of skills and experience needed to fully deliver government outputs. This plan has a short time horizon because the Defence Policy Review currently underway may change those outputs. In addition, a comprehensive Workforce Strategy will be developed alongside the Defence Policy Review to determine the size, shape and cost of the future workforce. This plan therefore bridges the 1-2 year gap between the NZDF's current state and the completion of the Defence Policy Review.

Finally, this plan will be implemented in an agile way, with initiatives commencing at different times, being reviewed for effectiveness, and initiatives added, changed or discontinued as necessary. The NZDF will measure progress and report regularly to the Minister and the NZDF Executive Committee.

## Scope

The scope of this plan is the retention, recruitment and re-enlistment of the workforce. It will focus on initiatives to bring remuneration to market levels, removal of dissatisfiers, enhancing recruitment processes and reenlisting former staff.

While there are other contributors to workforce dissatisfaction across the NZDF, particularly regarding barrack accommodation and housing, these issues are not the focus of this plan due to their cost and long-term nature. They will need to be addressed as part of the Defence Policy Review.

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<sup>1</sup> The NZDF's Exit Survey reporting for the 12 months ending 31 December 2022, based on a 66% response rate from the 1699 people who voluntarily exited the NZDF over that 12 month period, demonstrated that poor remuneration and more significant opportunities outside of NZDF are now the principal reasons for people to leave.

The initiatives in this plan are targeted towards the retention, re-enlistment and recruitment of Regular Force and civilian personnel. Many of the initiatives will benefit Reserve Force personnel, but this is not the focus.

This plan is not a Workforce Strategy and does not include the elements that could be expected to be seen in a strategy. The Strategy will be developed concurrently with the implementation of this plan and will include the following:

- The size, shape and cost of the workforce, including Reserves, needed to deliver government policy;
- How that cost will be afforded over time;
- How workforce implications will be integrated into future capability development;
- How the NZDF will adapt to meet modern expectations around whānau, career development, and life patterns; and
- What the future of work means for the NZDF – opportunities and challenges – and how we'll respond.

## Principles

The NZDF will use the following principles to shape and prioritise the initiatives:

- **People Over Activities.** In order to protect the core of its workforce, the NZDF will temporarily prioritise the funding and resourcing of critical workforce initiatives over other activities that it undertakes. This does not mean that the NZDF will simply prevent its people from carrying out their primary roles (and potentially erode their job-satisfaction as a result) or decline requests for assistance, more that it will critically examine all activities undertaken in the context of the need to commit resources to retain its people.
- **Acceptance of Risk.** The NZDF will increase its risk appetite s. 9(2)(g)(i) [REDACTED]
- **Organisational Coverage.** Initiatives in this plan should benefit as much of the NZDF workforce as possible.
- **Fairness Across Defence.** The NZDF has a very diverse workforce in terms of roles, locations and employment conditions. In addition the pressures being created by attrition are felt in different ways across the single Services and the Portfolios that make up the organisation. (Despite this, every effort will be made to ensure the fair application of initiatives across the NZDF.
- **Transparency.** NZDF senior leaders will be open and transparent regarding the impact of attrition on the remaining NZDF workforce and will use clear communications to champion initiatives and ensure that leaders at all levels understand how they can help.
- **Prioritise Diversity, Safety, and Respect.** Initiatives must align to NZDF organisational culture policies and programmes that promote diversity and inclusion, and a safe and respectful working environment.
- **Bicultural.** Initiatives must align to the NZDF Māori Strategic Framework, Kia Eke, to ensure mutual respect, trust, and camaraderie between Māori and non-Māori is at the heart of what we do across our military and civilian staff.
- **Command Led.** The approving authority for all initiatives resides with the Chief of Defence Force (CDF) and the NZDF Executive Committee.

- **Financial Affordability and Reasonableness:** Initiatives with financial implications must be affordable within the current Vote Defence baseline and not create commitments that can't be met in out-years. In accordance with the principles of responsible fiscal management, one-off payments (such as retention payments) will only be considered if reasonable in the circumstances.

## What we will do

This plan sets out the initial tranche of work needed to address the high level of attrition. In particular, it addresses those issues that we think are the biggest causes of attrition and that will give us the most significant gains in retention, reenlistment and recruitment in the short-term. More initiatives will be added as we go.

The initiatives are broken down into three lines of effort – retain, reenlist and recruit. The number next to each of these initiatives links to the appendices that show when work will be done and how it will be measured across each of these lines of effort.

## Retain

On the basis that it is easier to retain highly skilled personnel than to recruit and train new personnel, the initial focus of this plan is on retention. It is clear from the evidence we have that without increasing remuneration, we will be unable to reverse the high level of attrition, and so the effort to date has largely focused in this area.

### Increases to remuneration

The NZDF has reinvested savings from personnel underspends in FY2022/23 into short-term initiatives targeted at stemming attrition while other retention initiatives are developed and implemented. These include (where applicable see attached A3 for corresponding numbers and associated measures):

- Support to the Minister of Defence for a budget initiative to increase base remuneration for all staff – this successfully secured \$419 million over four years for pay increases that will bring most staff to the market median for their role.
- Retention payments for strategically fragile trades, critical ranks, and personnel posted to critical locations (1).
- An Interim Sustainment Allowance of \$75 per day for personnel deployed on maritime activities and \$50 per day for personnel deployed on land activities (2).
- A one-off payment of \$3,661 per person to Regular Force and civilian members of NZDF, and Locally Employed Civilians (civilians working at off-shore locations) (3).
- Our aim is to deliver remuneration increases that are, as a minimum, consistent with the Public Sector Pay Adjustment (PSPA) (4).
- We are working towards settlement of the NZDF/Public Service Association Collective and NUPE Agreements (5)

While remuneration levels that are considerably lower than those available within the external market are the primary driver of attrition, they are not the only factors. The NZDF will proactively pursue opportunities to reduce or eliminate other workforce dissatisfaction, particularly regarding conditions of service and workplace culture.



**Other retention initiatives that are currently underway include:**

- Development of an Employee Value Proposition (EVP) that captures why people join and stay in the NZDF, to guide other work on non-remuneration conditions of service (6).
- Review of allowance regimes that are no longer comparable to the external market and/or are internally inconsistent, to develop allowances that appropriately compensate for work done (7).
- Progress work towards establishing additional financial services (including a shared facility) aimed at helping NZDF personnel that are struggling to buy their first home.
- Amend Human Resources policies that are sources of dissatisfaction. These include, but are not limited to, unaccompanied posting policy, housing assistance, and travelling/relieving expenses (7).
- More communication about the additional benefits that the NZDF already provides to its people. These include, but are not limited to: five weeks Annual Leave per year; training and development opportunities, free access to pools and gyms on bases and camps, fully funded life insurance, and fully funded income protection insurance.
- Implement the goals of the NZDF Kia Eke Māori Strategic Framework with a focus on Manaakitanga, Rangatiratanga, Mahi Tahi, and Whanaungatanga (8).
- Identify and implement “quick wins” to the recommendations provided in the Auditor General's Report into OP RESPECT (9).
- Increase satisfaction with career management for military and civilian staff using the recently implemented tools from Project HORIZON (10).
- Enhance leadership by moving our Leadership Framework beyond the delivery of courses into support for commanders and managers to lead well on a daily basis.

**Retention initiatives that will be undertaken or are under consideration include:**

- s. 9(2)(f)(iv)  
[REDACTED]
- Investigate lowering the threshold for approval of secondary employment (with updated guidance for decision making).
- Investigate options to reduce the impact of military service on the families of those serving.

**Re-enlist**

After retaining existing personnel, reenlisting former suitably qualified and experienced personnel is the most effective way to expedite the regeneration of NZDF outputs and reduce workforce pressure. While the overall numbers of reenlistments are unlikely to be high, targeting people with critical skills to support the regeneration of outputs will have a significant impact. Establishing and maintaining ongoing connection with those who have recently left the NZDF will be a key enabler to support this, as will ensuring the processes for reenlistment are quick and simple.

Initiatives that will be developed include (where applicable see attached A3 for corresponding numbers and associated measures):

- Formalising a more proactive ongoing engagement link with personnel as part of the release process (1).
- Formalising and expanding engagement on an ongoing basis with those who have recently left to update them on positive changes to remuneration, allowances and broader conditions of service (2).
- Update internal policies to provide greater flexibility within rank and pay seniority settings to allow better recognition of knowledge, skills and experience gained through external experiences when people rejoin (3).
- Implement a consistent, structured process to support personnel to transition from the Regular Force to civilian life, on the basis that a positive transition experience is more likely to generate a willingness to return (4).

These initiatives will be reviewed as reenlistment efforts are undertaken to determine if other initiatives are needed.

## **Recruit**

The recruitment of sailors, soldiers, aviators, and civilians is critical to future NZDF outputs and reducing workforce hollowness over time. For the Regular Force, our data shows that we attract enough people interested in joining, but that we lose applicants during the recruiting process and have not met our recruiting targets for many years. For civilians, uncompetitive remuneration and highly manual processes are the key issues. The focus of work will therefore be on removing inefficiencies and reducing “leakage” from NZDF’s military recruitment pipeline, and automating the civilian pipeline.

Measures to enhance recruitment include (where applicable see attached A3 for corresponding numbers and associated measures):

- Continued utilization of the “Codewords” recruitment campaign. While it is too early for statistical reporting, the four month results for this campaign demonstrate that it has started to have a positive impact with our target audience (18 – 24 year olds) in understanding what life would be like in the NZDF, as well as seeing the Services as a place they feel they could belong (1).
- Review minimum entry requirements (education, medical, fitness etc.) to ensure these are fit for purpose and not unnecessarily preventing suitable candidates from progressing through the recruitment process (2).
- Establish an expedited recruitment process for people who have demonstrated the requisite personal qualities in the New Zealand Cadet Forces, the Limited Service Volunteer Scheme, Service Academies, Walsh Memorial and School to Skies/Seas (3).
- Market research to better understand how NZDF attracts specific skill-sets and to test the viability of new market segments such as second career or trained professionals looking to switch employers (4).
- Shorten recruitment timelines and afford candidates the flexibility to complete the application process in an order that suits them (5).
- Continual review of ab initio and trade training requirements to determine where efficiencies can be made to expedite the flow of trained personnel into operational units (currently those accepted for training may wait many months for training to commence). (6).

- Civilian staff recruitment initiatives that include an outreach programme and investigating previously untried recruitment channels (7).
- Seek NZDF re-accreditation of NZDF with Immigration New Zealand to support a pathway to permanent residency for lateral recruits from other militaries (8).
- Targeted recruitment of skilled and experienced lateral recruits from other Five Eyes militaries (9).

## Measuring our progress

In order to determine if these initiatives are having an impact, we will measure progress. The range of measures we are using are shown in the appendices along with our targets. While some measures won't shift on a month by month basis, we should see a sustained improvement to our workforce situation by the end of 2023. We will report regularly to the Minister and the NZDF Executive Committee.

## Governance

A Working Group has been established to:

- Champion a shared responsibility for delivering the Interim Workforce Plan, thereby building trust and confidence in the organisation.
- Enable a cohesive, pan-Defence approach to resourcing.
- Enable a cohesive, pan-Defence approach to prioritisation.
- Provide assurance, and report on, the effectiveness of the Interim Workforce Plan.
- Ensure the Interim Workforce Plan is aligned with organisational strategy.
- Ensure the development and implementation of improvement initiatives and other interventions will be optimised for success and meet the needs of NZDF's internal and external stakeholders.

The group is chaired by the Chief People Officer and includes the Deputy Service Chiefs, and senior staff from Defence Human Resources, Joint Defence Services, Finance and Communications.

The Working Group's approach is to avoid placing additional pressure on an already stretched organisation. Work will be done in an agile way by the appropriate work area, augmented with additional people or resource where needed rather than establishing a dedicated team that pulls people out of their work areas for lengthy periods.

NZDF is currently reviewing its FY23/24 budget to identify a pool of funding that can be used to cover the costs of initiatives. With the exception of initiatives that increase pay, allowances or other benefits, most initiatives should be able to be funded within baselines.

Any initiative that is not delivering will be ceased, and the resources assigned to it will be reallocated to either enhance another initiative or commence an initiative that has yet to begin.



11 Nov 22

## DOT-POINT BRIEF FOR CN

### ATTRITION AND SOLUTIONS

#### Purpose

1. The purpose of this brief is to provide attrition information and associated courses of action that could be taken to address the situation, for a meeting with CDF to be held on 14 Nov 22.

#### RNZN attrition

2. The 12 month rolling attrition for RNZN RF is currently at 16.3% (31 Oct 22), a 1.1% increase on Sep 22.<sup>1</sup> Note the 16.3% figure masks high attrition rates for specific trades and rank levels. For example:

- a. s. 6(a) PO 42.1%
- b. MT(L) LH 47.4%
- c. MT(P) LH 56.2%
- d. WT PO 46.2%
- e. GL(ME) LTCDR 19.4% CDR 54.5%
- f. GL(WE) LT 25.4%

3. Enclosure 1 provides further attrition detail, specifically highlighting data for Strategically Significant Trades (SSTs), trades and ranks with attrition rates higher than 20%, trades with a retention payment scheme underway, and trades recommended for future retention initiatives (outlined in para 14 below).

4. With recruitment projected to deliver a maximum of 50% of Navy's intake target for Ratings, the total number of RF Navy is decreasing. The approved number of 2341 (v 2177 actual 31 Oct 22) RF Navy will remain aspirational.

5. Workforce remodelling in Sept 22 was based on assumptions of attrition of 12.7% and 100% recruitment to ab initio training in 2023.

#### Impact of attrition upon outputs

6. Recent high attrition in SSTs has been impacting the Navy's ability to deliver outputs, with personnel issues directly impacting the fleet plan and reducing the ability of ships to go to sea. Multiple trades<sup>2</sup> are hollow, with a large proportion of vacancies within their

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<sup>1</sup> Attrition for NZ Army 17.4%, RNZAF 12.1% (31 Oct 22).

<sup>2</sup> Nine Rating trades have been designated SST's. There are also known issues in several Officer trades but not yet the capacity to fully analyse the trade shortages and impacts. The rating trades are: Combat Systems

establishment. These high levels of attrition directly impact the trade's ability to regenerate, with the significant losses of experience creating a substantial impediment for safely training the next generation of sailors.

7. The impact to the fleet plan means a reduction in sea days and thus delivery of outputs to Government, and a corresponding reduction of time at sea available for training. This has compounding effects for trade regeneration as trades struggle to develop the experience they need to grow SQEP senior personnel to replace their recent losses.

8. Of additional concern is where there is high attrition in junior personnel, as these trades are losing the people who form their future. They also represent a significant loss of the resources required to recruit and train them before they provide a return on that investment.

#### Other issues

9. Attrition has been high in a number of trades for a long time. It is the sustained effect of attrition, trade hollowness, long training pipelines (ie for technicians) and the experience needed to get qualified and experienced Senior Rates (ie time on ships at sea doing the mahi) that is compounding the situation.

10. Current recruiting issues also form a key concern. Navy cannot start to rebuild the trades without the new recruits coming through. s. 9(2)(g)(i)

11. Retention payments are just the first step. Navy is trying to buy time to get some initiatives in place, and there is a need to demonstrate progress with these in order for the retention payments to be effective.<sup>3</sup>

#### Enduring Solutions Required

12. To address the issues underlying attrition, the following need to be considered. It is appreciated there is a tension between funding available, which is one-off, in year, underspends and not a sustained uplift, whereas the options below rely on the NZDF committed to sustained increases in funding these areas.

- a. Increase the rate for OEA and recognise the costs that separation is imparting on families. This reflects the precedents and organisational recognition of these issues inherent in the OP PROTECT allowances, the organisations step change in approach for FAMC and challenges faced by OP Tieke.

- (1) Cost of living increases and interest rate rises have squeezed any flexibility out of house hold budgets, especially in Auckland.<sup>4</sup> This leaves families

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Specialists, Communication Warfare Specialists, s. 6(a) , Electronics Technicians, Marine Technician (Electrical), Marine Technician (Propulsion), Naval Police, Weapons Technicians and Writers.

<sup>3</sup> s. 9(2)(g)(i)

unable to absorb the additional costs of separation as BAU the way they have done in the past.

- (2) The Auckland factor is having a big effect with higher housing costs, commuting costs and other living costs.
- b. Increase REM – we accept there will always be a tension between a baseline of market median, whereas our people are better than median and are attractive to other agencies and organisations. The current gaps to market median leave us even more vulnerable to companies who can offer significant REM increases in salary, and benefits packages which are competitive with NZDF Conditions of Service (COS). When the REM gap is lower, we will have a better ability to bridge the REM difference with other benefits including the points of difference of a Naval/military career, positive culture and higher meaning of service. Currently, our people are unable to justify the difference in financial benefits for themselves and their families provided by higher REM which comes without the additional costs of military service.
- c. Address other underlying tensions in COS, further to the work being prioritised by EXCO. A Naval example is how we support people who move their families to the regions while they remain posted to Auckland – currently, they do not usually qualify for unaccompanied support.

#### Solutions to attrition – what we are doing now

##### 13. Retention Payment Schemes (Tranche One Initiatives)

- a. Navy has retention payment schemes underway for six trades.<sup>5</sup> These provide an immediate action to attempt to halt attrition in order to allow the trades to stabilise and start to recover.
- b. The uptake of the schemes is at an encouraging 91% (10 Nov 22) of those who meet all the eligibility criteria. This represents 65% of total trade members (excluding those who are on Revised Conditions of Service (RCoS)). Although the initial uptake is encouraging, the ongoing effect of the schemes is reliant on their desirability relative to external opportunities. Enrolment in the scheme does not prevent departure before each of the respective payments, nor ensure retention until the scheme concludes.
- c. Navy Strategic Personnel Planning (NSPP) is tracking the retention payment schemes' impact upon attrition. Enclosure 2 provides a snapshot summary of overall attrition rate change for SSTs, with commentary from Heads of Trade. It is only on the conclusion of the schemes that their exact impact on attrition will be determined.



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<sup>4</sup> There are anecdotes of people having to sell houses due to the combined effects of both – they cannot afford the increased interest and the petrol to commute from the longer distances they are having to live away from base in order to afford to buy.

<sup>5</sup> s.9(2)(g)(i)

**Future Intentions**


**14. Retention Payments (Tranche Two Initiatives)**

- a. s. 9(2)(g)(i) 
- b. The strategic objective of this initiative is to retain personnel to reduce risks to output failure (single personnel impacting on the ability for ships to go to sea for training and readiness activities) and systems failure (inability to effectively support operational outputs and NZDF personnel).
- c. The breakdown of the proposed initiatives is as follows:  
s.9(2)(g)(i) 
- d. s.9(2)(g)(i) 

**Table 1. Indicative costs of Tranche 2 retention initiatives**



s.9(2)(g)(i) 

s. 9(2)(g)(i)



- a. At present, the three services are taking an individual approach to developing retention payments, in response to the individual challenges they are facing. However, there are significant inter-dependencies between the services and perceptions of fairness.<sup>9</sup> Army are currently developing their next tranche payments, which aim to make a series of smaller payments to a much wider range of personnel.
- b. Any requests for schemes submitted are unlikely to be developed through HR Policy and completed before Christmas. While Navy have currently requested to retain PERSEX underspends until this work is developed and costs committed, both Navy and DHR resourcing will be stretched to execute this intent in a timely manner.



15. Separation allowance

- a. A short term allowance for personnel who have spent more than 91 days separated from home/family due to operational demands, paid on a daily basis once this threshold has been reached.
  - b. The strategic objective is to retain personnel to reduce risks to output failure (not being adequately remunerated for time away from home is a dis-satisfier).
  - c. s. 9(2)(g)(i)
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16. Re-enlistment payments

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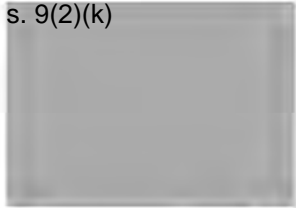
<sup>9</sup> s. 9(2)(g)(i)





- a. s. 9(2)(g)(i) [REDACTED]
  - b. The strategic objective is to reduce risks to output failure (ie inability to sail a ship or increased risk taken to sail a ship without a minimum safe crew).
  - c. s. 9(2)(g)(i) [REDACTED]
17. **Retention bonus payments / Recruitment incentive bonus (Civilian)**
- a. Bonuses payments to retain personnel in key civilian positions, and recruitment incentive bonuses to attract people into key civilian positions.
  - b. The strategic objective is to focus upon the regeneration of workforce enabling positions (key enablers provide support to mil and reduce the workload across the organisation (eg within HR, DDG, DSSG), and recognise civilian personnel where NZDF is unlikely to be able to easily replace them, especially at extant REM.
  - c. Costings have not been scoped.
  - d. Pan-NZDF approach required. This may look different in different portfolios, depending on their priority for retention.
18. **Recruiting incentive scheme**
- a. Recruitment incentive scheme for personnel joining Navy's SSTs, to address hollowness.
  - b. The strategic objective is the regeneration of the workforce through recruitment, in order to grow the workforce needed to maintain the qualifications and experience required in the training and promotion pipeline.
  - c. Costings have not been scoped.
19. **FYES platform training**
- a. Facilitate overseas training opportunities on FYES platforms s. 6(a) [REDACTED]
  - b. The strategic objective is to regenerate the workforce through provision of training opportunities to undertake training that is unable to be completed in NZ due to reduced platform availability.
  - c. s. 9(2)(g)(i) [REDACTED]
20. Further options exist across the wider organisation, and DCN has compiled a draft list to be developed and progressed as resourcing allows. This is at Enclosure 3.

s. 9(2)(k)



PP AOL

(LTCDR s. 9(2)(g)(i) )

s. 9(2)(g)(i)

CNSPP/CDR

RNZN

**Enclosures**

1. Encl. 1 1022 - Attrition - RNZN-CN
2. Retention Scheme SSTs - Attrition Data Oct 22
3. DCN list of potential retention initiatives across the Navy (Nov 22)

**Commands, departments and authorities consulted**

CoS ACN(P&T)

DNS

PCP BP(M)

WFPM (NSPP)



# Regular Force Attrition

Attrition Forecast*	12 Mth	10 Yr Avg
11.0%	<b>16.3%</b>	10.2%

\*Forecast to 30 Jun 2023

Note that attrition rates over 100.0% are shown as 100.0%.

## Trade Data

### 12 Month Attrition by Trade

Trade	Rank Total - 12 Month		Rank Total - 10 Year Average												Trade Totals				
	Ordinary Rating	Able Rating	Leading Hand	Petty Officer	Chief Petty Officer	Warrant Officer	Midshipman	Ensign	Sub-Lieutenant	Lieutenant	Lieutenant/Commander	Commander	Captain +	12M Attrition	Strength 12M Avg	Exits 12M Total	3M Attrition	10Y Attrition	
CHEF	5.3%	13.4%	22.6%	0.0%	0.0%	0.0%								11.1%	126	14	7.3%	11.3%	
COMBAT SYSTEM SPECIALIST	24.2%	17.9%	25.6%	14.0%	11.4%	0.0%								17.0%	106	18	4.9%	10.6%	
COMMUNICATION WARFARE SPECIALIST	14.9%	32.9%	38.9%	28.6%	7.9%	14.8%								26.9%	112	30	8.8%	11.5%	
COMMUNICATIONS TECHNICIAN	0.0%	30.9%	16.7%	42.1%	0.0%	0.0%								20.5%	39	8	0.0%	12.0%	
DIVER	31.6%	7.1%	0.0%	13.0%	0.0%	0.0%								12.2%	66	8	3.1%	8.3%	
ELECTRONIC TECHNICIAN	12.9%	17.6%	28.1%	7.3%	5.8%	0.0%								14.7%	170	25	3.6%	10.7%	
ELECTRONIC WARFARE SPECIALIST	11.5%	25.4%	11.5%	39.3%	0.0%	0.0%								17.6%	51	9	4.1%	9.1%	
HELICOPTER LOADMASTER	0.0%	0.0%	0.0%	80.0%	63.2%	0.0%								20.5%	10	2	0.0%	9.7%	
HYDROGRAPHIC SURVEY TECHNICIAN	7.6%	28.1%	0.0%	22.6%	19.7%	0.0%								17.9%	50	9	0.0%	11.3%	
LOGISTICS SUPPLY SPECIALIST	11.4%	4.7%	5.3%	19.4%	19.5%	26.1%								9.6%	94	9	3.2%	9.5%	
MARINE TECHNICIAN	18.4%	0.0%												17.8%	84	15	5.6%	11.9%	
MARINE TECHNICIAN (ELECTRICAL)		11.2%	47.4%	45.3%	16.3%	0.0%								25.2%	83	21	9.0%	11.8%	
MARINE TECHNICIAN (PROPULSION)		15.0%	56.2%	48.9%	8.3%	18.2%								27.4%	143	39	12.7%	13.6%	
MEDIC	17.4%	16.2%	15.6%	24.7%	0.0%	32.4%								17.0%	88	15	2.3%	13.9%	
MILITARY POLICE	0.0%	0.0%	52.2%	0.0%	0.0%	0.0%								7.1%	14	1	0.0%	9.7%	
MUSICIAN	21.8%	42.9%	0.0%	23.1%	0.0%									21.5%	23	5	4.4%	12.2%	
PHYSICAL TRAINING INSTRUCTOR		0.0%	11.0%	42.1%	21.4%	0.0%								17.9%	22	4	4.7%	10.0%	
RNZNVR MARITIME TRADE OPERATIONS				0.0%	0.0%									0.0%	1	0	0.0%	0.0%	
SEAMAN COMBAT SPECIALIST	26.3%	19.6%	17.1%	5.1%	10.8%	0.0%								17.3%	168	29	4.3%	11.7%	
STEWARD	0.0%	18.8%	51.3%	10.2%	13.6%									21.3%	56	12	7.6%	7.5%	
WEAPON TECHNICIAN	0.0%	5.1%	33.9%	46.2%	16.8%	0.0%								18.5%	60	11	1.8%	9.1%	
WRITER	0.0%	31.6%	36.4%	0.0%	10.3%	0.0%								20.6%	49	10	4.4%	11.4%	
YOUTH DEVELOPMENT SPECIALIST			21.8%	0.0%	0.0%									8.2%	24	2	0.0%	8.4%	
BRANCH LIST							0.0%		0.0%	12.5%	14.0%	9.2%	0.0%	11.3%	80	9	0.0%	7.2%	
CHAPLAIN										0.0%	60.0%		0.0%	19.0%	5	1	0.0%	6.5%	
GENERAL LIST - ENGINEERING - MARINE ENGINEERING							0.0%	0.0%	0.0%	13.4%	19.4%	54.5%	57.1%	17.5%	97	17	6.4%	7.2%	
GENERAL LIST - ENGINEERING - WEAPON ENGINEERING							0.0%	0.0%	0.0%	25.4%	0.0%	19.4%	0.0%	7.6%	79	6	3.8%	6.7%	
GENERAL LIST - OBSERVER							0.0%	0.0%	0.0%	23.1%	32.4%	0.0%	0.0%	11.3%	18	2	5.4%	8.4%	
GENERAL LIST - OPERATIONAL SUPPORT									0.0%	0.0%	18.6%	0.0%	0.0%	8.6%	23	2	4.3%	5.2%	
GENERAL LIST - PILOT							0.0%	100.0%	32.4%	18.8%	20.0%	0.0%	0.0%	21.4%	19	4	0.0%	8.2%	
GENERAL LIST - SEAMAN							0.0%	24.0%	6.4%	13.6%	14.7%	27.3%	0.0%	11.4%	158	18	1.2%	9.1%	
GENERAL LIST - SEAMAN - MCD										0.0%	33.3%	0.0%	0.0%	12.8%	8	1	13.6%	5.0%	
GENERAL LIST - SEAMAN - PWO										0.0%	15.5%	19.4%	8.2%	14.6%	55	8	1.9%	6.7%	
MARITIME LOGISTICS							18.8%	0.0%	0.0%	9.0%	3.8%	6.8%	27.9%	6.8%	88	6	2.3%	6.4%	
MEDICAL OFFICER										0.0%				0.0%	1	0	0.0%	25.5%	



## RF 10 Year Average Attrition

## Trade Data

## 10 Year Average Attrition by Trade

Trade	Rank Total - 10 Year Average													Strength 10Y Avg	Exits 10Y Total	10Y Attrition
	13.9%	10.2%	13.9%	12.1%	6.8%	4.9%	14.8%	5.1%	4.8%	6.7%	7.1%	7.6%	10.7%			
	Ordinary Rating	Able Rating	Leading Hand	Petty Officer	Chief Petty Officer	Warrant Officer	Midshipman	Ensign	Sub- Lieutenant	Lieutenant	Lieutenant/C ommander	Commander	Captain +			
CHEF	14.0%	12.2%	12.9%	6.8%	6.4%	1.9%								122	138	11.3%
COMBAT SYSTEM SPECIALIST	20.8%	9.6%	15.6%	5.2%	4.7%	2.6%								113	120	10.6%
COMMUNICATION WARFARE SPECIALIST	12.6%	12.6%	12.4%	10.2%	7.3%	7.4%								130	150	11.5%
COMMUNICATIONS TECHNICIAN	18.5%	16.1%	8.9%	8.7%	0.0%	0.0%								19	23	12.0%
DIVER	15.7%	4.7%	3.2%	9.8%	6.3%	3.2%								55	46	8.3%
ELECTRONIC TECHNICIAN	10.8%	9.0%	13.4%	12.4%	12.0%	1.2%								178	191	10.7%
ELECTRONIC WARFARE SPECIALIST	15.7%	10.0%	6.1%	9.9%	1.3%	6.2%								58	53	9.1%
HELICOPTER LOADMASTER	0.0%	0.0%	18.9%	5.5%	13.4%	0.0%								8	8	9.7%
HYDROGRAPHIC SURVEY TECHNICIAN	9.7%	13.1%	7.3%	13.0%	11.4%	13.6%								47	53	11.3%
LOGISTICS SUPPLY SPECIALIST	11.9%	8.3%	9.1%	13.8%	6.4%	9.8%								79	75	9.5%
MARINE TECHNICIAN	12.1%	0.0%												67	79	11.9%
MARINE TECHNICIAN (ELECTRICAL)	15.5%	7.6%	21.5%	16.7%	5.6%	6.4%								99	117	11.8%
MARINE TECHNICIAN (PROPULSION)	17.7%	9.6%	21.5%	21.2%	7.9%	7.5%								165	224	13.6%
MEDIC	16.4%	11.5%	21.9%	12.8%	4.9%	5.8%								72	101	13.9%
MILITARY POLICE	0.0%	0.0%	18.1%	20.4%	2.9%	3.7%								17	16	9.7%
MUSICIAN	11.2%	16.5%	4.3%	10.8%	9.0%	21.8%								26	32	12.2%
PHYSICAL TRAINING INSTRUCTOR		0.0%	6.6%	15.6%	11.1%	5.2%								20	20	10.0%
RNZNVR MARITIME TRADE OPERATIONS	0.0%			0.0%	0.0%									0	0	0.0%
SEAMAN COMBAT SPECIALIST	18.4%	11.1%	14.0%	10.5%	4.1%	2.1%								140	164	11.7%
STEWARD	8.1%	6.8%	11.0%	3.8%	6.5%	42.9%								58	44	7.5%
WEAPON TECHNICIAN	10.7%	7.6%	12.4%	14.8%	7.4%	0.0%								58	53	9.1%
WRITER	16.4%	12.6%	14.4%	9.0%	5.7%	5.2%								49	56	11.4%
YOUTH DEVELOPMENT SPECIALIST		20.2%	9.9%	5.1%	7.3%	0.0%								18	15	8.4%
BRANCH LIST							15.9%		5.6%	5.5%	7.4%	10.4%		62	45	7.2%
CHAPLAIN										0.0%	11.0%	13.3%		5	3	6.5%
GENERAL LIST - ENGINEERING - MARINE ENGINEERING							4.3%	2.0%	2.8%	9.0%	8.0%	11.8%		80	57	7.2%
GENERAL LIST - ENGINEERING - WEAPON ENGINEERING							18.6%	3.1%	4.3%	6.6%	5.8%	5.9%		73	49	6.7%
GENERAL LIST - OBSERVER							0.0%	0.0%	0.0%	4.5%	15.2%	11.1%		13	11	8.4%
GENERAL LIST - OPERATIONAL SUPPORT							0.0%		0.0%	8.0%	4.5%	0.0%		13	7	5.2%
GENERAL LIST - PILOT							9.2%	27.3%	11.8%	2.3%	11.1%	12.8%		15	12	8.2%
GENERAL LIST - SEAMAN							15.8%	6.6%	6.1%	8.0%	7.2%	8.9%		150	136	9.1%
GENERAL LIST - SEAMAN - MCD							0.0%			0.0%	9.7%	0.0%		6	3	5.0%
GENERAL LIST - SEAMAN - PWO										0.0%	5.3%	5.9%		56	38	6.7%
MARITIME LOGISTICS							20.6%	5.0%	3.1%	5.7%	6.2%	5.9%		78	50	6.4%
MEDICAL OFFICER							0.0%			19.7%	22.6%			2	4	25.5%

24 Nov 2022

## DOT-POINT BRIEF FOR CN

### ATTRITION IN THE RNZN: UPDATE AND OPTIONS

#### PURPOSE

1. The purpose of this brief is to provide CN with information on RNZN workforce and attrition, in preparation for his brief with CDF on 29 Nov 22. It will outline the current data; key assumptions; and short, medium and long term options.

#### Current Data

2. Below is the current data for RNZN workforce and attrition:

- Attrition rate<sup>1</sup> = 16.3% (1.1% increase from Sep 22)
- Total terminations in last 12 months<sup>2</sup> = 370
- Total terminations FY 22/23<sup>3</sup> = 132
- Forecast terminations for remainder of FY<sup>4</sup> = 218
- RF FTE Cap for FY 22/23 = 2277
- RF FTE actual<sup>6</sup> = 2177
- Recruiting targets for FY 22/23 = 236<sup>7</sup>
  - ◆ 178 BCT
  - ◆ 58 JOCT
- Forecast recruiting numbers for FY 22/23 = 190<sup>8</sup>

#### Key Assumptions on Attrition and Recovery

3. The following are some initial assumptions:
  - Until NZDF is competitive with market remuneration, attrition will continue to challenge sustaining an effective workforce.
  - Navy is limited in the ability to counter the impacts of attrition, with NZDF and Government having more ability to adjust policy<sup>9</sup> and funding.

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<sup>1</sup> As at 31 Oct 22.

<sup>2</sup> From 01 Nov 21 – 31 Oct 22.

<sup>3</sup> From 01 Jul 22 – 31 Oct 22.

<sup>4</sup> Based on attrition remaining steady at 16%

<sup>5</sup> As at 31 Oct 22, there are 68 MD717s actioned, with personnel exiting the organisation from Nov 22.

<sup>6</sup> As at 31 Oct 22.

<sup>7</sup> Noting recruiting targets are less than the number of terminations forecast, targets need to be increased.

<sup>8</sup> There have been a total of 97 enlistments to date, therefore assuming a similar number for the next intakes.

<sup>9</sup> With special reference to housing and superannuation policy shifts that are strategic levers no longer available to the degree they were historically.

- Navy (and the NZDF) do not have the breadth of skills and available personnel required to lead a coherent programme of work to address the causes of attrition – external consultants and contractors are required.
- The personnel situation will get worse before it gets better, in spite of the time, effort and resources that are committed to addressing attrition<sup>10</sup>.
- There is a period of significant uncertainty approaching (Dec 22 – Feb 23) where retention scheme pay-outs and the usual holiday attrition spike may affect attrition rates disproportionately.
- Impacts of retention initiatives cannot be predicted, so all initiatives should be viewed as experimental, and cover as broad a spectrum of initiatives as possible. Some initiatives will not be successful. All impacts will be closely monitored to ensure ineffective initiatives are identified early and terminated.
- Retention measures will have long lead-in times before positive effects can be measured.
- Recovery will:
  - ◆ Require Navy to review, and possibly overhaul, Workforce assumptions, Trade models, training systems, and the mechanisms, apparatus and systems that have existed for decades.
  - ◆ Take a minimum of 8-10 years, even with continued resourcing and prioritisation of recovery efforts.
  - ◆ Require an NZDF-wide programme of change, with a synchronised approach to reviewing policy and funding

#### Current Initiatives Underway

4. Navy has a number of initiatives underway, designed to modernise, improve and enhance key facets of the Navy, that will encourage retention:
  - Engineering Training Reform project (RNZN project team, supported by external consultants). Tranche Two of three is currently underway.
  - Seaman Combat Specialist Workforce Modernisation project (RNZN project team, supported by external consultants)
  - Career Management Transformation project (RNZN led, external consultants)
  - Maritime Culture Guardian programme (RNZN led, supported by external consultants)
  - Development of a dynamic workforce modelling tool to support senior leaders' decision making (external consultants)
  - Position prioritisation tool (NZDF tool, adapted by RNZN)

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<sup>10</sup> Modelling indicates some trade numbers decline in May 23.

- Regeneration Programme (RNZN)
- Development of Trade Recovery Plans (Heads of Trade)
- Gender programme
- Schools to Seas programme
- RNZN Bi-Cultural programme
- Commenced review of RNZN Recruiting standards, processes and collateral
- Retention Payment Schemes (currently with 91% uptake from eligible personnel)

#### Observations on the Three Services Approaches to Retention Payments

5. The three services have each taken different approaches towards retention payments.

- Navy are targeting ranks and trades identified as SST, s. 9(2)(g)(i) [redacted], and wider naval system improvements to encourage retention.
- Army have targets one SST (plumbers), s. 9(2)(g)(i) [redacted]. They also intend to support professional development as a way of encouraging retention.
- Air do not currently have a proposal for a retention payment, s. 9(2)(g)(i) [redacted].

#### Options for Future Initiatives

6. Attrition cannot be treated as a short term issue, that can be solved with simple solutions. Therefore, initiatives designed to support retention must cover a broad spectrum of options, with short, medium, and long term options. Additionally, many of these require wider NZDF approval, and some remain squarely in the remit of NZDF and GoNZ.

7. The options available to Navy are outlined below:

- Short-term options (i.e. current FY) (available to RF and civilian where appropriate):
  - ◆ s. 9(2)(g)(i) [redacted]
  - ◆ Investigate the efficacy of re-enlistment bonuses (although this can be commenced immediately, assess the full implementation of this will span 12 months). s. 9(2)(g)(i) [redacted]. This should include civilians.
  - ◆ Investigate the efficacy of recruiting bonuses, for RF and civilian.
  - ◆ Broaden the eligibility criteria for the NCO tertiary scheme.
  - ◆ Investigate a location payment for DNB-based personnel.

- ◆ Support professional development. This does not replace any existing scheme in the NZDF, but covers the development that is often left to COs to fund out of unit budgets. This will dedicate funding to encourage individuals pursuing professional development.
  - ◆ Professional coaching support. Contract the services of professional coaches to:
    - (1) Deliver coaching training (already occurs, but in ad hoc manner);
    - (2) Support and guide 1Ups and Supervisors develop coaching skills and coach-like behaviour in the workplace; and
    - (3) Provide 1:1 professional coaching services to individuals (i.e. the first three sessions are funded by the Navy).
  - ◆ Develop a programme of engagement by key leaders and personnel, across all camps and bases, to promote open and transparent communication, provide opportunity for ideas and concerns to be raised, and build rapport and comradery across all ranks of the Navy.
  - ◆ Complete a review of the recruiting process, standards and obstacles, and establish strategic relationships with key partners (i.e. service academies).
  - ◆ Leverage FVEYS working groups to benchmark, share information, and collaborate on workforce issues (i.e. sub working groups – a taskforce)
  - ◆ Investigate the benefits of enhancing the Naval Establishment Board to encompass strategic personnel governance. This would include monitoring progress of initiatives, recruitment, Trade Recovery Plans, and be the decision making body for all strategic workforce matters (i.e. as seen with the Air Workforce Management Board).
  - ◆ Facilitate overseas training opportunities on FVEYS platforms s. 6(a) [REDACTED].
  - ◆ Provide prioritisation of capabilities and enablers across the Navy portfolio to enable the Position Prioritisation Tool and other initiatives to be leveraged.
  - Medium Term Initiatives (i.e. FY 23/24 and 24/25)
    - ◆ Increase time in NZDF Housing for key cohorts from six to eight years
    - ◆ s. 9(2)(g)(i) [REDACTED]
    - ◆ Develop a RNZN Workforce Strategy
  - Long Term Initiatives (i.e. 2-5 years)
    - ◆ Modernise and enhance training systems and requirements
    - ◆ Commence a Navy wide workforce modernisation programme of work.
8. NZDF actions that would support Navy's retention initiatives:
- Prioritise the REM system review.



- s. 9(2)(g)(i) [Redacted]
- Provide immediate access to pay steps 9-13 for service chefs, with temporary parameters in place until the review is complete (Q2 2023).
- Review all allowances to reflect inflation.
- OEA uplift to \$50 per day.
- Revise Unaccompanied Posting criteria.
- Establish a daily allowance for organisation-induced Harmony policy infractions.
- Establish a separation allowance for personnel who are separated from home/family due to operational demands for shorter periods of time (i.e. 91 days), designing a matrix of entitlement that encompasses both consecutive and cumulative separation (i.e. three months away in a TOD, or multiple TODs/time away that total three months).
- Enable services to provide retention and recruitment bonuses for key civilian staff and roles.
- Ensure retention payment/initiative parameters are fit for purpose (i.e. funding cap, ROSO requirements).
- Enable single services to recruit civilians (above FTE caps) to fill RF FTE shortfalls.
- Develop an NZDF Workforce Strategy and Workforce Plan.
- Establish a Workforce Working Group of key stakeholders across the NZDF, and a FVEYS workforce taskforce.

9. s. 9(2)(g)(i) [Redacted]

#### Recommendations to CN

10. It is recommended CN:
- **Note** the key assumptions regarding attrition;
  - **Note** the period of uncertainty from Dec 22 – Feb 23 and impacts of attrition;
  - **Note** the need for an NZDF-wide, coherent approach to addressing attrition;
  - **Note** the need to buy in expertise to lead the programmes and projects required to modernise and enhance the Naval system;
  - **Note** the short, medium, and longer term options; and

- Notes s. 9(2)(g)(i) [redacted]

s. 9(2)(k) [redacted]

s. 9(2)(g)(i) [redacted]

CDR, NSPP

Naval Staff

s. 9(2)(a) [redacted]

**Commands, departments and authorities consulted**

ACN(P&T)

ACN(S&E)

PCP BP (M)

RESTRICTED

2 March 2023

**DOT-POINT BRIEF FOR CN**

**RETENTION AND REGENERATION WORKSTREAMS FOR REMAINDER FY22/23**

**Purpose**

1. The purpose of this brief is for CN to approve in principle the areas of focus for retention and regeneration initiatives for the remainder of FY22/23.

**Situation**

2. ORG Committee approved Navy retaining \$4M of PERSEX underspend for the remainder of the FY, to be used for retention and regeneration activities (not for general OPEX spend). This document outlines the initiatives that Navy may wish to pursue for the remainder of the FY, noting the funding that may be available.

**Regeneration and Retention Initiatives**

3. In Nov 22, a DPB to CN outlined the options for short-term initiatives to support retention. Of those options, the following have been explored:

- s. 9(2)(g)(i) [redacted]. This will not be pursued noting the preference is to shift focus to addressing the issues contributing to dissatisfaction, beyond retention payouts.

- Investigate the efficacy of re-enlistment bonuses. s. 9(2)(g)(i) [redacted]

4. Of the remaining options in the Nov 22 DPB, the following will not be pursued this FY:

- Investigate the efficacy of recruiting bonuses, for RF and civilian.
- Investigate a location payment for DNB-based personnel.

5. The following options are recommended for further action this FY:

- Broaden the eligibility criteria for the NCO tertiary scheme.

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s. 9(2)(g)(i) [redacted]

- Support professional development, including professional coaching support.
- Reinvigorate an engagement strategy of key leaders to the fleet, to promote open and transparent communication. OF note, consideration of an internal communications SME was recommend, with s. 9(2)(a) [REDACTED] now fulfilling that role.
- Complete a review of the recruiting process, standards and obstacles, and establish strategic relationships with key partners (i.e. service academies). Work has commenced, led by FPTO and NSPP, and is a priority to progress over the coming months.
- Investigate the benefits of enhancing the Naval Establishment Board to encompass strategic personnel governance. This would include monitoring progress of initiatives, recruitment, Trade Recovery Plans, and be the decision making body for all strategic workforce matters (i.e. as seen with the Air Workforce Management Board). Work has commenced.
- Leverage FVEYS working groups to benchmark, share information, and collaborate on workforce issues (i.e. sub working groups – a taskforce). Work has commenced.
- Facilitate overseas training opportunities on FVEYS platforms s. 6(a) [REDACTED]. Work has commenced, and it is recommended to dedicate more resources to this initiative.
- Provide prioritisation of capabilities and enablers across the Navy portfolio to enable the Position Prioritisation Tool and other initiatives to be leveraged. NSMG are to conduct a workshop to address the challenge of prioritisation for the Navy.

#### Retention and Recovery Initiatives for FY22/23

6. Of the initiatives above, the following are recommended to dedicate funding and resource to for the remainder of the FY:
- a. **Enhance Navy Recruiting outcomes:** Recruiting is a strategic imperative, with all three services experiencing significantly degraded recruiting outcomes due to legacy impacts from COVID-19 negatively affecting recruiting targets. Work has commenced to enhance Navy's recruiting outcomes, but will likely require funding support for actions including, but not limited to:
    - ◆ Updating Trade pages on DRO website.
    - ◆ Supporting engagement activities such as Defence Experience Days (DED) by dedicating personnel, funding and collateral.
    - ◆ Enhancing the Recruiting Ambassador programme.
    - ◆ Investigating the use of Virtual Reality to support recruiting events.
    - ◆ s. 9(2)(g)(i) [REDACTED].
  - b. **Professional Development:** Specifically, to provide centrally managed funds to enable applications from individuals and/or teams to seek financial support for professional development, including but not limited to:

- ◆ Broaden the eligibility criteria for the NCO tertiary scheme to include Junior Rates.
  - ◆ Fund professional development. This includes two aspects; Professional training that contributes to regeneration and recovery of the workforce; Provision of professional coaching support through delivery of coaching training and 1:1 coaching engagements. A separate brief will be provided on the detail and costings of this initiative if the concept is approved in principle.
  - ◆ s. 9(2)(g)(i) [REDACTED].
- c. **Training opportunities with FVEYs partners:** These activities are funded out of the OAP, however in the event it is unable to support additional targeted training opportunities with other Navies, additional funding could be allocated.
- d. **Ongoing development of Business Intelligence tools:** The Regeneration Programme has engaged the services of PwC to develop a dynamic Trade Modelling Tool. As a result of this work, it is likely more initiatives are identified, with a funding requirement. Currently, insights and forecasting on the workforce is hampered by dated systems and insufficient tools and apparatus. In order to service Senior Leaders with robust data and insights, considerably more work is required in the area of Business Intelligence. There are two workstreams currently being scoped to deliver in the current FY:
  - ◆ Demand Modelling, s. 9(2)(j) [REDACTED].
  - ◆ CM and HoT tools to support sustainable trade management, s. 9(2)(j) [REDACTED].
- e. **Support to Trade Recovery Plans:** All SSTs have a Trade Recovery Plan in place, albeit in varying states of action. Some plans may require funding to enable work to continue, such as engaging with external SMEs or modernising trade, training and environmental conditions. A brief will be provided on a case by case basis for approval.
- f. **Universal Payment option:** Approx. 25% of navy have been targeted by a retention payment, resulting in a keen awareness of the lack of provisions for those trades that have been excluded. Consideration can be given to drafting a Universal Payment to those not yet targeted by a retention payment. s. 9(2)(g)(i) [REDACTED].  
[REDACTED]. Criteria could match the CDF Retention Initiative Payment, and capture those individuals in SSTs who were ineligible for their trade's Retention Payment Scheme. This is a new consideration and requires more development, and is listed here as an option to be explored. s. 9(2)(g)(i) [REDACTED].  
[REDACTED].

s. 9(2)(g)(i) [REDACTED]

**Pay Progression Model Adjustments**

7. s. 9(2)(g)(i)

[Redacted]

8. s. 9(2)(g)(i)

**Recommendations**

9. It is recommended that CN:

- **Note** the work that has progressed since the Nov 22 DPB;
- **Note** the options to encourage retention and support recovery of the workforce;
- **Notes** s. 9(2)(g)(i) [Redacted];
- **Notes** s. 9(2)(g)(i) [Redacted] to commence workstreams in support of options a-e; and
- **Note** the option of a Universal Payment to ranks and trades not yet targeted by a retention payment;
- **Endorse** development of a Universal Payment option should funding permit; and
- **Approve** options a-e as viable initiatives for the remainder of FY22/23.

s. 9(2)(k)

[Redacted]

s. 9(2)(g)(i)

CDR, NSPP  
Naval Staff

s. 9(2)(a)

**Commands, departments and authorities consulted**

PCP BP  
ACN(P&T) CoS  
DSE  
Navy Systems Integration – Regeneration Lead

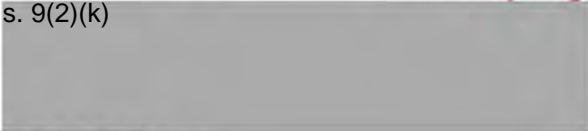
s. 9(2)(g)(i)

[Redacted]

DCN Comment:

Endorsed / ~~Not Endorsed~~

s. 9(2)(k)



AG BROWN

CDRE

DCN



## PROGRAMME CHARTER

### NAVY REGENERATION PROGRAMME

**Author:** Commander s. 9(2)(g)(i) [redacted], RNZN  
Navy Systems Integration – Regeneration Programme

**Date:** 23 March 2023

**Programme Sponsors:** MCC – CDRE G Golding, RNZN  
DCN – CDRE A Brown, RNZN

**Programme Directors:** CFOR – CAPT J Beadsmoore, RNZN  
ACN (S&E) – CAPT L Hunn, RNZN

**Programme Manager:** NSI-RP – CDR s. 9(2)(g) [redacted], RNZN  
(i)

**Charter Approved by:**

Name	Position	Signature
Sponsor	MCC	
Sponsor	DCN	
Co-Director	CFOR	Digitally signed by Jonathan Beadsmoore Date: 2023.04.03 09:05:16 +1200
Co-Director	ACN (S&E)	s. 9(2)(k) [redacted]
Manager	NSI - RP	s. 9(2)(k) [redacted]

**Purpose**

1. This Programme Charter provides the Programme Co-Directors with the authority to initiate work streams across the Naval System and prioritise resourcing, within the conditions and constraints of Scope, Budget, Timings, Governance and Outcomes.
2. From this Charter, the Programme Manager shall develop a comprehensive Regeneration Plan that defines and integrates work streams to accommodate dependencies and monitors progress against agreed measures and milestones.



### Objectives

3. The objectives of Navy's Regeneration Programme are:
  - a. The regeneration of personnel capability post Op PROTECT;
  - b. The regeneration of FFH combat capability post FSU;
  - c. The regeneration of LWF capability post D/HV and the IIS of various LW expeditionary projects;
  - d. The establishment of an integrated future force generation plan that incorporates innovation and experimentation, in preparation for Fleet transformation; and,
  - e. The establishment of an integrated naval system that sustainably generates naval forces.

### Measures of Success

4. Success will be measured by achievement of the following outcomes:
  - a. Force generation<sup>1</sup> delivered sustainably from a personnel perspective, by organisational outcomes being sized within the limits of PERSEX funding (2341 by FY 25/26),<sup>2</sup> and personnel prioritisation being aligned.
  - b. s.9(2)(g)(i) [Redacted]
  - c. The way we 'do business' reshaped so people are placed at the centre of our plans, whereby outputs are achieved, not at the expense of our personnel focus, but as a result of our effective personnel management.
  - d. Development and deployment of fit for purpose Human Resources Systems by 30 Jun 24.
  - e. s. 9(2)(g)(i) [Redacted]
  - f. Deliberate and ongoing focus on developing high-performing individuals, teams, and units within a safe and respectful environment that reflects our human capability-led Navy. Our people across the organisation feel valued, supported, and effective.
  - g. s. 6(a) [Redacted]
  - h. s. 6(a) [Redacted]

<sup>1</sup> NZDF Output Plan FY 21/22

<sup>2</sup> DWP 16, DMRR, Baseline Review 2019

- s. 6(a) [REDACTED]
- i. s. 6(a) [REDACTED]
- j. s. 9(2)(g)(i) [REDACTED]
- k. Maritime outputs and capabilities<sup>4</sup> regenerated in accordance with the NZDF set standards and timeframes to deliver an ORBAT that meets the *NZDF Regeneration Goal*<sup>5</sup>.

### Reference Documents

- 5. Supporting documentation includes:
  - a. Indicative NZDF Regeneration Plan (High Level): Decision Point Matrix (FY 21/22-26/27)<sup>6</sup> – see Enc 1;
  - b. Navy Regeneration Roadmap dated 20 Apr 22 – see Enc 2; and,
  - c. CMG Maritime System Output and Capability Integration Plan (SOCIP) dated Feb 22 – see Enc 3.

### Scope

- 6. Included in the scope of this programme is the development of straightforward operational improvements which:
  - a. Design and deploy integrated organisational systems to accelerate force regeneration to achieve the Navy Command Aim<sup>7</sup>, and NZDF end state<sup>5/6</sup>;
  - b. Develop integrated and intelligent HR systems to enable and assure accurate personnel management and decision-making ISO sustainable force generation;
  - c. Develop a personnel management culture in which people, and people at sea, are our priority and the centre of our Regeneration Programme, IAW EXCO directed prioritisation<sup>8</sup>;
  - d. Limit the tension caused by the delivery of outputs in a resource constrained environment, by prioritising and reducing lower-priority activity IAW higher and prioritising personnel resource across the Naval system;

<sup>3</sup> s. 9(2)(g)(i) [REDACTED]

<sup>4</sup> CMG Maritime System Output and Capability Integration Plan (SOCIP) dated Feb 22

<sup>5</sup> As approved by Outputs Committee, 8 Dec 2021: "To Force Generate joint capability s. 6(a) [REDACTED]

<sup>6</sup> Annex A to CDF Directive 19/2022: Chief of Defence Force Planning Directive for Financial Years 2022/23 – 2025/26

<sup>7</sup> CN Directive 02/2021 CN Direction and Guidance for 2021/2022 dated 29 Jun 21

<sup>8</sup> CDF Directive 19/2022: Chief of Defence Force Planning Directive for Financial Years 2022/23 – 2025/26 dated 30 May 22

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- e. Optimise and integrate the training and development of SQEP requirement, alongside and at sea to sustain DLOC Force Generation from Dec 21 – Dec 26 IAW the NZDF's High Level Regeneration Programme;
  - f. Align and integrate interdependent work streams across the Naval System that support regeneration, and,
  - g. Regenerate Navy combat capability IAW the NZDF's Indicative (High Level) Regeneration Programme: Decision Point Matrix (FY21/22-26/27).
7. Excluded from the scope of this programme is:
- a. Organisational strategic change initiatives that do not directly support this Programme's objectives and success measures. These wider organisational initiatives will continue to be addressed by OSM.
8. The following assumptions have been made for this programme:
- a. The Navy Systems Management Group (NSMG) will routinely review NZFAP feasibility quarterly, highlighting the operating risk and recommending programme changes forecast over the next quarter (rolling 90 day period), as required. With COMJ/ OPC endorsement MCC will approve these changes and his staff will initiate and communicate all other immediate changes out of session.
  - b. Annual plans will be aligned and commence 1 Jul. 90 day plans will bring a focus to prioritised work streams. The Integrated Regeneration Programme will be established and its execution managed by the Programme Directors for the Sponsors.
  - c. Work streams will be led by the relevant functional area manager, and resourced by the relevant portfolio, unless application is made to the NSMG for additional resourcing. Progress will be reported monthly against agreed milestones.
  - d. Communications regarding the integration of the Navy Regeneration Programme with the NZDF Regeneration Plan will be managed by OSM.
  - e. Navy-wide communications regarding the Regeneration Programme will be drafted by the Programme Manager and forwarded through OSM to ensure alignment, and relevant stakeholder endorsement/ approval.

#### **Budget**

9. Stand-alone applications to procure funding additional to business-as-usual portfolio funding ISO accelerating work streams, will be favourably considered by NSMG, subject to operating funding resources Portfolios are to outline the finance demands in support of work streams in a Minute.
10. Applications will be centrally controlled by NSMG, and added to the potential Levers List. NSMG will review work stream funding requests from all Portfolio's monthly.

#### **Key Milestones**

11. The Regeneration Programme was initiated in Jun 21 and is expected to be completed no later than Dec 27. Key milestones to measure the progress of critical programme outcomes, such as warfare and SQEP regeneration will be established. A visual reference of

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the programme will be available, showing progression gates for operations, platform and personnel regeneration, for all to track the success of programme delivery, and any adjustment that is necessary. Alignment will be maintained with the NZDF's Indicative Regeneration Plan<sup>9</sup>.

### Governance

12. This programme is subject to the following Governance Structure:

- a. Navy Systems Integration Team / Programme Manager
  - (1) Develop and monitor the Programme, work stream dependencies, milestones and review triggers.
  - (2) Develop the 90 Day Plan - Work stream Management Plan.
  - (3) Lead/support prioritised Functional Area Work streams.
  - (4) Bi-Monthly Programme Reporting to NSMG.
  
- b. Navy Systems Coordination Group (NSCG)<sup>10</sup>
  - (1) Develop and monitor functional area work streams, timelines, milestones and review triggers.
  - (2) Outline finance resource demands ISO Regeneration Plan work streams in a Minute to NSMG, to be added to the Lever List. Ensure the work stream ID is noted.
  - (3) Monthly reporting to the NSMG within functional area Portfolio Reporting and Portfolio Risk Registers of progress and prioritisation of work streams.
  
- c. NSMG / Programme Directors<sup>11</sup>
  - (1) Endorse the Programme Charter.
  - (2) Approve the Programme Plan.
  - (3) Appoint and resource the Programme Manager and Team.
  - (4) Approve work stream expenditure, personnel resourcing and prioritisation.
  - (5) Review and provide approval to proceed at organisational milestone points and review triggers.
  - (6) Quarterly Reporting of Regeneration Programme progress to Programme Sponsors and NLB.

13. Further, should any of the following events occur, the programme shall be reviewed immediately regarding continuance in its present form:

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<sup>9</sup> Indicative NZDF Regeneration Plan (High Level); Decision Point Matrix (FY 21/22- 26/27)

<sup>10</sup> NSCG Standing Members and Regeneration Programme Responsibility Areas are detailed at Annex B

<sup>11</sup> NSMG Standing Members and Regeneration Programme Responsibility Areas are detailed at Annex A

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Event	Reviewing Authority
Programme budget is insufficient	Project Sponsor/ Director
Inability to meet milestones	Project Sponsor/ Director
Operational requirements for platforms impacting training outcomes	Project Sponsor/ Director

### Administration

14. Much of the information about this Programme is UNCLASSIFIED however as certain aspects of Operational Employment and Maintenance Plans are classified s. 6(a) this document's classification is s. 6(a)

15. To enable document tracking, in both Registry and DDMS, the File Ref: s. 9(2)(k) is to be inserted within documents, and/ or document titles.

### Cancellation

16. This Programme Charter is to be reviewed annually on 1 Jul, and cancelled on 31 December 2025.

### Annexes

- A. Navy Systems Management Group - Regeneration Programme Responsibility Areas
- B. Navy Systems Coordination Group - Regeneration Programme Responsibility Areas

### Enclosures

1. Indicative NZDF Regeneration Plan (High Level): Decision Point Matrix (FY 21/22-26/27)<sup>12</sup>
2. Navy Regeneration Programme dated 20 Apr 22
3. CMG Maritime System Output and Capability Integration Plan (SOCIP) I dated Feb 22

### Distribution:

DCN  
MCC  
NSMG Members  
IG(N)  
NSCG Members  
MPR(N)

### Authorities Consulted:

*NSMG Members*

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<sup>12</sup> CDF Directive 19/2022: Chief of Defence Force Planning Directive for Financial Years 2022/23 – 2025/26

s. 6(a)

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IG (N)

*NSCG Members*

s. 6(a)

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**File Track:**  
3184

<b>Board / Committee:</b>	ALB - 22 Jun 22
<b>Subject:</b>	Personnel Remediation – Way Ahead
<b>Prepared by:</b>	DFM, in consultation with ACA(D)
<b>Date:</b>	17 Jun 22

### **Purpose**

1. The purpose of this paper is to update the ALB as to development of a plan to address Regular Force retention and growth IAW revised ARMY25 priorities and timelines. This has been identified as at Priority One task within the draft FY22/23 CA Command Directive – Regeneration.

### **BLUF**

2. **Problem Statement.** Understandably, Army has been focused on the increasing level of personnel attrition being experienced over the past 12 to 18 months. There has been significant discussion at all levels, which has lead us to understand that there are both push and pull factors at play – some of these can be influenced and addressed by Army and NZDF, others are well outside our collective ability to influence.

3. **Opportunity Statement.** The ongoing situation has forced Army to look at what is important, and do something about it! We need to acknowledge that not everything can be fixed, but genuine effort needs to be demonstrated.

4. The proposal for the ALB to consider and approve is to develop a four year personnel/ workforce implementation plan. This will take a three phase approach in order to return Army to 5150 by 2030/31, IAW the revised ARMY25 Strategy and CA directed Regeneration.

5. There are already a number of actions and initiatives underway, again at all levels. However, not all are being tracked, there is potential duplication of effort and/or gaps, prioritisation has not necessarily occurred and there is no overarching understanding of the resources involved and required to ensure success.

### **Situation**

6. Pulse/exit data and attrition data show that Army personnel are feeling the consequences of large scale exits on their workloads. This is combined with a stagnant REM system and significant options on the regions and in the public sector to be paid higher wages/salaries. In order to remedy this situation, Army must employ a range of interventions.

### **Proposal**

7. As mentioned, the proposal is a three phased plan, designed in parallel/support of the revised ARMY25 Strategy and CA directed Regeneration. The plan will be developed in detail for FY22/23 and in outline for FYs 23–27. The plan will be developed by 1 Sep 22 and presented for approval through the Army governance boards. Initial consideration is that the plan should be developed in three phases:

- a. Stabilise: Now to Dec 22;
- b. Regenerate: Dec 22 to Dec 24; and
- c. Grow: Dec 24 onwards.

8. This plan will recognize and lean on a large number of actions and initiatives that are already underway or planned. It will do so by looking at a number of key themes/ groupings, such as Career Management, Pay and Benefits, Culture, and Family Support. In doing this, it will assist us to be able to identify where there is currently duplication of effort, and identify lead/owner; identify where there are gaps, and propose mitigation; prioritise and then allocate resources.
9. To support this planning process, a separate task has been identified for the IG(A) to complete, by no later than 30 Sep 22. This task is to undertake analysis of all trades/ranks (not just SQEP) against MROs/outputs so there is a clear and up to date understanding of every trade's status (the hollowness model only provides part of the picture).
10. Indicative key initiatives proposed for each (noting this has been written prior to the release of the CA COMD Dir FY22/23 and, therefore, will need to incorporate any adjustments to the directed and implied tasks...) are in the following paragraphs.
11. **Stabilise.** Potential themes include:
  - a. Reduce attrition to a healthy level;
  - b. Switch focus to retain (halt the push / counter the pull);
  - c. Active engagement with / support to PCP personnel support policy review (including writing to CPO outlining the priorities of support required for regeneration by no later than 1 Aug 22);
  - d. Development and implementation of an interim force structure in support of regeneration, by no later than 30 Sep 22; and
  - e. JSG MP and Health structure remediation (CIV uplift);
  - f. Communications.
12. **Regenerate.** Potential themes include:
  - a. Recruitment, especially of specialist trades, including the release of trade experts by LCC to support DRO initiatives;
  - b. Retention of students at TAD/OCS. Understand why there is a high withdrawal/ failure and develop and implement mitigations. Reinforce with deliberate prioritisation of military staff;
  - c. Reignite the reenlistment programme, with a dedicated staff officer (position currently vacant), to develop and implement a plan which would identify who to engage with for specific roles, advertise internally and externally, develop staff proposal for re-enlistment bonus, senior officer/WO outreach, etc;
  - d. Review and update of Army 'owned' personnel policies, such as Higher Duties Pay and recognition of acting rank;
  - e. Deliberate plan to resource/not resource activities, NZDF posts, etc; and
  - f. Review policy on movements between RF, ResF and STRFE to remove barriers.



13. **Grow.** Potential themes include:
  - a. Deliberate recruitment initiatives (Pacifika, comms/SE, SQEP)
  - b. Normalise Culture, links to central programmes (Tāne Toa, etc)
  - c. Implement Career Management project outcomes; and
  - d. Recognition of prior service and gained experience+

#### **Recommendations**

14. It is recommended that the ALB:
  - a. **Note** the intent to undertake a deliberate planning process within the next month in order to develop a four year personnel plan in order to address attrition, support regeneration and lead to growth of the NZ Army.
  - b. **Note** the draft of the plan is to be complete by no later than 1 Sep 22, for approval through the Army governance boards.
  - c. **Note** the plan will be developed within existing ACA(D) resources and will require engagement with ACA(S) and IG(A), OLCC and PCP.

**NEW ZEALAND ARMY**  
Office of Chief of Army  
**MINUTE**

18 July 2022

5145/1/5/1

See Distribution List

**PERSONNEL REGENERATION PLANNING: IMMEDIATE ACTIONS**

**Reference(s):**

- A. Personnel Regeneration Workshop 5 Jul 22
- B. AMB discussion 7 Jul 22

**Purpose**

1. The purpose of this minute is to direct a number of immediate actions to address factors contributing to current levels of attrition within Army. These initiative are the start point for a more detailed work programme to support efforts to regenerate and ultimately re-grow Army.

**Background**

2. Army's attrition rates have increased during the last 12 to 18 months to levels not seen in 10 years. This is occurring at a time when Army's regular force (RF) is required to grow in order to meet Army25 targets. There are both internal and external factors responsible for this situation; some can be addressed by Army and NZDF, whilst others are outside the collective ability to influence. Army acknowledges not everything can be 'fixed' but genuine effort needs to be demonstrated.

3. During the past several months, commanders at all levels from CA down, have been engaging with their personnel in order to identify issues and options for remediation. Pulse and Exit Surveys have been analysed, and a number of papers developed for Army Management Board and Army Leadership Board discussion and guidance.

4. This has culminated in the workshop at Ref A, with the aim of developing a four year workforce remediation plan nested within the CAs Command Directive and in step with the LCCs Regeneration PLANORD. The development of this plan has been tasked to Army Delivery, with a target date of 1 Sep 22.

5. Attendees at the workshop included both Officer and Warrant Officer representation (50/50) from Army GS (Delivery – Force Management, DACM, Culture, LPME; Strategy; IG; PCBPB-L), OLCC, OSOCC and HQ 1(NZ)BDE.

6. A key finding of the workshop was that there are a number of actions that can, and should be enacted now rather than waiting for the plan to go through the full consultation

and approval process. Consequently, you are to implement the following immediate actions:

- a. DACM: Identify and post suitably qualified and experienced personnel to ensure that both TAD and ACS are staffed to 100% by NLT the Dec 22 posting round.
- b. DACM: Identify and post a suitably qualified and experienced officer into the vacant GSO2 Lateral Recruitment, DFM, as soon as possible but no later than Dec 22 posting round. This role is to be expanded and re-titled GSO2 Re-engagement and Lateral Recruitment and a revised job description and TOR developed by DFM. The incumbent will be required to develop a re-engagement programme, including targeted approaches by Army's senior leadership, of recently departed personnel in key ranks and trades.
- c. DACM / XO LCC: implement an arrangement with JSG enabling all ResF members applying to transfer to RF (including STRFE) that require up to date medical and dental examinations as part of that process are able to receive those examinations through Defence Health/Dental Centres (DHC). Acknowledging that there is limited capacity, Army is to fund or reimburse the member for civilian medical assessments should a DHC appointment not be available.
- d. XO LCC and XO SOCC to engage with DFM in order to develop a means by which professional development opportunities for unit members can be supported by encouraged and supported. This is to include options for utilisation of Army OPEX underspends to support this intent.
- e. Army Delivery: engage with NZDF Medals to ascertain the support required to ensure the completion of the current back-log of medals and awards issue, and potentially then support on-going maintenance. Ideally this should be able to be supported by targeted STRFE contracts.
- f. Additionally, I will discuss with CA the development of an engagement plan with our serving MAJs/LTCOLs with the intent of acknowledging their worth, understanding what is working and discuss what could be done better.

7. ACA(D) is to report regular progress on each of these immediate actions via the AMB.

s.9(2)(k)

s.9(2)(k)  
R. I. KING  
BRIG  
DCA

DTelN s.9(2)(k)

Distribution:

CA  
LCC  
SOCC  
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MS

For info:

COMD JSG  
COS AGS  
PCPBP-L  
XO AOD

**NEW ZEALAND ARMY**  
Office of Chief of Army  
**MINUTE**

2 Aug 2022

5145/1/5/1

CPO

For Info:

ACA(D)  
PCPBP-L  
DFM

**PERSONNEL REGENERATION PLANNING: NZ ARMY REQUESTS OF PCP**

**Reference(s):**

- A. Personnel Regeneration Workshop 5 Jul 22
- B. DCA Minute: Personnel Regeneration Planning: Immediate Actions dated 19 Jul 22
- C. AC DHR Minute 23/2022 to EXCO: Personnel Policy Scoping Project and Retention Initiatives

**Purpose**

1. The purpose of this minute is to request PCP support to address a range of initiatives and policies in support of Army's nascent Four Year Personnel Regeneration plan.

**Background**

2. Army's attrition rates have increased during the last 12 to 18 months to levels not seen in 10 years. This is occurring at a time when Army's Regular Force (RF) is required to grow in order to meet Army25 funded targets.
3. Army is in the process of developing a four year workforce remediation plan nested within the CAs Command Directive and in step with the LCCs Regeneration PLANORD. The themes, interventions and tasks articulated in the draft plan are in response to a number of data points including Pulse Survey and Exit Survey results, CA/LCC hours, communications from Commanders, AMB and ALB discussions and a targeted workshop at Ref A. As a consequence of Ref A, I have recently released Ref B, directing a number of actions that Army can undertake right now in order to start addressing some of the dissatisfiers.

**Actions Requested of PCP**

4. Several recommended treatments are unable to be actioned by Army as responsibility resides within another portfolio; mainly PCP. Furthermore, there are some systemic issues Army has identified that require review and potentially action taken to resolve. I

acknowledge that there is a programme of work currently being scoped in response to direction from EXCO as detailed at Ref C. Most of these are strongly supported as requiring attention though the prioritisation may not be in accordance with Army's assessed priorities.

5. The Annexes detail those matters for which your action and support are requested. A number of these will require a joint approach between your staff and ours, and we look forward to working with you to address these. I would appreciate a meeting to be scheduled with you and your team in the next three weeks in order to work out our way forward.

s. 9(2)(k)

~~RT KING~~

~~BRIG~~

DCA

DTelN s. 9(2)(k)

Annexes:

- A. Requested Matters for Review
- B. Army Priority for NZDF Personnel Policy Scoping Project and Retention Initiatives

ANNEX A TO  
DCA MINUTE 5145/1/5/1  
DATED AUG 22

Requested Matters for Review

Theme	Item	Requested by
Attract	Conduct an environmental demographic intelligence assessment, complete with deductions and recommendations across PRICE. Environmental demographic assessment of New Zealand data currently utilised by DRO may be out of date. Consequently, it does not support our collective understanding of the recruitment market and thus we are not necessarily postured to make decisions as to where and how to engage. s. 9(2)(g)(i) [REDACTED]	Dec-23
Attract	Work with Army to review the current combat trade trial and probable RNZSigs trial (allocating trades at the end of Corps training) in order to extend to a trial for all Recruits to be allocated trade / Corps at the completion of ab-initio and initial Corps training.	Dec-23
Attract	Undertake a qualitative analysis of the recruiting pipeline process and identification of actions that could be taken to significantly reduce the 'wastage'. Acknowledging assurances from DRO that the recruiting process generally works well, the data indicates that approximately 50% of applications do not make it through the process. Anecdotal reasons include there being no 'Army' person in the process, insufficient human interaction, taking too long and others.	Dec-23
Attract	Identify and implement more flexible employment options. s. 9(2)(g)(i) [REDACTED]	Dec-24

Policy	Inflation adjust unaccompanied posting, travel and ESF allowances	Dec-22
Policy	Investigate the implementation of a retention payment to be paid to all Regular Force who serve a significant period of time (such as 12 or 15 years)	Dec-22
Policy	Establish a cross-NZDF working group to develop policies to support the recruitment, inclusion and retention of Transgender and Non-Binary personnel	Dec-22
Policy	Investigate and provide options on the implementation of an 'instructor allowance', with a view to incentivising personnel to undertake postings to Waiouru.	Jul-23
Policy	Identify opportunities for removing barriers to successful recruitment, such as the requirement to undergo a second Medical Board upon arrival at Waiouru.	Jul-23
Policy / Attract	Work with Army to develop and implement non-traditional pathways for officer and soldier enlistment and development	Dec-23
Policy / Attract	Work with Army to develop policy for the recognition of experience and learning at re-enlistment	Dec-23
Train	Conduct an analysis of the training continuum managed by NZDC in order to identify and rectify current road-blocks. At present it can take up to six years to achieve a detailed review / re-write of a TMP, by which time it is likely to be outdated.	Jul-23
Retain	Undertake research that looks at what the new family composition/structure looks like and what support is needed/desired IOT keep members serving for longer (e.g. accommodation, unaccompanied policies, location stability, specific family support, etc.) Times have changed and the new 'family unit' is different today than it was 50 years ago, however, our policies to support families have been relatively static.	Dec-24



<b>Board / Committee:</b>	ALB - 8 Sep 22
<b>Subject:</b>	Personnel Remediation – Actions
<b>Prepared by:</b>	DFM, in consultation with ACA(D)
<b>Date:</b>	1 Sep 22

## Purpose

1. The purpose of this paper is to update CA and the ALB as to progress on the development and implementation of the Personnel Workforce Remediation Plan.

## BLUF

2. A significant number of initiatives and interventions have been identified. Of these, a number sit outside Army's authority to enact, and these have been formally raised to the appropriate supporting agency. Where the initiative or intervention sits within Army's purview and where resources are currently available and the action is considered a priority, work is underway. However, many of the tasks will require provision of resources from the Components, at times, in order to address all.

## Update

3. **Initiatives and Interventions.** Enclosure One is the list of currently identified interventions and initiatives. These initiatives have been grouped into three categories; Attract, Retain and Train / Develop. The spreadsheet provides an indicative target date, lead responsible and comments as to progress. Specific initiatives will be discussed further below.

4. **EXCO HR Policy Review.** PCP continue to work on the HR policy priorities that have been established by EXCO. These include:

- a. Annual Leave buy out increased from 5 to 10 days (permanent change). This is on target for implementation prior to the end of this calendar year.
- b. HDP partial payment and reduction of 91 day qualifying period. This is on target for implementation prior to the end of this calendar year.
- c. Review 6 year occupancy rule and approval levels for Defence Housing. This continues to be developed. A concern raised at ORG Committee is that the detailed business case developed by DE+I is predicated on a 6 year rule, and any change upwards will impact on this. Army remains of the view that the timeframe should be extended to at least 10 if not 12 years, with priority given to junior ranks (PTE – SGT and 2LT/LT). All Services agree that the Deputy Chiefs should be empowered to approve meaningful extensions (e.g. to end of current posting).
- d. OEA (M/L) part payment. This is currently being costed for consideration with a view to implementation prior to the end of this calendar year.
- e. Retention Payments. Guidance has been developed. Three submissions (one from each Service) are currently with CDF for consideration and approval.

- f. Other policies currently under review but not expected to be finalised this calendar year include:
  - i. Unaccompanied Posting Policy and Allowances,
  - ii. Opening up Steps 9 – 13 on the REM tables,
  - iii. Leave options including incentive and long service, and
  - iv. Re-enlistment incentive payment.

5. Of note, PCP has again requested the single Services take action to each provide a suitably qualified and experienced staff member into the HR Policy team to provide both Service-specific expertise, and increase capacity. An individual has been identified and DACM is currently working to identify an individual to back-fill their current role so we can provide this resource.

6. **Immediate actions.** DCA Minute: Personnel Regeneration Planning: Immediate actions was released on 18 Jul 22. An update on the six tasks follows.

- a. 100% staffing of ACS and TAD in Dec 22 posting round. DACM has identified personnel to fill all except four positions. Efforts continue.
- b. Post in GSO2 Lateral Recruitment / Re-Engagement to AGS. DACM has been unable to identify a suitably qualified and experienced officer to post at this time. Nil-STRFE identified either. Remaining option is to submit a case for the position to be civilianized, and then prioritised for recruitment.
- c. DHC to provide medical and dental assessments for all ResF members applying to transfer to RF (including ResF). Where capacity does not allow, Army is to fund / reimburse the member for civilian assessments. This has been enacted.
- d. Enable greater availability of professional development opportunities. DFM is yet to provide written parameters to XO LCC and DSOCC, and funding is yet to be allocated.
- e. Provide staff support to NZDF Medals Section to work through the current backlog. One STRFE has been provided to focus on RF matters and ACA(R) staff are currently identifying an additional member to focus on ResF.
- f. Engagement plan for CA/DCA with the remaining MAJ/LTCOL. Opportunities are currently being identified.

7. **Requests of PCP.** DCA Minute: Personnel Regeneration Planning: NZ Army Requests of PCP was released on 2 Aug 22. This Minute requested a number of matters be reviewed / actioned – they are all identified in Enclosure One as for action by PCP. The minute also identified Army's priorities for actions within the HR Policy Review. Some of these are currently being addressed, with others to be pursued later – IAW EXCO priorities.

8. **Initiatives and Interventions – Army Actions.** Enclosure One currently has 51 items listed. Of these, 11 are for PCP lead. Of the remaining items, 16 are currently under action to some degree (highlighted in yellow). A number of these are under the umbrella of the Career Management Review and will be actioned as part of Phase Three. Others have been addressed as identified above in Para 6. Of the remainder, the priority action is the development of an options paper for delivery of retention payments, followed by development of a suite of incentives to encourage people (mil and civ) to accept postings to Waiouru. Both of these will require additional staff support and will be covered further below.

9. **Related Updates.**

- a. Retention Payments. The first submission (Plumbers) is currently with CDF for consideration and approval. s. 9(2)(g)(i)

Therefore, a robust methodology is required to identify a range of options as to how those payments could be apportioned. This is currently under development by DFM and is being populated by feedback from the Regimental Colonels. Regimental Colonels and OLCC/OSOCC have acknowledged that staff support to draft submissions will need to be provided, once decisions are made as to which options are to progress. Options to be costed will likely include:

- i. Delivery of initial rotation operational outputs,
  - ii. Trade / rank attrition,
  - iii. Individual key SME retention,
  - iv. Required to support introduction of key capabilities
  - v. Location, and
  - vi. Tri-Service trades where the other Services are considering payments.
- b. **Waiouru Support Package.** It is understood that not all members, particularly certain rank groups, require additional motivation or support to take a posting to Waiouru. As it is essential that ab-initio schools, and therefore the enabling staff as well, are fully staffed, it has been identified that there is merit in incentivizing them. Options for consideration include, but are not restricted to:
- i. posting priorities advertised
  - ii. identify SQEP and engage early - DACM actioning,
  - iii. improve infrastructure and amenities – requires certainty of PLAN MERE decisions,
  - iv. incentivize postings – ie. Include in the retention payment analysis,
  - v. posting / promotion plans agreed prior – DACM actioning
  - vi. exploring ability to support boarding school fees, and
  - vii. provision of firewood to MQs.
- c. This work requires a staff officer to cohere this work, including the staff work at vi and vii, and other potential elements they identify. A suggestion is that this could potentially sit well with CO RS(A) or TRADOC but will require LCC approval. No staff capacity resides in Army GS. This aspect is currently being consulted with TRADOC/ RSA.
- d. Additional Actions. A number of related work-streams have either been completed or are under way. Others require action, but again also require resources.
- i. **Career Management Review.** Well underway, with Phase Three approved and funded.
  - ii. **Capstone Orders.** Work progressing. Significant buy-in across the Army as to the rationale and need.

- iii. **Early Childhood Care.** Development of costed options paper on provision of early childhood care at all camps. This requires provision of a resource to undertake this task – Army GS cannot resource this.
- iv. **Culture.** A number of key deliverables are being actioned. Additional action includes the development of a 1 pager “how to make changes”. Many soldiers do not know how they can initiate changes, for example to grooming and dress standards, to highlight faults in their equipment, or to recommend innovations. WO P&C is currently developing this 1 pager for dissemination. Key will be encouragement to utilize the chain of command.
- v. **Grooming** and dress standards continue to be a dissatisfier for many, due to the differences between the Services, and the lack of inclusivity. This is particularly relevant now that Army is about to receive the first non-binary and transgender member.

### Recommendations

- 10. It is recommended that the ALB:
  - a. **Note** the update provided
  - b. **Note** the requirement for additional resources, from outside Army GS, be provided to further development of key initiatives and interventions
  - c. **Approve** tasking of CO RS(A) or TRADOC to lead the Waiouru Support Package task
  - d. **Identify and allocate** to develop a costed options paper for the provision of early childhood care at all Army camps
  - e. **Provide guidance** as to adjustment of prioritisations and allocation of resources.

Enclosure One: Personnel Regeneration Worksheet Update 31 Aug 22

s. 9(2)(g)(i)

Theme	Item	Indicative Target Date
Attract	<p>Conduct an environmental demographic intelligence assessment, complete with deductions and recommendations across PRICE. Environmental demographic assessment of New Zealand data currently utilised by DRO may be out of date. Consequently, it does not support our collective understanding of the recruitment market and thus we are not necessarily postured to make decisions as to where and how to engage. s. 9(2)(g)(i)</p> <p>[REDACTED]</p>	Dec-23
Attract	<p>Work with Army to review the current combat trade trial and probable RNZSigs trial (allocating trades at the end of Corps training) in order to extend to a trial for all Recruits to be allocated trade / Corps at the completion of ab-initio and initial Corps training.</p>	Dec-23
Attract	<p>Undertake a qualitative analysis of the recruiting pipeline process and identification of actions that could be taken to significantly reduce the 'wastage'. Acknowledging assurances from DRO that the recruiting process generally works well, the data indicates that approximately 50% of applications do not make it through the process. Anecdotal reasons include there being no 'Army' person in the process, insufficient human interaction, taking too long and others. This includes engagement with enabling agencies (DDH, JSG, DSy etc) to identify current policy 'blockages' and mitigations.</p>	Dec-23
Attract	<p>Identify and implement more flexible employment options.</p> <p>s. 9(2)(g)(i)</p> <p>[REDACTED]</p>	Dec-24

Attract	Work with Army to develop and implement non-traditional pathways for officer and soldier enlistment and development Including investigate targeted / non-traditional options for specific roles, eg: accept risk on medical grading, adjust training requirements such as ResF coursing for certain RF trades etc	Dec-23
Attract	At present, there are no policies that support the recognition of experience and learning at re-enlistment. The current system is to offer seniority as at time of release, and thus ignores experiences gained in the intervening time. Furthermore, education undertaken is also not factored into the offer of service. Both these can be dis-incentives for re-enlistment	Dec-23
Attract	DRO conducts many recruiting activities across the country throughout the year. Army needs to ensure that personnel are surged to support these, in particular targeted recruiting drives (Corps / Intake specific) in order to provide the most complete experience for potential candidates.	Dec-22
Attract	The current policies for enabling transfer between service categories (RF, RR, STRFE etc) appear to not support the intent of seamless transition. There appear to be procedural inequities that also exacerbate the intent. A review of the policies and processes is required.	Dec-23
Attract	Investigate opportunities to extend recruiting drives to the wider realm s. 9(2)(g)(i) in order to expand the available pool of candidates and further increase the diversity of our Army	Dec-24
Attract	It is very clear that Army is not maximising the talent pool available in the Stand-by Reserve. However, it requires a dedicated resource to develop and implement an engagement plan with this people. Furthermore, with borders re-opened it is imperative that we maximise the potential for overseas enlistments as well as re-enlistment and lateral movement of NZ pers. To achieve this it is imperative that the GSO2 Re-enlistment appointment in DFM be filled. Specific additions to the current role include: - develop and manage plan for personalised targetting of SQEP including utilisation of senior Offr/WO in the process - Design and implement standardised exit process so engagement occurs	Dec-22
Attract	Identify opportunities for removing barriers to successful recruitment, such as the requirement to undergo a second Medical Board upon arrival at Waiouru. Army traditionally loses at least 5% of candidates each course s. 9(2)(g)(i)	Jul-23

Retain	s. 9(2)(g)(i)	Dec-22
Retain		Dec-22
Retain		
Retain		Dec-23
Retain		Dec-23
Retain		Now
Retain		Jun-23
Retain		Jun-23
Retain		Jun-23
Retain		Dec-22
Retain		Nov-22

Retain	s. 9(2)(g)(i)	Nov-22
Retain		Dec-22
Retain	A large number of soldiers and officers have have missed trade and promotion coursing due to Covid19 (both OP PROTECT and illness). Are the mechanisms in place to ensure that those people are not missing further opportunities and are being prioritised ahead of others so potentials for loss of seniority etc are avoided. And, has seniority been protected for those individuals?	Dec-22
Retain	Inflation adjust unaccompanied posting, travel and ESF allowances	Dec-22
Retain	Investigate the implementation of a retention payment to be paid to all Regular Force who serve a significant period of time (such as 12 or 15 years)	Dec-22
Retain	Establish a cross-NZDF working group to develop policies to support the recruitment, inclusion and retention of Transgender and Non-Binary personnel	Dec-22
Retain	Undertake research that looks at what the new family composition/structure looks like and what support is needed/desired IOT keep members serving for longer (e.g. accommodation, unaccompanied policies, location stability, specific family support, etc.) Times have changed and the new 'family unit' is different today than it was 50 years ago, however, our policies to support families have been relatively static.	Dec-24
Retain	On average, 5 - 10% of recruits and officer cadets do not pass their ab initio training. This should be investigated and analysed to identify reasons and mitigations.	Jul-23
Retain	Adjust recruiting so that corps / trade allocations occur at end of TAD or end of initial corps training - Combat trial, Sigs trial then review and adjust	Jun-24
Retain	Identify and implement more flexible employment conditions:	Dec-23



Retain	A number of people have raised the potential for implementation of an HADR medal in recognition of the work that many do, at short notice, in extenuating conditions.	Dec-24
Retain	Investigate options to retain other Service personnel in Army vacancies, at Army cost	Dec-22
Retain	Develop clear policy / procedure for requests to utilise contractor support to fill mil vacancies ie HSS, Cap etc	Jun-23
Retain	Despite it being a requirement, many people are not interviewed upon submitting their MD717s. And if so, not necessarily by a rank / appointment that would provide a feeling of appreciation to the member. The current policy requires adjustment to establish process to interview all pers who leave (set appointments for ea rank)	Jun-23
Retain	Develop and provide to all pers who leave a handbook on options available to them for re-enlistment / transfer between categories	Dec-23
Retain	Develop and then provide a gift package (to be paid from unit CCs) for all soldiers who travel overseas on course or individual deployment ie plaque, coin etc	Dec-22
Retain	Support / sort NPF / ACWF policy and support / VA	Jun-23
Retain	Support development of digital literacy	
Retain	A financial and time barrier for many people is their ability to juggle parenting responsibilities. Investigate childcare ie before and after school / free on camp	Jun-23
Retain	Clarity is required at all levels around what outputs Army is required to provide, and what force structure should be supported to achieve these. Consequently, an interim force structure in support of regeneration, is required to be developed.	Nov-22
Retain	Every camp has a plethora of bars, messes and gyms. There are no spaces on our camps where soldiers can interact socially that doesn't include alcohol. How can we influence DF+I to secure funding. Let's normalise spaces where soldiers can interact responsibly without alcohol having to enhance the social experience.	Dec-23
Retain	The standard of barracks across all camps is below par. What can be done to refurbish / bring up to a better standard (including furniture and fittings? Could a reduction in barrack charges be considered?	Jun-23
Retain	Funding was made available to provide thermal curtains in some Linton houses. Can a funding stream be identified to place thermal	Mar-23

	curtains in all Army houses?	
Train / Develop	s. 9(2)(g)(i)	Dec-25
Train / Develop		Jul-23
Train / Develop		Dec-22
Train / Develop	At present it can take up to six years to achieve a detailed review / re-write of a TMP, by which time it is likely to be outdated. Therefore, an analysis of the training continuum managed by NZDC is required to be conducted in order to identify and rectify current road-blocks.	Jul-23
Train / Develop	At present there is exercising above MRO generation / maintenance. This needs to be reigned in by the provision of a confirmed and published training cycle. This is required so that appropriate prioritisation of staffing, logistic support etc can be provided.	Dec-22

<b>Board / Committee:</b>	ALB - 23 Nov 22
<b>Subject:</b>	Personnel Remediation – Actions
<b>Prepared by:</b>	DFM, in consultation with ACA(D)
<b>Date:</b>	15 Nov 22

### Purpose

1. The purpose of this paper is to update CA and the ALB as to progress on the development and implementation of the Personnel Workforce Remediation Plan.

### BLUF

2. Army Delivery's current primary focus is delivering retention initiatives. A more detailed picture of initiatives in train, by rank, is enclosed. IG(A) and other elements of the Delivery team have been surged to DFM to deliver comprehensive options to Army leadership. Implementation will also require significant staff effort as admin processes are time consuming and must be undertaken by suitably personnel. DPA are being consulted on communication plans.

### Update

3. **EXCO HR Policy Review.** PCP continue to work on the HR policy priorities that have been established by EXCO. These include:

- a. Annual Leave buy out increased from 5 to 10 days (eligibility period is 1 Nov 22 to 31 Oct 23). Implemented.
- b. HDP partial payment and reduction of 91 day qualifying period. Implemented.
- c. Review 6 year occupancy rule and approval levels for Defence Housing. This continues to be developed.
- d. OEA (M/L) part payment. Implemented.
- e. Retention Payments. See below
- f. Other policies currently under review but not expected to be finalised this calendar year include:
  - i. Unaccompanied Posting Policy and Allowances,
  - ii. Opening up Steps 9 – 13 on the REM tables,
  - iii. Leave options including incentive and long service, and
  - iv. Re-enlistment incentive payment.

4. Army has identified an HR policy specialist (WO2) and has posted the member from RS(A) to PCP with effect Dec 22. ACA(R) has also provided an HR policy specialist on a part time basis from Nov 22 to Apr 23, with a focus on TF-related policies.

5. **Retention Payments.** The first submission (Plumbers) has been implemented.

s. 9(2)(g)(i)

6. The second tranche of retention payment development is currently under action. There are three components being developed by Army for implementation this financial year as well as consideration for Special Forces being developed by NZDF. The detailed business case is nearing completion, once final financial advice is received and the preferred payment model is confirmed. We are aiming for the approval of the business case and communication with individuals who will be offered a retention scheme prior to Christmas.
7. **Waiouru Support Package.** CoS TRADOC and CO RS(A) are actively working through options, supported by AGS.
8. **Additional Actions.** A number of related work-streams have either been completed or are under way. Others require action, but again also require resources.
  - a. **Career Management Review.** Well underway, with Phase Three approved and funded.
  - b. **Capstone Orders.** Work progressing. Significant buy-in across the Army as to the rationale and need.
  - c. **Early Childhood Care.** Early discussions with Whanau Manaaki (delivers Waiouru kindergarten services) around options to support broader Army / NZDF facilities.

#### **Recommendations**

9. It is recommended that the ALB:
  - a. **Note** the update provided on personnel remediation actions.
  - b. **Note** the intention is to communicate key initiatives, including retention payments, before Christmas 2022.
  - c. **Note** Army Delivery, with support from IG(A) and others within Army GS, are primarily focused on the development and delivery of the retention schemes.

Enclosure:

1. Initiatives Update Table dated 15 Nov 22

## NEW ZEALAND ARMY

### Chief of Army

### MINUTE

212

Feb 23

7450/1

**CDF: Through CPO and CFO**

#### **PROPOSAL FOR DEFERRED RETENTION PAYMENTS TO SELECTED NZ ARMY PERSONNEL**

##### **References:**

- A. CPO Minute 10/22 dated 03 Oct 22
- B. DFO(T) 04/2021
- C. DFO 20/2002: Retention Payments
- D. DFO(T) 14/2022 dated 22 Sep 22
- E. Land Operations Tier 1 Capability Definition Document

##### **Purpose**

1. To seek Chief of Defence Force (CDF) approval of the proposed NZ Army Selected Personnel Deferred Retention Payment Scheme, subject to available prioritisation of NZDF underspends. This paper details the next tranche of Army Retention Initiatives that are intended to enable preservation of critical capability / trade outputs until Jul 24.

##### **Context**

2. Since 2019, Army has continued to experience a high Rate of Attrition (RoA) and is predicted to finish FY22/23 603 FTE below the reduced allocation of 4618.0 FTE. Q1 FY22/23 saw the upward momentum in the Army's RoA start to reduce (Jul 17.3%; Aug 17.4%; Sept 17.6%), however pick up again to 18.4% by Nov 22.
3. More personnel are exiting the organisation than can be replaced with attrition largely concentrated on rank and/or trade hotspots, resulting in a disproportionate loss of specialist personnel to the organisation, particularly within the LCPL to SGT ranks. Without meaningful remedial action, current attrition rates will continue to see Army shrink in size. Several Army trades will be unlikely to meet operational and training outputs if further personnel loss occurs. The requirement at this point is to stem the current attrition rate to maintain both training and operational outputs.
4. Defence Recruiting Organisation anticipates 180 recruits will march into the final intake for FY22/23, representing 75% of Army's aspirational target. Multiple levers have been considered to solve the problem, however, one of the key dissatisfiers for serving personnel is uncompetitive remuneration. This entices potential candidates and current serving personnel away from Army at a rate greater than they can be generated, with several trades now regarded as 'fragile' as a result.

5. This paper seeks to apply a further lever in the form of a deferred retention payment scheme, utilising an anticipated Army in-year and anticipated out-year PERSEX underspend, to allow Army 18 months to support both the retention of output capability and commence regeneration of replacement personnel. It is understood that any Army underspends that may eventuate may be allocated to higher priority Defence level funding pressures.

#### **Background**

6. Ref A provides guidance for retention payments to retain members of the Regular Force when there is an immediate risk attrition will impact on the delivery of outputs. This was generated following the issue of Navy Retention Payments in 2022 (ref B) to specific trades under the original retention policy at ref C dating back to 2002. The RNZN Retention Payment scheme sought to retain the ranks of Petty Officer and Chief Petty Officer in the Electronic Technician Trade, which had been designated by Navy as being of 'Strategic Significance' and without which, Navy could not sustain fleet operations.

7. Following a similar logic, Ref D was generated by Army to assist the prevention of the RNZE Plumbing Capability Output from becoming non deployable through the use of targeted, deferred retention payments. The RNZE Plumbing case identified the need to incentivise individuals to remain in the service while the trade 'regenerated' over three years. Given that the main external draw to RNZE Plumbers was the attraction of higher external wages, the use of retention payments went towards bridging that fiscal gap. [REDACTED]

s. 9(2)(g)(i) [REDACTED]

8. Subsequently, a number of other Army ranks and trades have been identified as being at risk of not being able to meet designated outputs in the short to medium term. Unit commanders have also highlighted the risks to the organisation if something is not done to address dissatisfaction with current conditions of service, particularly pay. Simultaneously, Army considered retention payments to encourage postings to Waiouru to support Army's priority focus on resourcing ab-initio training.

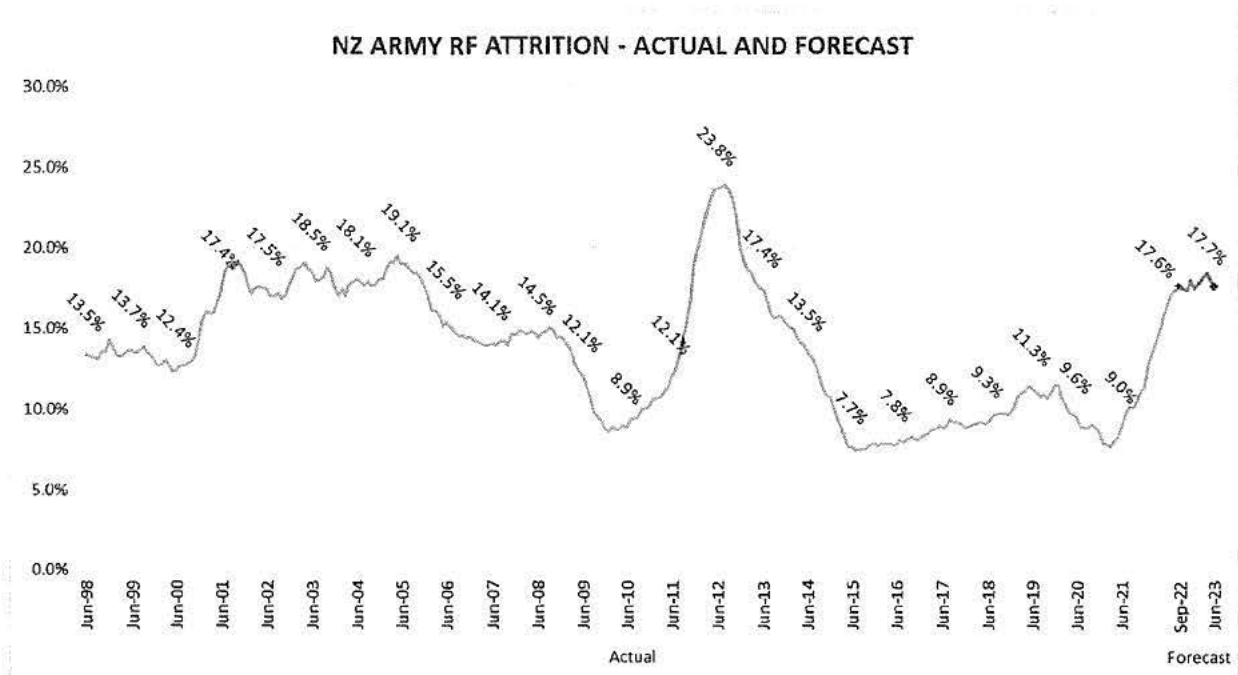
9. The aim of any retention payment is to support the retention of any at risk, trade qualified, currently serving, Regular Force personnel who are required for output delivery. Retention payments may be used to retain the ability to grow, launch and sustain government purchased outputs with a causal relationship established between the payments and capability. To establish this relationship, a mixture of quantitative and qualitative data was drawn from a range of sources as well as command input to form a methodology.

10. Retention Payments are an emotive topic and without an accepted and defensible methodology, there is risk that payments could be made to trades not at risk, or encourage others to depart as they feel their service is not valued.

#### **Army Attrition Numbers**

11. The current rate of Army attrition, coupled with a low recruitment rate, means that 'outflow' is currently outpacing 'inflow' with Army shrinking as a result. Of concern is that the outflow is not distributed evenly across the organisation, but rather focused in rank

and/or trade 'hotspots'. The net effect is that Army is losing a disproportionate amount of experienced skilled personnel.



**Army NCO Attrition Rates**

12. Since 2021, LCPL, CPL and SGTs have been departing at a rate faster than can be regenerated and in the last 12 months have recorded the highest departure rates of any rank group across Army.<sup>1</sup> This directly impacts Army's ability to raise and retain individuals, train units and sustain forces on operations without the input of an experienced and capable NCO Corps. Table 1 shows departing PTE to SSGTs to date, as well as currently submitted Releases in the system for 2023.<sup>2</sup>

Year	PTE	LCPL	CPL	SGT	SSGT
2015	134	49	22	8	6
2016	138	30	18	6	5
2017	129	73	50	24	10
2018	164	62	51	18	17
2019	166	96	48	14	19
2020	105	62	48	20	13
2021	160	108	65	14	18
2022	306	141	110	39	29
2023	20	19	24	8	9

<sup>1</sup> Of note, the amount of Warrant Officers departing the Army have remained remarkably stable since 2015 and therefore not captured here.

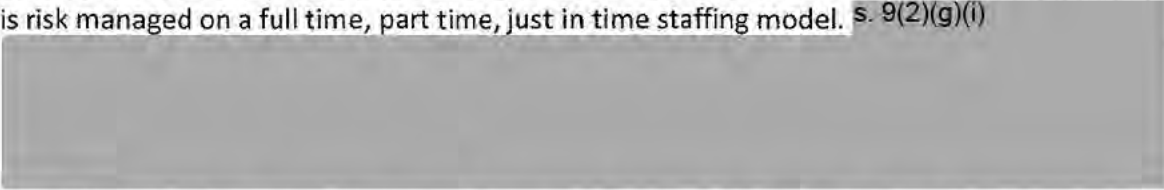
<sup>2</sup> Stats recovered from DACM as at 02 Dec 22

Table 1

13. The LCPL to SGT rank group is of greatest concern to Army. A personnel turnover rate of 10% PA is regarded as healthy for any organisation while any rate higher than this should be viewed as a retention crisis. This retention crisis manifests in Army as a lack of quality and suitable junior leaders and trainers, impacting the generation of outputs.

**Ability to Launch and Sustain Operational Outputs**

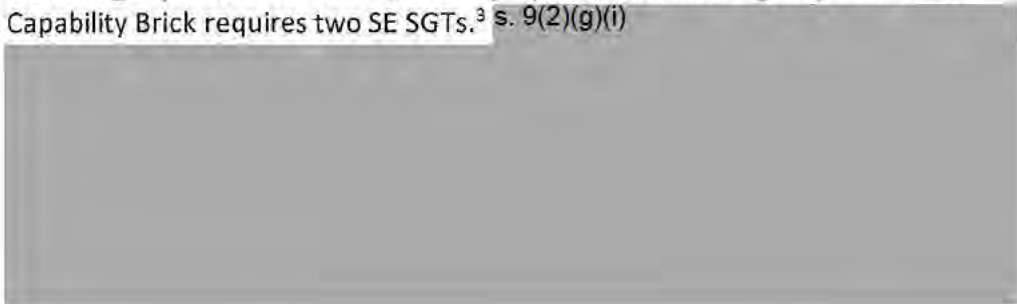
14. The Army's purpose, as part of the Joint Force, is to provide and sustain a range of military options to support national security objectives that defend, protect, and promote New Zealand's strategic interests on land. As per ref E the Army's current sustainment model is risk managed on a full time, part time, just in time staffing model. s. 9(2)(g)(i)



15. While Land Force readiness is risk managed against the likelihood and consequence of threats, units are now unable to achieve prescribed capability levels as well as maintain their forces at one of 11 readiness ratings (minutes – months) depending on the level of risk. The current rate of attrition if left unchecked will simply erode this capacity further.

**Targeted Tranches of Personnel**

16. Following consideration and consultation, there are three groups of Army personnel identified as requiring intervention and would benefit from retention payments. They are:

- a. **Strategically Fragile Trades.** Small, specialised trades remain ongoing at risk of collapse. For example, the RNZSigs Systems Engineer (SE) Trade at SGT level currently has one person at the correct rank. There is one instructor position at TRADOC, which is currently filled by this individual. However, in the event of launching a 'platform' offshore, the Deployable Joint Inter Agency Task Force Capability Brick requires two SE SGTs.<sup>3</sup> s. 9(2)(g)(i)
- 

- b. **LCPL, CPL and SGT.** Officers and NCOs both share the responsibility of leading soldiers. It is NCOs however that provide the pivotal layer of supervision, safety and training expertise. They oversee career development course completion, training implementation and a multitude of other requirements that have to be

<sup>3</sup> DJ6 Frequency Manager employed within the HQDJTF(L) Brick and the Trade SGT employed in the CIS (C4SG MRBG HQ) Brick.



met in order to have soldiers ready to deploy anywhere at any time. Competent and capable NCO's cannot be hired, rather they must be 'grown' over a period of years through a combination of experience and organisational development. At present, external employers are actively pursuing NCO's due to their technical and leadership proficiencies. This has led to a surge in attrition since 2021 amongst these critical ranks. It should also be noted that the bulk of the operational trainers, supporting the NZDF response to Ukraine in the UK, are drawn from this group of personnel.

- c. **Waiouru Based Uniformed Personnel.** Army has directed that Army Command School (ACS) and The Army Depot (TAD) be staffed to 100% to ensure that the best possible outcomes can be achieved for those Recruits and Officer Cadets entering the NZ Army. This also requires the support and enabling functions of Waiouru to be staffed to at least 80% to ensure delivery of their training outcomes. Whilst anecdotally it is 'relatively' easy to encourage CPL/SGT and LT/CAPT to Waiouru, this is not so for the SSGT-WO and MAJ rank groups. Whilst a range of other options are under consideration to make Waiouru a desirable posting location, the option of offering a retention payment to posted individuals<sup>4</sup> is proposed.

#### Factors Affecting Retention

17. There are a multitude of current factors at play influencing individuals' decisions to leave the Army. These can be summarised as

- a. better job prospects,
- b. the housing shortage,
- c. opportunities for overseas travel,
- d. a lack of professionally rewarding operational deployments,<sup>5</sup> and
- e. the most compelling and consistent factor for our personnel is the pay gap issue. This was further reinforced by the recent Pulse Survey which reported that only 18% of the Army stated that they receive fair compensation for the work they do.

18. Notwithstanding the recent modest Total Remuneration (TR) adjustment the gap between civilian sector and military remuneration remains largely outside of the five percent. A number of individuals departing the RF have quoted Pay and Allowances as their primary reason, however while not specifically articulated, pay is also linked to a number of other reasons for departing as well. For example, personnel listing 'time for a change' are often transitioning into a better paying role external to Army, while others who seek education opportunities, are looking for better financial opportunities at the end of their education.

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<sup>4</sup> Less Officer Cadets, Recruits under training, those personnel on trade courses and any other personnel that have qualified as part of the Strategically Fragile Trade or LCPL to SGT scheme.

<sup>5</sup> These have been articulated to Army previously and are affecting all ranks and trades.

19. Since 2008, inflation has steadily eroded wages and while Defence has continued to review REM rates, they have failed to keep pace with inflation. For example, a LCPL Auto Tech on Sector B, Tier 2, Step 7 was paid \$54,094.00 in 2008. Moving forward, that individual on the same step is now paid \$66,021.00, an increase of \$13K PA. If their 2008 wage was to have kept pace with the rate of inflation (as designated by the Consumer Price Index (CPI) generated by the Reserve Bank of NZ), it should have moved closer to \$86,260.00 by 2022. In short, the individuals spending power has eroded by \$20K over 14 years.

20. Comparing external pay with Army pay is again problematic. Using the Automotive Technician (Auto Tech) as an example, a comparable occupation is 'Diesel Mechanic' and a check of the average civilian wage places them at \$70,668.00 PA, while more experienced staff can earn around \$90K PA.<sup>6</sup> While this exceeds what NZDF pays an experienced JNCO Auto Tech, Australian wages surpass this even further, with the average wage equating to \$97K (AUD) PA.<sup>7</sup>

21. With this in mind, an individual who has a family to support is more likely to be drawn away from Army if they are offered higher rates of pay. At present, a job market paying higher wages is successfully enticing large numbers of experienced personnel out of Army that cannot be easily replaced. Retention payments are considered an essential requirement to allow individuals to remain in the Army in the face of increased living costs in the short to medium term.

#### **Effects Sought**

22. The requirement at this point is to stem the current rate of personnel attrition to maintain both training and operational outputs as well as encourage reenlistment. In order to achieve the required effect, the payment criteria should encourage retention. To that end, the individual should (ideally) meet the following criteria:

- a. Must be Regular Force;
- b. Must not have an application for voluntary release in accordance with DFO 3 article 11.8.63 (MD717) under action at any point in the retention period;
- c. Must not be subject to an approved recommendation for discharge in accordance with DFO 3 Part 11 Section D (CAT DF and CAT DE);
- d. Must not have been on leave without pay (LWOP) during the period. (For the purposes of retention payments, LWOP does not include periods of parental leave).
- e. On completion of the retention scheme, not be eligible for early release for a six month period.

23. It is likely that not all individuals will either meet or be willing to comply with the requirements. Based on RNZN experience, it is anticipated that at least 10% of individuals will not accept the offer of a retention payment.

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<sup>6</sup> <https://nz.talent.com/salary?job=diesel+mechanic> accessed 09 Nov 22

<sup>7</sup> <https://au.talent.com/salary?job=heavy+diesel+mechanic> accessed 09 Nov 22

**Structure and Qualifying Criteria**

24. Annex A provides the full extent of the Structure and Qualifying criteria.

**Financial Impact**

25. Any retention payment needs to be meaningful enough after tax to make a difference to the individual. A small amount risks causing issues with an individual's personal finances. For example; if an individual is in receipt of Working for Families or paying Child Support, a small financial uplift will push them into the next tax bracket and can leave them worse off the following year. This in turn triggers a negative response by the individual who is now further dissatisfied with Army.

26. Subject to approval, the proposed retention payments will be paid in two tranches, in Jun 23 and Jun 24 respectively. Therefore the cost of the payment will span across two financial years (FY22/23 and FY23/24). While 'unwieldy' from a financial perspective, the effect of retaining the individual for an 18 month period or, attracting reenlistments, far outweighs this.

27. Assuming that all eligible personnel accept the retention payments, the proposed financial impact of the retention payments in FY22/23 is outlined in Table Three below. This is represented as a fiscal year cost showing the payment dates (cash accounting) with a 100% take up and 100% success (no one leaves) rate and therefore represents maximum cost to Army. Based on the RNZN experience, it is likely that there will be a 90% uptake PA of the scheme, with a likely lower cost in the second year as a result of likely attrition from the scheme. Additionally, some personnel eligible under this scheme would have received retention payments from the NZDF retention scheme. These NZDF payments will be deducted from the eligible Army payment, further reducing the Army liability.

Schemes	Eligible pers	Amount	FY22/23 Cost	FY23/24 Cost	Notes
Strat Fragile Trades	s. 9(2)(g)(i)				
LCPL, CPL and SGTs					Less any pers in the Strategically Fragile Scheme
Waiouru Based					Less any pers in the Strategically Fragile and LCPL, CPL, SGT schemes.
Plumbers					Existing Scheme
<b>Totals</b>	<b>1654</b>		<b>\$9.93M</b>	<b>\$14.87M</b>	

Table 2

28. It is proposed that the schemes remain open until 01 Mar 24 to encourage reenlistment and approval in anticipation of payment to eligible personnel is requested. It should also be noted that if an individual qualifies for more than one scheme, they will only receive retention payments to the maximum amount of the highest paying scheme.<sup>8</sup> Annex A, para 21 provides further clarification for personnel eligible for more than one retention scheme.

### Risks

29. The implementation of retention payments carries some risk of causing dissatisfaction within other trades and ranks. A further risk is when the retention payments to the individuals cease. Without meaningful financial increases in remuneration, attrition will likely increase once again. Therefore the retention payment is not a sustainable approach to retaining personnel long term. It is considered an acceptable risk in the current climate.

### Consultation

30. This paper was developed with support from the Army Finance Business Partner and socialised with DHR. The draft has also been shared with Navy and Air Force as well as discussed with CPO and CFO. Navy and Air Force were both supportive of the proposal, although each Service has its own challenges. It is acknowledged that there is a risk of getting out of step.

### Summary

31. Key personnel and trades in Army are at critical staffing levels due to a high level of attrition, poor remuneration and a strongly performing civilian economy. This is threatening NZ Army's ability to regenerate and meet operational outputs, which with further attrition, could fail from 2023.

### Recommendations

#### 32. CFO is requested to:

- a. **Note** that the Army Deferred Retention Payments would be funded subject to availability of Army underspends and NZDF re-prioritisation,
- b. **Note** that individuals will be neither financially advantaged nor disadvantaged by this scheme as it relates to other NZDF retention payments, and
- c. **Endorse** the Army Deferred Retention Payments proposal and forward to CDF for approval.

#### 33. CPO is requested to:

- a. **Note** that Army is currently experiencing attrition at an unsustainable rate and requires intervention to stem the out flow.

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<sup>8</sup> An individual will neither be advantaged nor disadvantaged by being a member of more than one retention scheme. There will be no "double dipping" nor missing out on a better retention payment opportunity. It is acknowledged that this will create a greater administrative burden, but is the fairest approach as some retention schemes may not provide an opt-in / opt-out opportunity.

- b. **Note** that the rate of attrition is impacting on certain trades and rank brackets with more effect than others.
- c. **Note** that while recovery occurs, retention payments encouraging individuals to remain in the organisation and encourage reenlistment, are considered imperative to create an environment of stability.
- d. **Endorse** the Army Deferred Retention Payments proposal and forward to CDF for approval.

34. CDF is requested to:

- a. **Note** the recommendations to CPO and CFO above.
- b. **Approve in Principle** the Army Deferred Retention Payments scheme of up to \$9.93M in FY22/23 and \$14.87M in FY23/24.

s. 9(2)(k)

JR BOSWELL  
MAJGEN  
CA

**Comments:**

B MARKS  
CFO

**Comments:**

MD WESTON  
BRIG  
CPO

**Annex**

- A. Regular Force Deferred Retention Payments Scheme - Structure and Criteria

<b>Board / Committee:</b>	ALB - 26 Jul 23
<b>Subject:</b>	Personnel Policy Change Initiatives
<b>Prepared by:</b>	ACA(D), DFM, ADFM-P
<b>Date:</b>	17 Jul 23

## **Purpose**

1. The purpose of this paper is to seek ALB endorsement for the development and management of a range of personnel policy change initiatives.

## **BLUF**

2. As anticipated, the recent NZ Army Retention Payment Scheme Initiative and the adjustments to the REM tables have delivered in some way to improving Army's social contract with its personnel, however, there is still much more to be done. This paper seeks ALB endorsement and guidance of a range of policy change initiatives that Army can undertake that will further deliver on this essential requirement.

## **Soldier establishment pyramid**

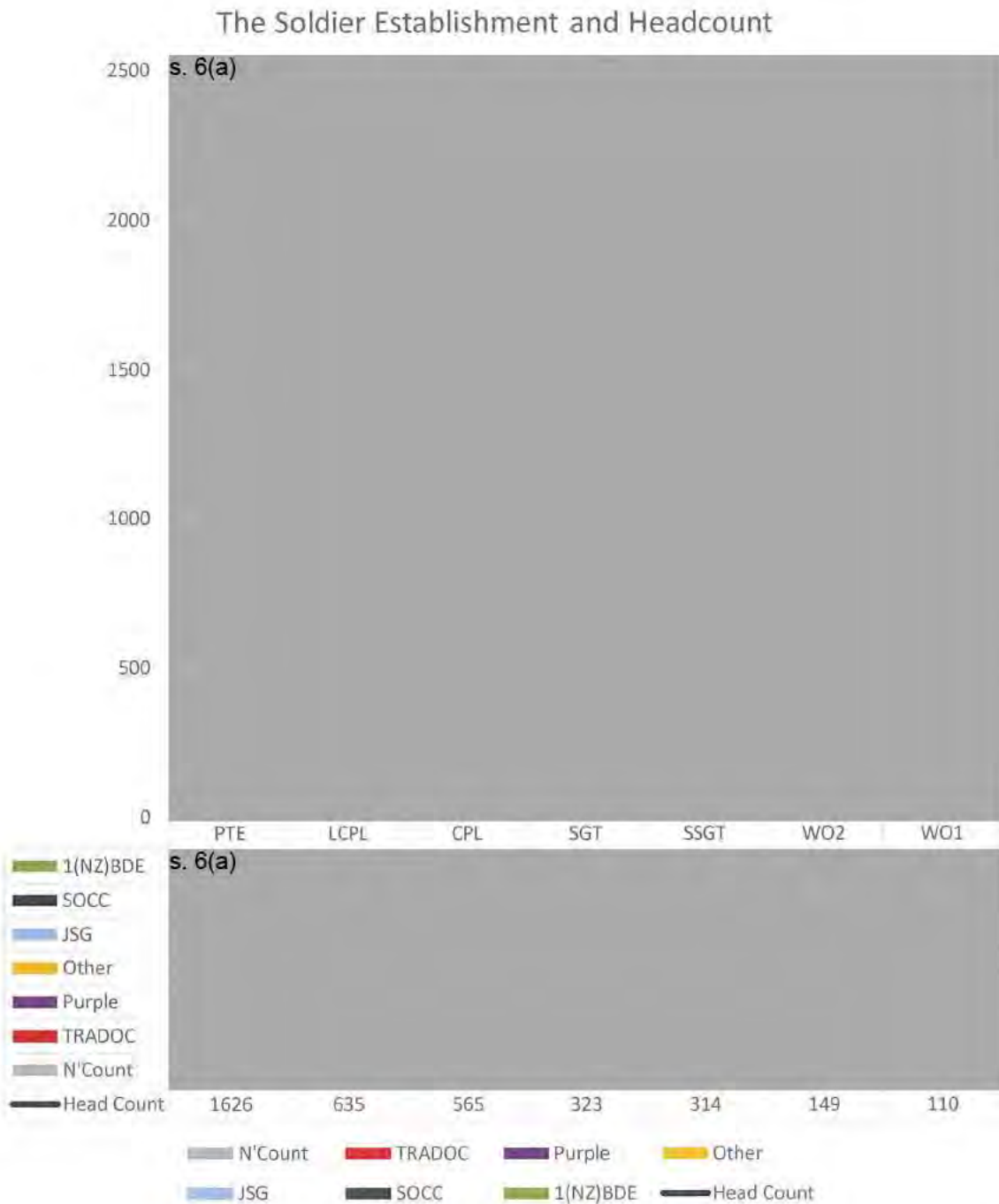
3. The current soldier establishment is significantly unbalanced at the LCPL-CPL transition, in that a relatively small pool of LCPL is expected to feed a larger number of CPL posts. This is depicted in graph 1 below, which shows quantity of posts as bars for each rank. Actual headcount is shown as the black line.

4. This imbalance creates a void in the CPL establishment that flows through into the SNCO establishment as chronic hollowness. As of Jun 23 this was equivalent to 569 roles unfilled.

5. The simplest step to correct this imbalance is to increase the size of the LCPL establishment by approx 240 posts, achieved by converting PTE roles to LCPL. There will be a financial implication to this of approx \$2.5M increase in annual PERSEX.

6. The implementation of this will require negotiation with Regt Cols, adjustment to trade models (approx 34 trades impacted) and significant culture change. For example, an Infantry Section could now comprise one CPL, two – three LCPL and the remainder PTE (already used in other trades and Armies); and/or indentured trades promoted sooner, prior to full qualification. Initial consultation has commenced.

7. The benefits realised will include a more sustainable structure and earlier increases to remuneration for our junior soldiers. This will also have a longer term impact in regards to an increase in retirement savings and will give better pay parity across the services.



*Graph 1: Soldier Establishment and Headcount*

**Systemic Under-Remuneration of Army Personnel**

8. The average pay of Army RF personnel<sup>1</sup> is approx \$10K p/a below the other Services<sup>2</sup>. There are two basic causes for this disparity:

- a. The distribution of ranks is not consistent across the three Services. As a portion of its force, Army has more PTE (who are paid less than the mean) and fewer

<sup>1</sup> PTE – COL, sectors A, B and C only.

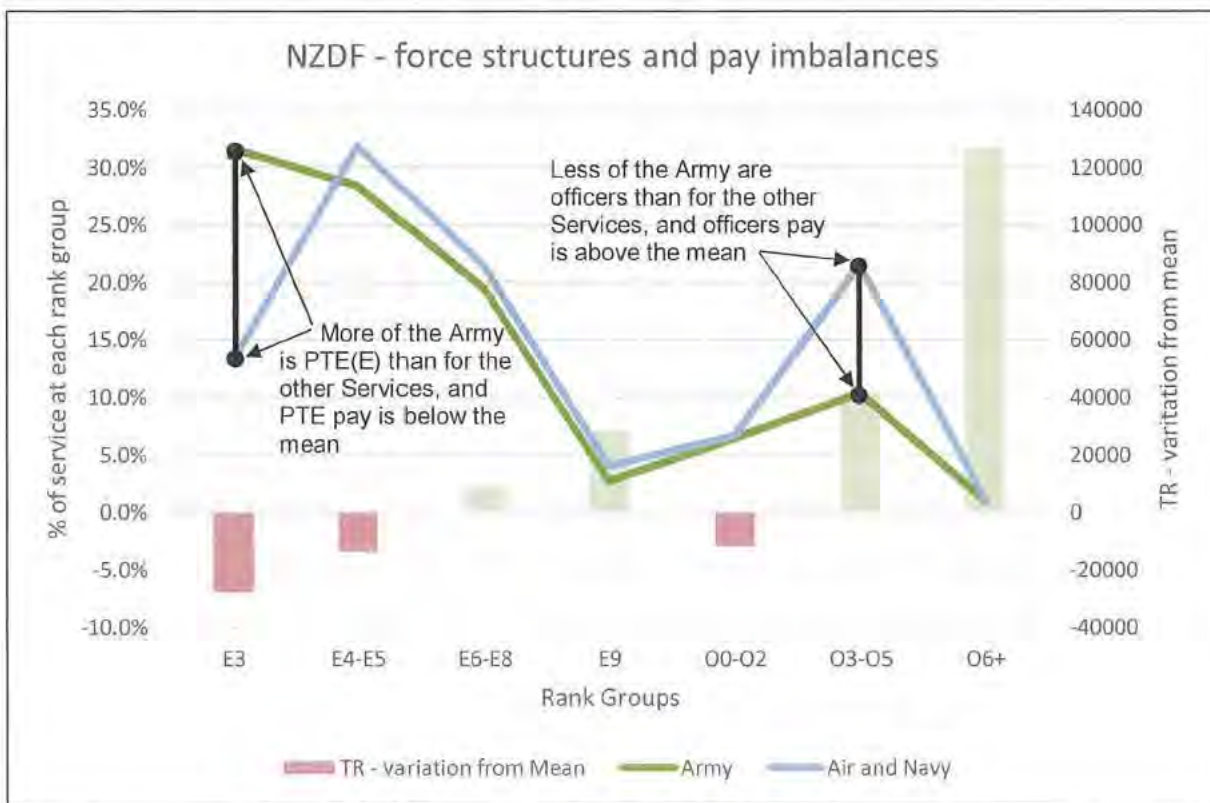
<sup>2</sup> To be precise; \$9548 less than the other services. Army average salary is \$86.6K. The averages for the other services are Navy = \$95.1K, Air = 97.0K

officers (who are paid more than the mean). This accounts for 88% of the observed disparity.

- b. The other Services are paid more within each rank, mostly because their trades tend to be placed on higher sectors and tiers than Army. This accounts for 12% of the observed disparity.

9. The distribution of ranks within the Services<sup>3</sup> is depicted at graph 2, along with the pay variation from the mean. This demonstrates significant variation at two points:

- a. PTE – which make up 32% of the Army, but only 13% of the other services – are paid \$27K below the mean. This over-representation at lower paid ranks drags down Army’s average pay.
- b. CAPT-LTCOL – which make up only 10% of the Army, but 22% of the other services – are paid \$38K above the mean. This under-representation at higher paid ranks drags down Army’s average pay.

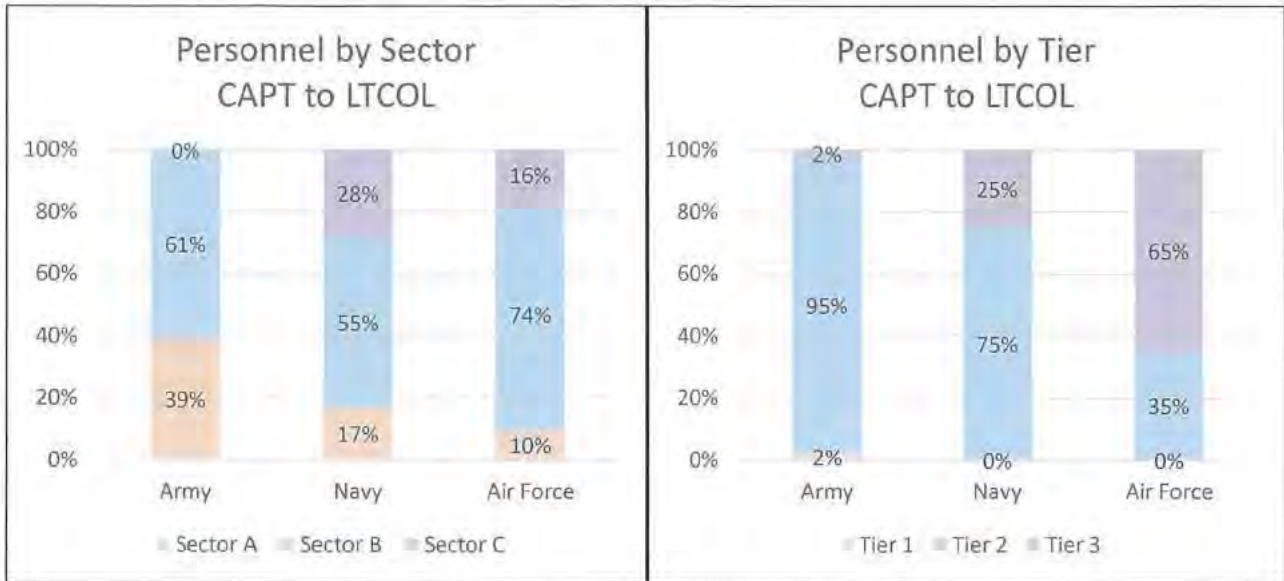


Graph 2: imbalance in rank distribution

10. Army has scope to align more closely with the other Services, to raise the average pay of Army personnel. Correction of the establishment pyramid as discussed above will address this in part. A larger issue is that Army trades are typically placed on lower sectors and tiers than those in the other services. This phenomenon is demonstrated most clearly in the officer ranks. Graph 3 depicts the spread of sector and tier allocation for CAPT-LTCOL between the three services. Army officers are predominantly tier 2, while the other Services are more evenly split between tier 2 and 3. Army officers are split between sector A and B (none in sector C), while the other Services have allocation across all three sectors. This issue is present in all ranks.

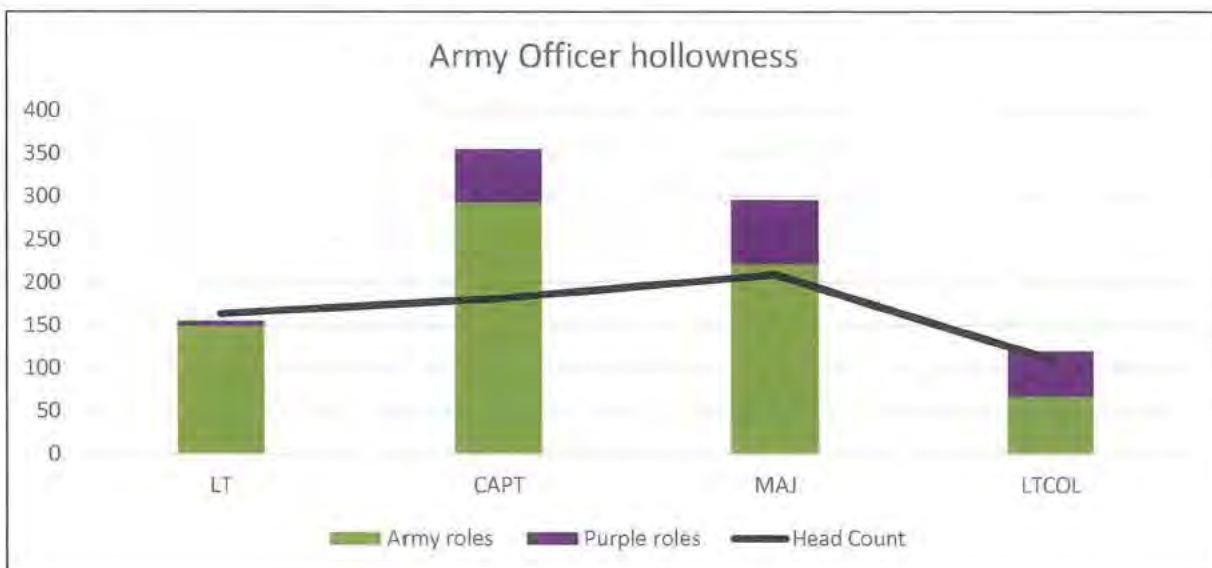
<sup>3</sup> Ranks are grouped for simplicity. Air and Navy are combined for clarity and contrasted against Army.





Graph 3: Service comparison of Sector and Tier placement

11. Therefore, steps that can be undertaken are:
  - a. Reduction of the over-representation of PTE within Army by promoting to LCPL faster. Currently the average time to LCPL is 4.7 years for Army, while the equivalent period for Air and Navy are 3.2 years and 1.5 years respectively; and
  - b. Development of a business case to address organisational systemic under remuneration of Army personnel special military skills and transferrable skills within the wider public and private sector.
  
12. The other area of significant variation between the Services is in the number of CAPT – LTCOL. This rank group makes up only 10.3% of the Army, but 21.5% of the other Services. There are two reasons for this variation:
  - a. Army officers are typically leaders, not operators. In the other Services an officer is often a key operator, i.e. pilot, engineer, etc.
  - b. Army is extremely hollow against its establishment. Graph 4 depicts the officer establishment against current Head Count. If Army closed its hollowness problem at O3-O5, the rank group would represent 16.1% of the Army.



Graph 4: Army Officer Hollowness

13. The first reason is intrinsic to the way the Services operate, and Army should not seek to grow its officer establishment simply to correct the observed pay imbalance. However, hollowness at captain and major has real effects on the operation of the Army and is partially correctable within Army, using Army policy. Such options include:

- a. Adhering to policy, which permits promotions to LT at one year and to CAPT at three years<sup>4</sup>. While this policy has been in place since 2014, it has been broadly under utilised. A large majority of LT O/2 are filling captain appointments, with most on HDP and some with acting rank. If enacted, this would be a relatively cost neutral change and would formally recognize and remunerate personnel for the work they are doing.
- b. Exploring options to increase the flow of CFR officers, such as through reducing the minimum rank required to CFR (currently SSGT).
- c. Increasing options for mid-career entry to the Army, by opening additional specialist pathways, such as for engineering or signals specialists.
- d. Developing policy for non-traditional career pathways for officers and soldiers.
- e. Review of the Staff List policy, PPM and structure.

14. Aligned with this, it has been identified that a review of the officer Pay Progression Model (PPM), policy, and offers of service (OOS) flexibility would be timely. This could include:

- a. Provision of options as to whether or not to retain the current General List or introduce individual 'trade' PPM as per the other Services;
- b. Support flexible secondary employment options, including lowering the approval level which is currently held at CA; and
- c. Support the recognition of skills and seniority gained externally (i.e. on return from a break in service).

### **DFO(A) Vol 3 Policy Revision and 'Quick Wins'**

15. The Career Management elements of the DFO(A) Vol 3 are currently being reviewed and updated by the Army Career Management Project. However, the remainder of the Vol is significantly out of date and potentially irrelevant or conflicting. A detailed review and update is being established, and will be led by the Army G1. However, there are a number of policies that could be amended simply and quickly ahead of the full rewrite. Correspondence will be released shortly calling for 'good ideas' and 'quick wins'.

### **Provision of Command and Personnel Support**

16. It is very clear that the current provision of command and personnel support within units and higher headquarters is far from optimal. Removal of the Administrator Trade, restrictions on the hiring of civilian staff, potential misalignments between the roles expected of HRAs and HRSC and their actual responsibilities and capacities, and

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<sup>4</sup> Within the parameters set by DFO 3 which states "officers are to be promoted to Capt (E) once they have completed six years' service."

numerous other factors all contribute to significant non-compliance, failures in provision of support, and ultimately, lack of satisfaction of personnel at all levels. Whilst the call from many to 'bring back the Admin trade' is loud, it may not be the most appropriate or feasible solution.

17. Work has commenced to address this matter, and will leverage previous gap analysis work done under the Unit S1 work stream. Proposed lines of effort are:


- a. reviews of policy (including approval levels) and process to reduce the administrative overhead on commanders;
- b. review of unit based civilian staff roles and functions to enable the garrison admin functions to be undertaken by unit based civilian staff (Note: this will need a formal change process);
- c. engagement with CPO on the expectations from HRA, HRSC and the HR Tool Kit (already raised and supported); and
- d. determination of what deployable and uniformed administrative support Army requires, and determine how this is best delivered.

### Development of a Soldier "Staff List"

18. Linked to the above topic, there are a small number of personnel who have been retained due to their deep-professional expertise in Administration and Personnel Support. They do not belong to a trade (most are held against OPSIS paralines) and cannot be remunerated or advanced accordingly. Additionally, there are many others who are 'deep-professionals' in niche roles or generalists who have been out of trade for many years. The only mechanism we have to manage these people is through their parent trade.

19. In line with the justification for the implementation of the officer Staff List, it is proposed that a soldier Staff List, or General Support Trade also be created. This would allow a mechanism by which personnel who are needed by Army, but not by their Trade/Corps could be retained, managed and remunerated.

20. s. 9(2)(g)(i)



21. Whilst there is work to be done in developing this Staff List/General Support Trade proposal, it is expected that the operational role of a soldier would be, with the appropriate training, the performance of Personnel Support and Command Post Operator duties.

22. As a follow on from this, it would be timely to review the officer Staff List as a potential means to support mid-year/technical recruitment, as well as appropriateness of the PPM.

### Recommendations

23. It is recommended that the ALB:

- a. **Note** the update provided.
- b. **Note** that significant cultural change will be required for a number of these initiatives, and that this needs to be addressed from the start of the options development.

- c. **Direct** the development of the following policy change initiatives:
- a. Address the soldier establishment pyramid imbalance by changing approximately 240 PTE appointments to LCPL appointments and accelerate promotion from PTE to LCPL.
  - b. Develop a business case to address organisational systemic under remuneration of Army personnel for their special military skills and transferrable skills within the wider public and private sector. This approach would be in lieu of waiting the five year cycle for all trades to go through the annual Tier and Sector Review.
  - c. Develop policy mechanisms to increase the flow of officers into the Captain and Major ranks.
  - d. Review the officer Pay Progression Model (PPM) to determine whether the General List approach remains appropriate.
  - e. Review secondary employment policy and approval level, and how this could flow into offers of service.
  - f. Establish a non-traditional career pathway policy.
  - g. Review the DFO(A) Vol 3 and the call for policy 'quick wins'.
  - h. Undertake a holistic review of administrative support to units; including garrison and operational support requirements. This will require a formal change management process to be initiated.
  - i. Create the soldier Staff List and the intent to utilise this to support operational personnel support and CP operations.
- d. **Approve** that complex pieces of work will be managed through the AMB, whilst the more straight forward items will be staffed as individual submissions for CA or DCA approval.

19 May 2022

DDMS/DS/D3-0002/13

## DOT-POINT BRIEF FOR AWMB

### RNZAF RESIGNATION ANALYSIS: RETENTION INITIATIVES

#### Purpose

1. To provide DCAF and the AWMB options to address attrition issues identified through exit and resignation analysis, and supported by anecdotal information by those service members considering departing the RNZAF.

#### Theme Analysis and Insights

2. OSM and PCP BP have conducted an analysis of quarterly exit and resignation data since 2020. Further contemporary and unsolicited information has been provided through various unit commanders "the ground truth", and whilst in part anecdotal, provides an unfiltered insight into the 'push and pull' factors that influence resignation decisions.

Analysis of this information has identified five main themes:

- a. **Remuneration:** Remuneration-related reasons have strongly resonated in the most recent Quarterly Exit Survey, rating as the primary reason for over 70% of respondents. Comparative remuneration to the external market is also the strongest cause for personnel to consider release (based on the unsolicited data provided through command). Our people are departing the NZDF because REM is stagnant in a competitive market, and is no longer providing financial stability to meet rising cost of living increases.
- b. **Conditions of Service:** The perceived fairness of entitlement and standard of various conditions of service, including OEAPR, service accommodation, messing facilities, and health services are issues perceived by personnel to have eroded, to the extent that these are no longer attractive 'pull' factors. In particular, personnel are reluctant to accept postings to other regions where uncertainty of employment for partners, accommodation availability, and financial imposition (e.g. loss of OEAPR) have a real financial impact.
- c. **Leadership and Communication:** The RNZAF is currently in a significant period of change with the introduction of new capabilities, relocation of major units between bases, s. 9(2)(g)(i) [REDACTED], and the value of the NZDF is not overtly understood and recognised. Overlaid with the impact of COVID, distributed unit and command environments, and media saturation of cost of living impacts, our personnel feel unheard and unsettled.
- d. **Culture:** People do not feel they are looked after by the military as a whole. There is a perception that we have moved on from a military who took care of each other, and looked after each other's whanau, to more of a business model, with everyone looking after themselves. The increased use of higher-paid contractors, and the view that service personnel are 'paid less to do more', is

causing job dissatisfaction. Personnel believe an increasing number of pan-NZDF initiatives and decisions designed to drive efficiencies in third-line organisations, are adding to the process and burdens of personnel at unit level. There is a view that we are not talking coherently about how we should use our personnel resource, and not using our people 'the right way to do the right things'. The time taken to recognise Long or Meritorious Service is viewed as disrespectful and devaluing of commitment and service. Opportunities outside the organisation are driving decreased tolerance for perceptions of being underpaid and undervalued.

- e. **Career Management:** Whilst superseded by REM in the most recent exit survey, elements of career management are viewed as 'push' factors for personnel. Promotion prospects (aligned to increased REM), lack of deployment opportunities, lack of training and development opportunities, and a negative perception of how an individual's career is managed are rated consistently as key reasons for departure. Anecdotal evidence includes inconsistency of career management decisions and piecemeal Extensions of Service offered. This reflects on the perceptions of personnel feeling valued for their service and commitment.

#### **Opportunities for intervention**

3. All five themes offer the opportunities for RNZAF command to influence decisions, and therefore shape individual decision-making. REM and Conditions of Service policies are pan-NZDF, and thus outside of CAFs remit/authority to change. Therefore 'influencing' via strong and targeted advocacy (and communication of such) is identified as the key intervention opportunity available.

4. Leadership and Communication, Culture, and Career Management are all themes where RNZAF is able to have the strongest impact. A number of initiatives for each of these themes have been identified, and are included in Enclosure One.

- a. **Remuneration:**
  - (1) Initiative: Strong/targeted advocacy through DHR, ORG and EXCO for (OSM to identify priority
  - (2) Initiative: Review Air Pay Progression Model (utilisation of Steps 9-13) within budget allocation
- b. **Conditions of Service:**
  - (1) Initiative: Strong/targeted advocacy through DHR, ORG and EXCO for two-three priority issues.
  - (2) Initiative: Review service accommodation restrictions that preclude members accepting postings to prioritised roles or regions.
- c. **Leadership and Communication:**
  - (1) Initiative: Develop and implement an Air 'people' communications plan to ensure that our people: have a greater awareness of the 'reality' and constraints of the current environment (need to fill the void); know they are being heard; and, so they are kept informed of initiatives/progress.

- (2) Initiative: Develop a 'platform' for the 'voice from the hangar floor'. Similar in concept to WOAF Forum of old, but one that is easy to use and responsive.
  - d. Culture:
    - (1) Initiative: Review of Air workforce requirements – conduct organisational design with a view to ensuring best use of RF, civ and contractors.
    - (2) Initiative: Conduct a survey (or better still convene focus groups due survey fatigue) to capture and understand 'what would make Air Force #1 employer?' and 'What makes our people stay/come back?'
  - e. Career Management:
    - (1) Initiative: Review DCM – structure/resource requirements, policy and processes, to include deliberation of uniformed vs civilian staff (decrease perception of nepotism) and 'blind reporting' (removal of identifiers to eliminate discrimination and unconscious/conscious bias).
5. Analysis of exit survey responses, and information provided through various commands, have identified release reasons full into five main themes. The focus for the AWMB should be to progress initiatives where the greatest control of outcomes is achievable – initiatives that address Communication and Leadership, Culture, and Career Management. The AWMB should also identify and advocate for changes in prioritised policy or remuneration settings that address remuneration and conditions of service; the strongest reasons for release.

### Recommendations

6. It is recommended that the AWMB:
  - a. **Note** the key themes emerging from analysis of exit survey information and command feedback
  - b. **Approve** key retention initiatives.

s. 9(2)(g)(i)

WGCDR

DSD(F) OSM

DTeIN s. 9(2)(k)

### Enclosures

1. Workforce Initiatives – Collection Activity
2. RNZAF Resignation / Exit Survey Reasons – 2020-2022

# Released under the Official Information Act 1982

## AWMB RETENTION PAPER - WORKFORCE INITIATIVES

THEME: REMUNERATION		
THEME: REMUNERATION	What are we (Air) doing?	What could we be doing?
Sector and Tier Placement	<ul style="list-style-type: none"> <li>• Trades reviewed on five-yearly cycle</li> <li>• Examine S&amp;T placement for at-risk trades</li> <li>• REM aligned to rank and trade of individual</li> <li>• Tables used to align to market rates, but not funded</li> </ul>	<ul style="list-style-type: none"> <li>• Trades confirmed through TSC and AWMB</li> <li>• Promulgate five-yearly plan to Trade Directors</li> <li>• REM aligned to role and responsibilities</li> <li>• Increase number of trades reviewed each year</li> <li>• Advocate for not using mil factor to achieve market rates</li> </ul>
Pay Progression Model		<ul style="list-style-type: none"> <li>• Review case for utilisation of Special TR steps</li> <li>• Review requirement for Prom Cse completion for getting Step 8</li> </ul>
Retention Payments	<ul style="list-style-type: none"> <li>• Not generally used due to historic experience of wider organisational impacts</li> <li>• Endorse RNZN and NZ Army where no relative impact to Air trades</li> <li>• Retention Payments are not built into annual RNZAF budget allocation</li> </ul>	<ul style="list-style-type: none"> <li>• Target retention payments for at-risk capabilities or trades</li> </ul>
Remuneration Budget		<ul style="list-style-type: none"> <li>• Advocate for greater allocation of budget to REM</li> <li>• Advocate for greater allocation of budget to personnel initiatives</li> </ul>
Expanded HDP		<ul style="list-style-type: none"> <li>• Increased pay for strategically significant positions or those recognised as having significant personal workload or are double hatting</li> </ul>



# Released under the Official Information Act 1982

## AWMB RETENTION PAPER - WORKFORCE INITIATIVES

<b>THEME: CONDITIONS OF SERVICE</b>		
<b>CONDITIONS OF SERVICE</b>	<b>What are we (Air) doing?</b>	<b>What could we be doing?</b>
HR Policy	<ul style="list-style-type: none"> <li>• Contribute to HR Policy working groups, tiger teams and ad-hoc policy reviews</li> </ul>	<ul style="list-style-type: none"> <li>• Advocate for DHR review of HR Policy with retention or regeneration focus</li> </ul>
Medallic Recognition	<ul style="list-style-type: none"> <li>• PAM advised Medallic recognition is prioritised for those releasing / released.</li> </ul>	<ul style="list-style-type: none"> <li>• Advocate for domestic / regional medallic recognition</li> <li>• Advocate for timely issue of Long Service awards</li> </ul>
Re-institute Long Leave	<ul style="list-style-type: none"> <li>• Long Leave provisions cancelled</li> </ul>	<ul style="list-style-type: none"> <li>• Provide five days Annual Leave for each Long Service medal / clasp</li> </ul>
Improved commercial benefits	<ul style="list-style-type: none"> <li>• Commercial benefit initiatives developed and managed through Force4Families</li> </ul>	<ul style="list-style-type: none"> <li>• Fuel discounts</li> <li>• Childcare discounts</li> <li>• Increased health insurance discounts</li> <li>• Increased mortgage discounts</li> <li>• Supermarket discounts</li> </ul>
Veterans	<ul style="list-style-type: none"> <li>• Definition of veteran prescribed through operational service criteria (Veterans Act)</li> </ul>	<ul style="list-style-type: none"> <li>• Change the definition of a veteran to include more NZDF personnel</li> </ul>
Housing / OPEAR	<ul style="list-style-type: none"> <li>• Service housing allocation limited to six years.</li> <li>• OEAPR per eligibility criteria (posting location)</li> </ul>	<ul style="list-style-type: none"> <li>• Improve Defence accommodation standards</li> <li>• Revisit the six year cut off for MQ</li> <li>• Review OPEAR eligibility</li> </ul>
Qualifications	<ul style="list-style-type: none"> <li>• Nil specific recognition of external qualifications</li> </ul>	<ul style="list-style-type: none"> <li>• Recognise additional qualifications through use of rank, remuneration or other incentives</li> </ul>

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## AWMB RETENTION PAPER - WORKFORCE INITIATIVES

<b>THEME: COMMUNICATIONS AND LEADERSHIP</b>		
<b>THEME: COMMUNICATIONS AND LEADERSHIP</b>	<b>What are we (Air) doing?</b>	<b>What could we be doing?</b>
Senior Command Engagement	<ul style="list-style-type: none"> <li>• Use of CAF/DCAF/WOAF GRAMs to engage with personnel via e-mail</li> <li>• From the engine-room floor component of AFLF</li> </ul>	<ul style="list-style-type: none"> <li>• Develop internal 'people focussed' communications plan to enhance awareness, acknowledge and provide feedback, acknowledge constraints, and inform / update initiatives</li> <li>• Develop a platform for 'the voice from the hangar floor'</li> <li>• Regular base / unit visits by senior commanders</li> </ul>
Unit Command Teams		Establish and utilise opportunities such as unit PT, daily quiz, weekly morning tea etc. to enable and ensure current and timely communications
		Ask our people how best to communicate with them.
		Wider/more frequent engagement with our people from our W/O cadre, ensuring messaging is authentic and aligned with executive direction.

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## AWMB RETENTION PAPER - WORKFORCE INITIATIVES

<b>THEME: CULTURE</b>		
<b>THEME: CULTURE</b>	<b>What are we (Air) doing?</b>	<b>What could we be doing?</b>
Workforce Strategy	<ul style="list-style-type: none"> <li>Contribute to NZDF Workforce Strategy</li> </ul>	<ul style="list-style-type: none"> <li>Develop RNZAF Four-Year Workforce Strategy to include demand, skillsets, personal attributes, external environmental considerations</li> <li>Conduct organisational design of RNZAF workforce (military, civilian, contractors) to ensure best use of resource, and understanding future requirements</li> </ul>
Surveys and Focus Groups	<ul style="list-style-type: none"> <li>Review quarterly Exit Surveys, PULSE outcomes.</li> </ul>	<ul style="list-style-type: none"> <li>Distribute to senior commanders and leaders</li> <li>Better understand what makes our people stay / come back; what would make the Air Force the employer of choice</li> </ul>
Healthcare	<ul style="list-style-type: none"> <li>Health services provided by Defence Health organisation within prescribed policy</li> <li>Advocate private health insurance through Mercer (Defence Superannuation provider)</li> </ul>	<ul style="list-style-type: none"> <li>Provide full health insurance for serving members</li> </ul>
Civilian Headcount	<ul style="list-style-type: none"> <li>Managed to funded headcount</li> </ul>	<ul style="list-style-type: none"> <li>Advocate for increased headcount to meet prioritised establishment (e.g. time-bound FTA)</li> <li>Review civilian workforce demands (short-term) to address RF shortfalls</li> </ul>
Job Evaluations – Civilian Roles	<ul style="list-style-type: none"> <li>Job Evaluations conducted ad-hoc</li> </ul>	<ul style="list-style-type: none"> <li>Review policy for regular JE reviews to ensure market alignment (e.g. prior to recruitment)</li> </ul>
Higher Education Opportunities	<ul style="list-style-type: none"> <li>DT scheme for those already enlisted</li> <li>Adhoc support for under/post graduate study</li> </ul>	<ul style="list-style-type: none"> <li>Review educational sabbatical leave to support higher education</li> <li>Review budget opportunities for greater financial support to professional development</li> </ul>
NZDF Welfare Committee	<ul style="list-style-type: none"> <li>Representation on new NZDF Welfare Committee</li> </ul>	<ul style="list-style-type: none"> <li>Promulgate purpose and intent of NZDF Welfare Committee</li> </ul>

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## AWMB RETENTION PAPER - WORKFORCE INITIATIVES

THEME: CAREER MANAGEMENT (1 of 2)		
THEME: CAREER MANAGEMENT	What are we (Air) doing?	What could we be doing?
Individual Career Management	<ul style="list-style-type: none"> <li>Identified in Exit Surveys as one of top reasons for leaving RNZAF</li> <li>Vacancy system allows individuals greater choice in career pathway</li> <li>Balance between individual and organisational requirements not prioritised</li> </ul>	<ul style="list-style-type: none"> <li>Review DCM establishment to ensure fit-for-purpose</li> <li>Allocate more resources to meet career management expectations of pers for engagement and planning</li> <li>Review promotion criteria to align with contemporary workforce requirements</li> <li>Promote career transition services</li> <li>Define / delegate trade-specific career management functions to Trade (Sponsor)</li> </ul>
Promotion Boards / Career Development Boards	<ul style="list-style-type: none"> <li>LAC Prom Board replaced by Command Clearance Model</li> </ul>	
Extension of Service Board	<ul style="list-style-type: none"> <li>EOSB settings developed by OSM and approved by AWMB</li> <li>EOSB (2021) aligned to IIS timeframe</li> </ul>	<ul style="list-style-type: none"> <li>Review engagement length policy to provide employment confidence, career assurance, certainty and stability.</li> </ul>
Secondments	<ul style="list-style-type: none"> <li>Primarily used for senior officers in transition from NZDF</li> </ul>	<ul style="list-style-type: none"> <li>Increase scope and opportunities for (reciprocal) secondments to other agencies</li> </ul>
Career Management		<ul style="list-style-type: none"> <li>Define / delegate trade specific career management functions to Trade (Sponsor)</li> </ul>
Individual Trade Training	<ul style="list-style-type: none"> <li>Tech licensing restricting technical trade training for ACFT and AV technicians</li> </ul>	<ul style="list-style-type: none"> <li>Increase capacity of Recruit and Officer Training</li> <li>Increase capacity (instructors, resources, facilities) of trade training</li> </ul>
Individual Command / Promotion Training	<ul style="list-style-type: none"> <li>Introduced RPL to clear backlog</li> </ul>	<ul style="list-style-type: none"> <li>Increase frequency and capacity of promotion courses</li> </ul>

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## AWMB RETENTION PAPER - WORKFORCE INITIATIVES

<b>THEME: CAREER MANAGEMENT (2 of 2)</b>		
<b>THEME: CAREER MANAGEMENT</b>	<b>What are we (Air) doing?</b>	<b>What could we be doing?</b>
Recruitment Targets	<ul style="list-style-type: none"> <li>• Maintenance and revision of Four-Year Recruitment targets</li> <li>• Placement of trade specialists into DR to increase trade</li> <li>• Op TK</li> </ul>	<ul style="list-style-type: none"> <li>• Trade specialists seconded to DR to support recruitment initiatives</li> <li>• Ensure trade recruitment documentation and website is contemporary</li> <li>• Increase Air representation to DR activities, expos, base visits etc</li> </ul>
Re-enlistments	<ul style="list-style-type: none"> <li>• Adhoc, individual led through Defence Recruitment.</li> </ul>	<ul style="list-style-type: none"> <li>• Offer incentives for re-enlistment</li> <li>• Maintain central database of contact details</li> <li>• Remove barriers to re-enlistment</li> <li>• Individual release letter from senior commander of thanks / reenlistment offer</li> </ul>
Lateral Recruitment, incl Reservist	<ul style="list-style-type: none"> <li>• Adhoc, individual initiated through Defence Recruitment (Laterals) or DCM (Reservists).</li> </ul>	<ul style="list-style-type: none"> <li>• Advocate for NZDF visa category for immigration</li> <li>• Promote flexibility around use of reservists</li> <li>• Promote RNZAF &amp; NZ as option for those ending careers in other nations (RAAF, RAF)</li> <li>• Develop portal to increase visibility of specific roles, projects or skillsets required of reservists.</li> </ul>

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## AWMB RETENTION PAPER - WORKFORCE INITIATIVES

OTHER		
	What are we (Air) doing?	What could we be doing?
<b>ANALYTICS AND REPORTING</b>		
DDMS Library	<ul style="list-style-type: none"> <li>Established Analytics and Reporting Library on DDMS</li> </ul>	<ul style="list-style-type: none"> <li>Key Indicators identified and monitored</li> </ul>
RNZAF Common Operating Picture	<ul style="list-style-type: none"> <li>Under development</li> </ul>	
NZDF / RNZAF Pulse Surveys		<ul style="list-style-type: none"> <li>Conduct analysis to inform key workforce implications</li> </ul>
<b>OTHER</b>		<ul style="list-style-type: none"> <li>Prioritise outputs in respect to available resource</li> <li>Provide clear guidance of organisational priorities</li> <li>Introduce incentives for WB instructional postings</li> <li>Increase deployments and exercise opportunities to enhance team environment</li> <li>Remove bad bosses (performance management)</li> </ul>

### Key questions for consideration:

- Which of these initiatives can be enacted within Air delegations or authorities
- Which of these initiatives should be prioritised
- Where is the biggest 'bang for buck' achieved
- What is the resource requirement for each initiative
- What do we do well and should protect / reinforce



27 Jul 2022

DDMS/DS/D3-0002

## **DOT-POINT BRIEF FOR AWMB**

### **2022 EXTENSION OF SERVICE BOARD (EOSB) SETTINGS**

#### **References:**

- A. NZAP 53 Chap 2 Para 2.53
- B. NZAP 53 Chap 2 Para 2.54

#### **Purpose**

1. The purpose of this brief is to seek AWMB approval for the extension of service settings to be applied at the 2022 EOSB. Key outcomes sought are:
  - OSM recommends continuing the minimal approach to the number of **non-extensions** approved at the 2022 EOSB. The primary consideration is ensuring Air has sufficient SQEP to successfully transition through the introduction of the P-8A and C130-J fleets, disposal of obsolete fleets, and concurrent delivery of Air outputs, from late-2022.
  - Any personnel considered for non-extensions should primarily be against essential fit-for-service criteria listed at Ref A (i.e. personnel cannot be reasonably employed within available employment settings), or there are documented performance issues for individuals which bring to question ongoing service.
  - Significantly higher than planned attrition through FY 21/22, approved releases indicating continued high attrition in the near term, and uncertainty of recruitment in a competitive employment market support extensions as a key requirement for recovery of workforce FTE.
  - Extensions are used to recover FTE over the next two FY, and allow growth to DCP personnel levels of 2515 from FY 24/25.
  - Longer extensions are used to remove career uncertainty as a personal dissatisfaction and push lever for release. Where possible, extensions offered in key rank groups (CPL – F/S, FLTLT – SQNLDR) provide at least a six-year engagement horizon, avoiding piece-meal extensions akin to job-managed extensions (JME).
  - DCM continue to use either JME or Short-Term Regular Force Engagements (STRFE) where roles are unable to be filled through extant vacant management process.

#### **Workforce Management**

2. The following table outlines RF FTE allocation (based on funding) over FY 22/23 to FY 25/26:



	FY 22/23	FY 23/24	FY 24/25	FY 25/26
FTE allocation	2446	2486	2515	2515
FTE planned	2448	2502	2514	2515

Table 1. RF FTE allocation and planned FY22/23 to FY25/26

3. Air has only a few levers to directly influence the workforce to ensure SQEP are available to meet directed military outputs. Broadly, these levers include:
- Recruitment – Direct Entrant and Lateral Recruitment;
  - Non-Paid Workforce – LWOP and Flexible Working Arrangements;
  - Attrition – Voluntary (Application to Release) & Involuntary (End of Engagement); and
  - Conditions of Service – Remuneration & HR Policies (predominantly pan-NZDF).
4. **Current State:** Air will commence FY 22/23 at 2423.5 FTE, which is 72.8 FTE below plan. This divergence was predominantly driven by voluntary attrition being 10.1% for 12 months ending 30 Jun 22 (planned 6.5%). External market factors such as employment opportunities, international border settings allowing OE, comparative cost of living expenses, and confidence in the aviation industry mean Air will not be immune to the impacts of the ‘great resignation’. Recent exit surveys overwhelmingly cite external employment opportunities as the prime reasons for personnel seeking release. The four-year planning assumption for recovery of FTE numbers includes a reduction of attrition to 9.0% for the year ending 30 Jun 23, and a return to the long term average of 7.5% by FY 25/26. With strong external factors driving attrition, there is a level of optimism bias reflected in these attrition projections. Extensions provide a direct lever to mitigate potential releases and maintenance of SQEP requirements.

#### Future Demand

5. Significant tension to concurrently deliver directed outputs whilst introducing the P-8A and C130-J, achieved with a lower than planned workforce will continue for the foreseeable future. The introduction of the P-8A and C130-J over 2022-25 creates a sustained period of tension between the demand and supply of SQEP for these two capabilities. Whilst some workforce efficiencies (particularly in maintenance) are expected to be achieved through alternate support arrangements for these new capabilities, proactive use of extensions and engagement with impacted personnel will be necessary to successfully maintain sufficient SQEP whilst greater fidelity is sought to identify workforce requirements post 2025. There is no requirement to adversely consider extensions for personnel employed in impacted Technical or Aircrew trades; normal attrition and extension considerations should be utilised to career manage these personnel. Further modelling across other key portfolios is ongoing, and is expected to provide greater fidelity to inform the future operating model.

### **Recommended number of Non-Extensions**

6. Historically, approximately 10-12 personnel are released each year as a result of reaching an engagement end date. These primarily occur at the WGCDR and W/O rank, and are required to allow career advancement into the WGCDR and W/O ranks. Non-extensions have also been utilised to enable Air to remain within FTE headcount and financial settings. It is recommended for the 2022 EOSB that the number of non-extensions offered at WGCDR and W/O remains consistent in this range. Selecting the majority of non-extension decisions at WGCDR and W/O ranks continues the approach taken at the 2020 and 2021 EOSB.

### **Trade and Rank Assessment**

7. A number of trades identify trade hollowness as a significant challenge meeting required outputs. These shortfalls have been exacerbated by IIS demands and increasing trade attrition, particularly in CPL-SGT and FLTLT ranks within ground trades.

8. The EOSB will be provided an updated hollowness heatmap across trades and ranks to assist extension decisions.

9. It is expected that WGCDR and W/O ranks will not receive 'blanket' extensions; rather any extension of service offer is made against the considerations of Ref B (vacancies, succession planning, and future potential). These ranks should represent the 'ceiling' for the majority of personnel promoting through the ranks. It is anticipated that there remains sufficient headroom and hollowness for WGCDR and W/O not extended to be offered reversion in rank.

### **Other Considerations**

10. Minimise deferred decisions: It is recommended that the EOSB minimise the number of deferred decisions (non-decisions). It is viewed that these have a disproportionately negative effect; non-decisions are likely to be received as a driver for SQEP towards unwanted voluntary attrition.

11. Messaging: It is recommended that the EOSB process is messaged as a positive mechanism for Air to maintain the necessary SQEP to achieve the imminent IIS of new capabilities and generation of military outputs. The majority of personnel (CPL-F/S, FLTLT-SQNLDR) considered by the EOSB are expected to receive an extension. Whilst affordability remains a key consideration in the overall Air workforce, retaining our SQEP remains core throughout this process.

12. Affordability: OSM will work with WfP to ensure the recommended EOSB outcomes remain affordable prior to approval.

### **Conclusion**

13. It is recommended that the AWMB:

- a. Note that the EOSB is a primary lever for Air to retain the necessary SQEP to deliver military outputs.
- b. Note that Air is not funded for any growth in RF personnel until FY 24/25.
- c. Note that Air has an increased demand for personnel over the period 2022-25 to introduce new capabilities and dispose of obsolete fleets.
- d. Note that affordability will be assessed prior to EOSB outcomes being approved.

- e. Approve the broad non-extension setting of 10-12 personnel within each FY.

s. 9(2)(g)(i)

WGCDR

DSD - OSM

DTelN s. 9(2)(k)

9 Nov 2022

DS/D3-0002/D3-0002-07

**DOT-POINT BRIEF FOR AFLB****RNZAF RETENTION PAYMENT SCHEME****References:**

- A. DFO 20/2002 Retention Payments dated 21 Nov 02
- B. CPO Minute 10/2022 Retention Payment Criteria of Sep 22
- C. DFI 0.81 Risk Management Instructions

**Purpose**

1. To seek AFLB endorsement for the RNZAF Retention Payment Scheme for implementation across FY 22/23 and FY 23/24, and determination of options.

**Background**

2. Higher than planned attrition across the RNZAF workforce risks the degradation and safe delivery of military outputs. Recent workforce surveys, including PULSE and SENSOR, highlight increasing workloads, additional stressors on individuals and units, and growing dissatisfaction with remuneration and conditions of service. Exit surveys over FY22/23 have noted remuneration and external opportunities as primary drivers for release.
3. DFO 20/2002 allows Services to introduce retention payments as a way for NZDF to manage through actual and projected workforce shortfalls, whilst longer term solutions are identified and put in place to address these shortfalls. Retention Payment Schemes have recently been approved for RNZN and NZ Army trades. The AFLB directed the AWMB to develop a criteria for the implementation of retention payments and a plan for their use.

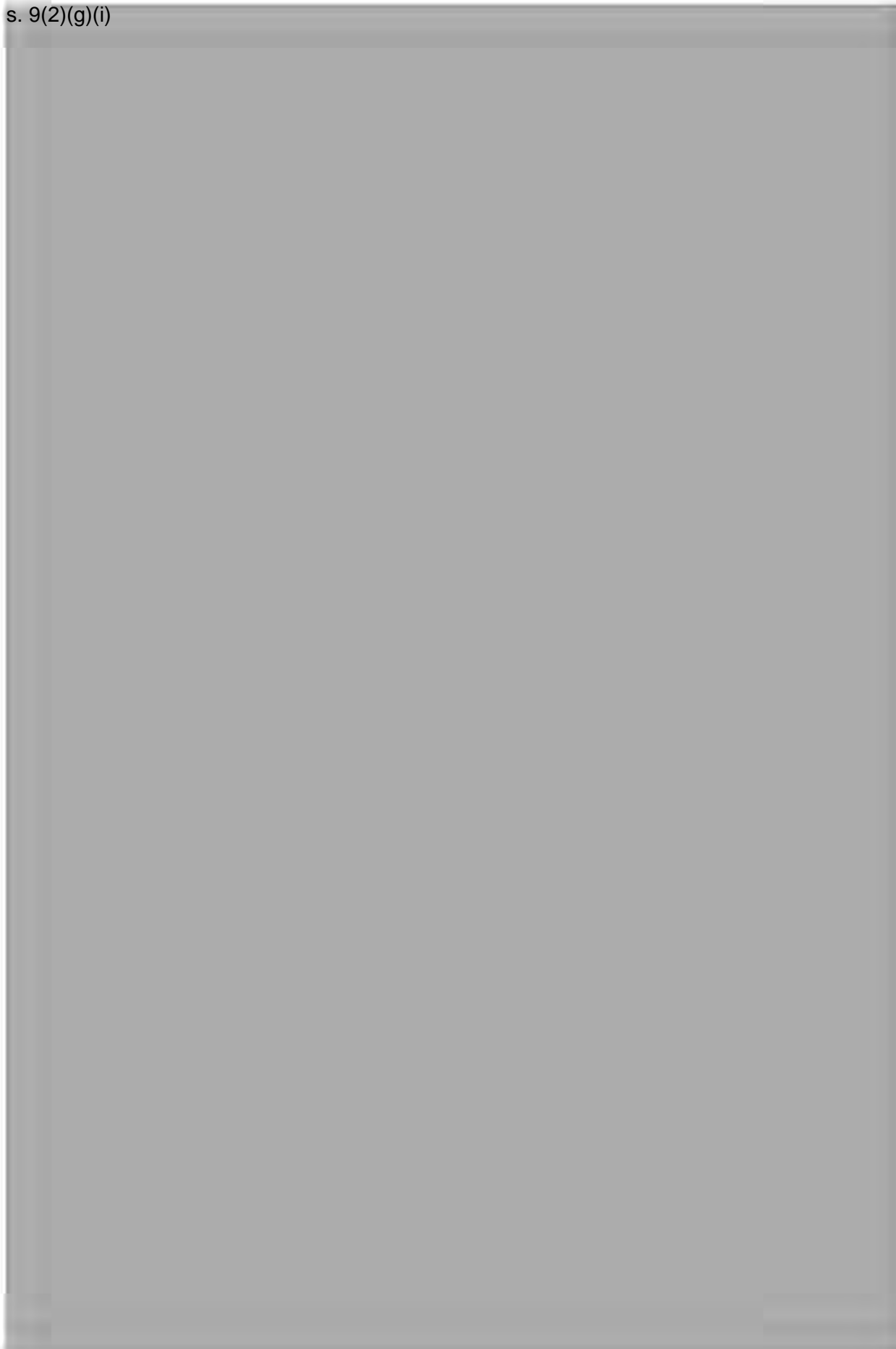
**Retention Payment Criteria**

4. The AWMB has endorsed the following retention payment criteria based on current Strategically Significant Trade (SST) assessment criteria, s. 9(2)(g)(i)

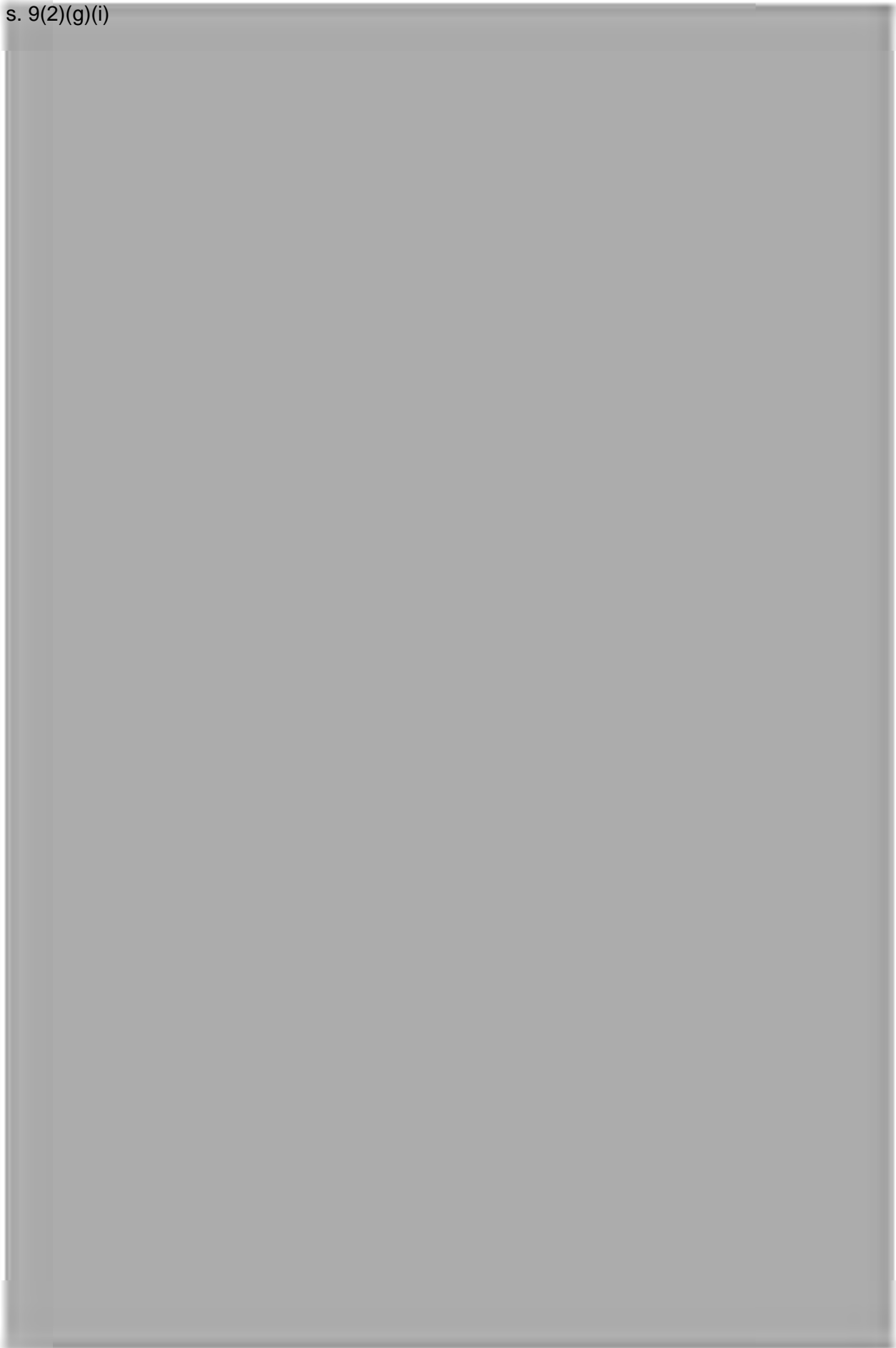
**Table 1 – Retention Payment Criteria**

<b>Criteria Group</b>	<b>Retention Payment Threshold</b>
<b>Attrition</b>	s. 9(2)(g)(i)
<b>Current Hollowness</b>	
<b>Future Hollowness</b>	Forecast hollowness remains above or will reach the 'Current Hollowness' threshold.

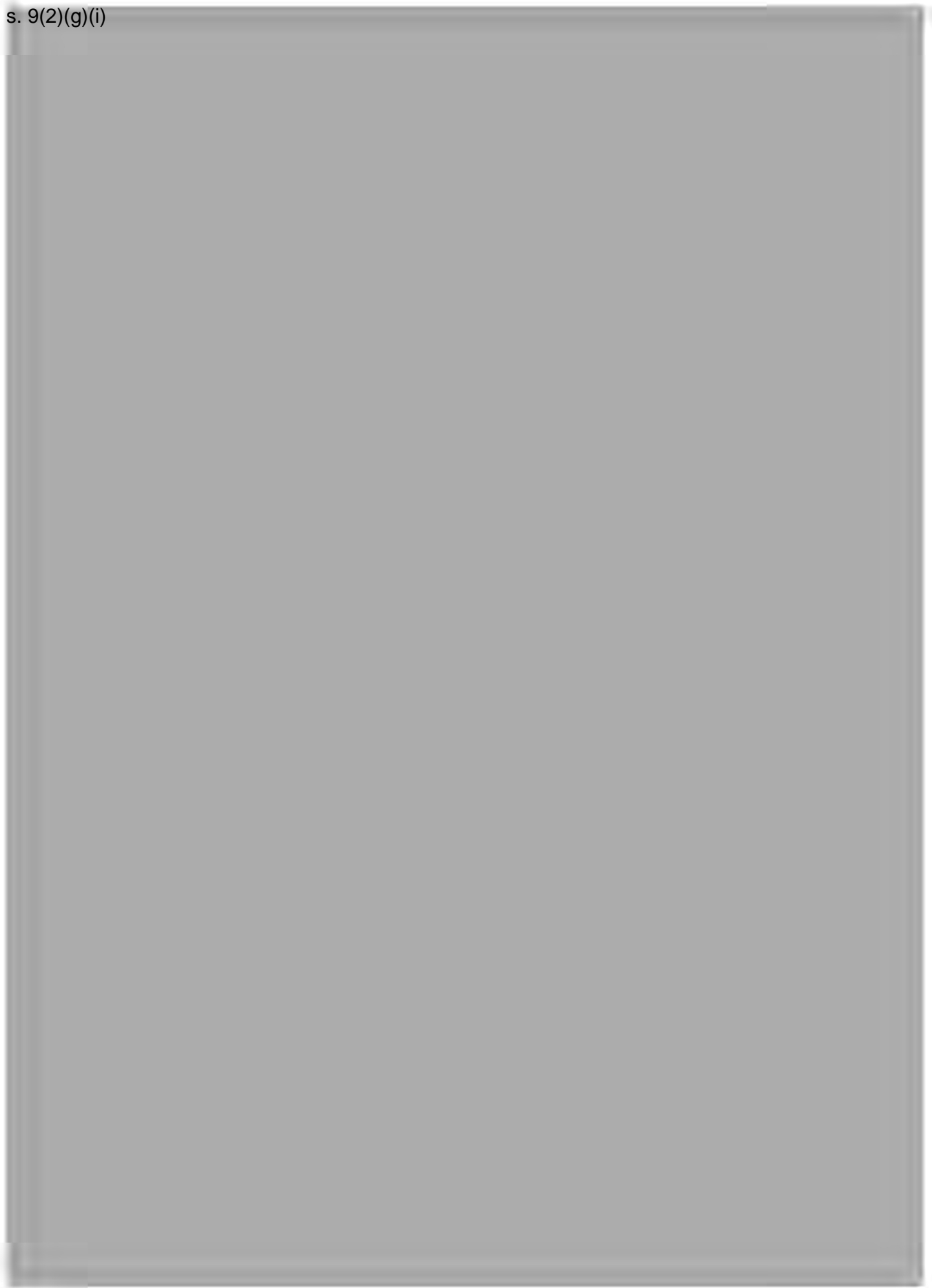
s. 9(2)(g)(i)



s. 9(2)(g)(i)



s. 9(2)(g)(i)



### Opportunity Evaluation

14. When assessing the opportunity that each payment could provide to the RNZAF, as the payment amount increases, then the opportunity provided would also increase. The payment amount is the total that would be received by an individual over the 18 month period of the Retention Payment Scheme. The following standing assessments (Ref C) will be used for the opportunity evaluation:

**Table 3 – Opportunity Assessment (DFI 0.81)**

Payment Amount	Opportunity Impact	Likelihood	Opportunity Rating
\$25,000 - \$50,000	Major – Significant improvement in ability to retain personnel.	Likely – could probably occur in most circumstances.	High
\$10,000 - \$24,999	Moderate – Some improvement in ability to retain personnel.	Likely – could probably occur in most circumstances.	Medium
\$1,000 - \$9,999	Minor - Slight improvement in ability to retain personnel.	Likely – could probably occur in most circumstances.	Low
\$0 - \$999	No opportunity impact.	Likely – could probably occur in most circumstances.	No Opportunity

15. As additional trade and rank groups are added to the pool for consideration of retention payments, the opportunity to the organisation as a retention initiative decreases, and the payment would be more akin to a bonus payment, rather than retention incentive. Whilst a smaller payment, such as proposed as Option 5, might be received as a goodwill gesture, it is assessed there is no meaningful retention impact to this type of payment.

### Recommendation

16. OSM recommend that the AFLB select Option Two for a multi-year retention payment scheme to those trades and ranks meeting the retention payment threshold, and Option Three for an emerging SST for an in-year retention payment. These options allow a targeted and meaningful payment which provides a retention incentive to approximately 600 aviators. It demonstrates reinvestment based on agreed SST and retention payment criteria. It is noted that retention payments remain a short-term measure to address underlying conditions or issues for further resolution, and therefore may not have a long term impact on attrition beyond the duration of the scheme.

### Further Considerations

17. The following are further issues the AFLB should note when considering this proposal:

- a. **Divisive Nature:** The AFLB and AWMB have already recognised the divisive nature of retention payments, drawing reference to historic Aircrew schemes, and more recently, reaction to the FAMC payment. Both these schemes have been enacted to address specific issues (aggressive airline recruitment, risk to new capability). The current attrition rates are impacting a broader cross-section



of SQEP within the RNZAF. Whilst enacting a retention payment scheme may reduce or hold attrition for identified trades, it is likely to have an adverse impact on attrition in other workforce areas. Retention payments will send a resounding message to the workforce on the relative value of trades to the RNZAF.

b. s. 9(2)(g)(i)

c.

- d. **Ownership:** Noting the divisive nature, it is extremely important that senior leaders across all RNZAF portfolios understand why trades / ranks have been selected, and more importantly, why others have not, and be able to converse publically about the decision and own it.
- e. **Reinvestment in Other Areas:** This paper has focused on investment of PERSEX underspend in retention payments. It has not considered reinvestment (if possible) in other OPEX (ICP) or other areas of cost pressure.
- f. **Timeline:** Pending AFLB endorsement, OSM will facilitate the proposal through DHR Policy, Finance Branch, and DLS for CDF approval. Noting scarce personnel resources in DHR Policy, prioritised HR policy reviews approved by EXCO, all Services advancing new Retention Payment Schemes, timeframe for previous schemes, and reduced activity periods over Dec/Jan, it is anticipated that approval of the scheme will take several months. Once approved, communication of the scheme, eligibility and the application process will commence. The timeline is premised on payments being made in Jun 23 and Jun 24.
- g. **Communication Plan:** A detailed Communication Plan will be developed once trades and ranks are confirmed, indicative timelines known, and roles and responsibilities identified. OSM has already engaged with DPA and will seek further assistance from the CPO internal Communications Adviser.

## Conclusion

18. This paper outlines retention payment criteria endorsed by the AWMB, and assessed outcomes once applied to individual trades and ranks. Identified PERSEX underspends identified for FY 22/23 and FY 23/24 provide the financial opportunity for the AFLB to enact retention payments as a mechanism to mitigate risk to the workforce by high attrition. Potential options are provided which enable retention payments to be directed to designated SST, trades and ranks emerging as fragile, or a broader payment to the RNZAF workforce. The AFLB may direct further options to be developed and costed for consideration.

19. It is recommended that the AFLB:

- a. s. 9(2)(g)(i)
- b. **Note** several options are presented that provide targeted retention payments to various trade and rank groups, including risk and opportunity assessments;
- c. **Note** that the AWMB has endorsed retention payment criteria based on assessments for SST criteria;
- d. **Approve** Option Two designated trades and ranks for a multi-year retention payment across FY 22/23 and FY 23/24; and,
- e. **Approve** Option Three designated trade and rank for an in-year retention payment for FY 22/23 only.

s. 9(2)(g)(i)

WGCDR

DSD, OSM

DTeIN s. 9(2)(k)

#### **Annex**

A. Options 0 – 5 Summary.

#### **Enclosure**

1. Retention Payment criteria – all trades and ranks.

## ROYAL NEW ZEALAND AIR FORCE

### Air Staff

### OSM MINUTE 07/2023

15 Mar 23

DDMS-R/MG/V0-0003/M0-0015

#### AFLB

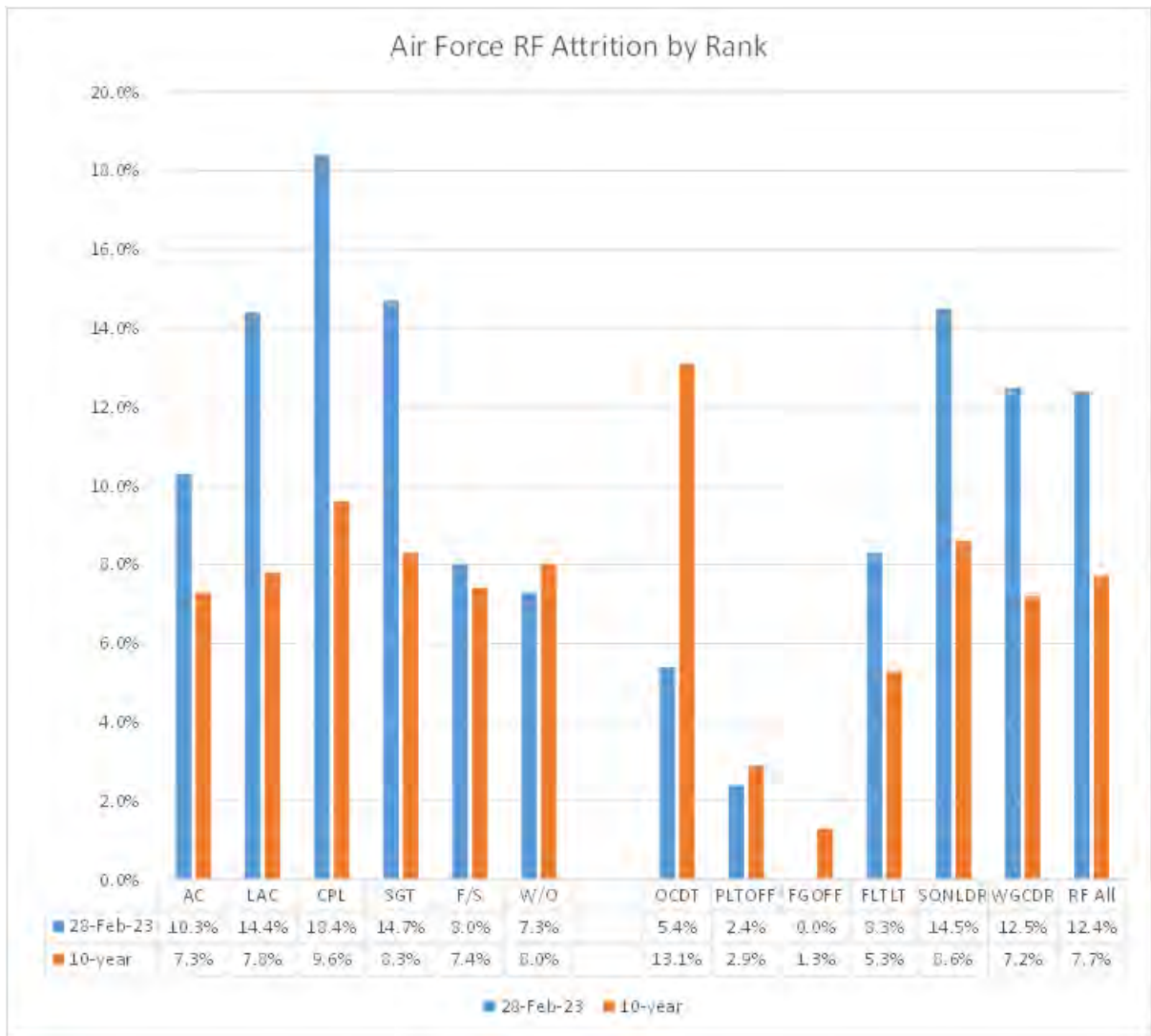
#### STRATEGIC ISSUE FOCUS – PERSONNEL RETENTION

##### Purpose

1. To seek AFLB direction on key workforce retention initiatives for staff workup and submission for approval.

##### Attrition Issues

2. Elevated attrition has been adversely impacting the RNZAF and wider NZDF for well over 12 months. This has led to a hollowness of the force which is impacting its ability to deliver outputs. While a number of retention initiatives have been implemented, and this paper offers additional options, the primary issue of market relativity between NZDF remuneration and external remuneration remains. Unless the remuneration issue can be resolved, attrition will likely remain stubbornly high (above 10%) for the foreseeable future.
3. To date, financial retention initiatives for RNZAF personnel has been limited to the CDF Retention Incentive Payment targeting ranks within the Strategically Significant Trades. While this was focussed on specific trade vulnerabilities, it was too little, and came too late, to have any significant retention impact. Further, it has aggravated other groups of personnel that have not atrophied to a critical level under the SST framework, and have not seen the commensurate level of engagement and investment in an attempt to reduce attrition.
4. OSM has conducted further analysis of attrition using rank as the lens. Figure 1 below compares the most recent attrition rate (based on 12-month rolling average) with the 10-year historic rate. This analysis illustrates that the attrition rates are most elevated in the AC – SGT, and FLTLT to WGCDR ranks.



**Figure 1. Current RF Attrition vs 10 Year RF Attrition by Rank**

5. Figure 2 below, is a heat map by rank of the 2022 Pulse Survey. The red areas are those which scored lower than the NZDF average, and those that are blue are higher. The heat map shows that AC - SGT ranks are well below the NZDF average in a range of areas. There appears to be a correlation between the 2022 Pulse Survey results in Figure 2 and the elevated attrition rates in Figure 1 for the AC – SGT ranks. However, this correlation does not appear to the same degree for the FLTLT - WGCDR ranks. This indicates that the 2022 Pulse Survey may provide a useful insight into what measures may improve retention for the AC – SGT ranks.



Figure 2. 2022 Pulse Survey Heat Map by Rank

**Retention Initiatives**

6. On 13 Feb 23, OSM facilitated a focus group that included representation from the three Bases. The intention of this meeting was to identify a range of non-PERSEX retention options that Air could implement in parallel to remuneration-based options being developed at the NZDF level. The fundamental question posed was ‘What more can Air do for its people within current financial and organisational limits?’
7. The proposed options have been assessed by OSM against:
  - a. policy and administrative effort they would take to implement and manage on an enduring basis;<sup>1</sup>
  - b. broad impact they would have on the workforce and more specifically those areas of concern identified from the 2022 Pulse Survey for the ranks AC - SGT.
8. The results from this assessment are summarised in Table 1 and detailed in Annex A. Options are ordered by their assessed effect as per para 7(b) above.

<sup>1</sup> Broadly defined as:

Low – little research and staff preparation required and can be carried out within Air. Able to be implemented quickly via CAF Directive/AFO(T) or similar.  
 Medium – up to three months research and staff preparation required and can be carried out within Air. Able to be implemented via CAF Directive/AFO(T) or similar.  
 High – greater than three months research and staff preparation required and/or must involve other portfolios (e.g. DHR). Required to be implemented by Defence-level temporary orders, permanent changes to policy documents, etc.

9. Note that various aspects of each option are within the current delegated authority of RNZAF commanders, however the method by which they are implemented may contradict NZDF policy. This is detailed in Annex A.

10. Also note that these options represent the views of a small group of personnel. They have not yet been tested or validated by higher command.

Description	s. 9(2)(g)(i)
<b>Housing Entitlement.</b> Increase the entitlement to Defence Housing either universally, by location, or for specific roles.	
<b>Leave Benefits.</b> Introduce more leave provisions including long leave, incentive leave, professional development leave etc.	
<b>Air HR Policies.</b> Review and align personnel policies for aircrew and ground trades, officers and non-commissioned.	
<b>Enhance Sports Policies.</b> Ensure that inter-base sports tournaments are conducted during the work week, and there is a greater opportunity to participate in Wednesday afternoon sports.	
<b>Prioritise Team Building.</b> As workplace stressors increase, team cohesion can degrade. Placing a priority on team building activities such as adventure training and social activities will strengthen team dynamics and morale.	
<b>Expanded Exchanges.</b> Expand the number of short term exchange opportunities available.	
<b>Incentivise Instructor Roles.</b> Introduce conditions that support personnel fulfilling instructor roles. These policies could include improved housing benefits, access to additional Pay Step(s), accelerated seniority accrual, and preferential postings.	
<b>Cook Strait Ferry Vehicle Entitlement.</b> Ensure that duty travel includes the cost of inter-island personal vehicle transport for students attending courses at RNZAF Base Woodbourne.	
<b>Volunteer Days.</b> Provide a set number of days per service-member to volunteer. This would help reinforce the sense of service that many enlist for, and also provide valuable community outreach.	
<b>Recognition Schemes.</b> Improve awareness of recognition schemes for the commitment and contribution personnel have made to the service.	
<b>Education Opportunities.</b> Improve awareness of education opportunities available. Consider additional capacity is made available within tertiary scholarship schemes targeting a broad range of personnel.	

**Table 1. Retention Initiatives**

11. During the focus group, no initiatives were raised that fell under either the “Organisational Commitment” or “My Job” Pulse Survey categories.

12. An assessment of each of the above initiatives can be found at Annex A.

### Next Steps

13. No scoping work has yet been carried out on these proposals. AFLB direction is sought as to which group of proposals should be investigated by Air Staff and recommendations presented to CAF for endorsement and implementation.

14. Given Air Staff resource limitations, it is recommended that no more than three proposals be investigated initially to ensure recommendations can be developed and

implemented as quickly as possible. Where favourable, staff efforts will be aligned to inform and synchronise effort into initiatives generated from the Interim Workforce Crisis Plan and EXCO priorities for DHR.

### **Recommendations**

15. It is recommended that the AFLB:

- a. **Note** analysis conducted across various sources to identify retention initiatives that could be targeted at key ranks, and
- b. **Prioritise** three key initiatives for staff workup and submission for approval.

s. 9(2)(g)(i)

WGCDR

DSD(F)

DTelN: s. 9(2)(k)

### **Annex**

A. Retention Initiatives Assessment