

Information Supporting the Supplementary Estimates

Vote Defence Force

MINISTER(S) RESPONSIBLE FOR APPROPRIATIONS: Minister of Defence (M22)

ADMINISTERING DEPARTMENT: New Zealand Defence Force

MINISTER RESPONSIBLE FOR NEW ZEALAND DEFENCE FORCE: Minister of Defence

Part 1 - Summary of the Vote

Part 1.3 - Trends in the Vote

Summary of Financial Activity

	2010/11				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
Appropriations					
Output Expenses	2,279,461	(29,154)	-	(29,154)	2,250,307
Benefits and Other Unrequited Expenses	-	N/A	-	-	-
Borrowing Expenses	-	-	-	-	-
Other Expenses	-	3,250	-	3,250	3,250
Capital Expenditure	572,914	(172,914)	-	(172,914)	400,000
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Total Appropriations	2,852,375	(198,818)	-	(198,818)	2,653,557
Crown Revenue and Capital Receipts					
Tax Revenue	-	N/A	-	-	-
Non-Tax Revenue	-	N/A	-	-	-
Capital Receipts	-	N/A	-	-	-
Total Crown Revenue and Capital Receipts	-	N/A	-	-	-

Part 2 - Details and Expected Performance for Output Expenses

Part 2.1 - Departmental Output Expenses

Fixed Wing Transport Forces (M22)

Scope of Appropriation

Provision of the capabilities of No 40 Squadron RNZAF (Boeing 757-200 and C-130 Hercules aircraft) prepared to conduct strategic and tactical air transport operations, including aeromedical evacuation, in accordance with NZDF Output Plan specifications, and to contribute support services to the community.

Reasons for Change in Appropriation

This appropriation will increase by \$4.402 million to \$248.843 million for 2010/11. This increase relates to:

- a technical increase as a result of asset revaluation (\$24,000)
- an expense transfer (\$2.047 million) from 2009/10 as a result of 2010/11 operating pressures
- an increase to provide for the government superannuation fund rate increase (\$212,000)
- an increase for the tax treatment of non operational allowances (\$710,000)
- an increase in input costs met from NZDF resource reprioritisation (\$6.567 million)
- an expense transfer (\$1.769 million) to 2011/12 for savings initiatives
- a decrease for a cross Vote initiative (\$1.178 million), and
- an expense transfer (\$2.211 million) to provide for a 2011/12 capital injection.

Land Combat Forces (M22)

Scope of Appropriation

Provision of the capabilities of the Land Combat Forces (command, control, intelligence and manoeuvre force elements) prepared to conduct land operations and to contribute support services to the community, in accordance with NZDF Output Plan specifications.

Reasons for Change in Appropriation

This appropriation will decrease by \$15.873 million to \$389.889 million for 2010/11. This decrease relates to:

- a technical decrease as a result of asset revaluation (\$1.366 million)
- an expense transfer (\$3.972 million) from 2009/10 as a result of 2010/11 operating pressures
- an increase to provide for the government superannuation fund rate increase (\$418,000)
- an increase for the tax treatment of non operational allowances (\$1.401 million)

- a decrease in input costs identified for NZDF resource reprioritisation (\$10.307 million)
- a decrease for a cross Vote initiative (\$2.271 million)
- an expense transfer (\$3.431 million) to 2011/12 for savings initiatives, and
- an expense transfer (\$4.289 million) to provide for a 2011/12 capital injection.

Land Combat Service Support Forces (M22)

Scope of Appropriation

Provision of the capabilities of the Land Combat Service Support Forces (transport, medical, supply, repair and movements force elements) prepared to support land operations and to contribute support services to the community, in accordance with NZDF Output Plan specifications.

Reasons for Change in Appropriation

This appropriation will decrease by \$583,000 to \$154.137 million for 2010/11. This decrease relates to:

- a technical decrease as a result of asset revaluation (\$505,000)
- an expense transfer (\$1.611 million) from 2009/10 as a result of 2010/11 operating pressures
- an increase to provide for the government superannuation fund rate increase (\$144,000)
- an increase for the tax treatment of non operational allowances (\$481,000)
- an increase in input costs met from NZDF resource reprioritisation (\$1.708 million)
- an expense transfer (\$1.788 million) to 2011/12 for savings initiatives, and
- an expense transfer (\$2.234 million) to provide for a 2011/12 capital injection.

Land Combat Support Forces (M22)

Scope of Appropriation

Provision of the capabilities of the Land Combat Support Forces (artillery, engineers, communications and military police force elements) prepared to conduct land operations and to contribute support services to the community, in accordance with NZDF Output Plan specifications.

Reasons for Change in Appropriation

This appropriation will increase by \$188,000 to \$211.712 million for 2010/11. This increase relates to:

- a technical decrease as a result of asset revaluation (\$524,000)
- an expense transfer (\$2.158 million) from 2009/10 as a result of 2010/11 operating pressures
- an increase to provide for the government superannuation fund rate increase (\$177,000)
- an increase for the tax treatment of non operational allowances (\$593,000)

- an increase in input costs met from NZDF resource reprioritisation (\$3.207 million)
- an expense transfer (\$2.410 million) to 2011/12 for savings initiatives, and
- an expense transfer (\$3.013 million) to provide for a 2011/12 capital injection.

Maritime Patrol Forces (M22)

Scope of Appropriation

Provision of the capabilities of No 5 Squadron RNZAF (P-3K Orion aircraft) prepared to conduct maritime surveillance of New Zealand's EEZ, the Pacific region and the Southern Ocean, to conduct search and rescue missions, and to conduct maritime air operations, in accordance with NZDF Output Plan specifications. This output expense also includes some support services to the community.

Reasons for Change in Appropriation

This appropriation will decrease by \$13.058 million to \$165.650 million for 2010/11. This decrease relates to:

- a technical decrease as a result of asset revaluation (\$466,000)
- an expense transfer (\$1.324 million) from 2009/10 as a result of 2010/11 operating pressures
- an increase to provide for the government superannuation fund rate increase (\$98,000)
- an increase for the tax treatment of non operational allowances (\$328,000)
- a decrease in input costs identified for NZDF resource reprioritisation (\$11.036 million)
- an expense transfer (\$1.469 million) to 2011/12 for savings initiatives, and
- an expense transfer (\$1.837 million) to provide for a 2011/12 capital injection.

Military Hydrography, and Hydrographic Data Collection and Processing for LINZ (M22)

Scope of Appropriation

Provision of the capabilities of the hydrographic and oceanographic survey vessel, HMNZS RESOLUTION, specialist personnel and support infrastructure to conduct military hydrography in accordance with NZDF Output Plan specifications, and hydrographic data collection and processing that meets contractual commitments to Land Information New Zealand (LINZ). This output expense is supported by the Hydrographic Business Unit.

Reasons for Change in Appropriation

This appropriation will decrease by \$976,000 to \$15.384 million for 2010/11. This decrease relates to:

- a technical decrease as a result of asset revaluation (\$31,000)
- an expense transfer (\$46,000) from 2009/10 as a result of 2010/11 operating pressures
- a decrease in input costs identified for NZDF resource reprioritisation (\$875,000)

- an expense transfer (\$52,000) to 2011/12 for savings initiatives, and
- an expense transfer (\$64,000) to provide for a 2011/12 capital injection.

Military Policy Development, Coordination and Advice (M22)

Scope of Appropriation

Provision of advice to the Minister of Defence on military contributions to New Zealand's foreign policy and military responses to contingencies, in accordance with NZDF Output Plan specifications. This output expense also includes military intelligence, responses to ministerial correspondence, select committee and parliamentary questions, Official Information Act inquiries, and Ombudsmen correspondence.

Reasons for Change in Appropriation

This appropriation will decrease by \$539,000 to \$15.795 million for 2010/11. This decrease relates to:

- a technical decrease as a result of asset revaluation (\$12,000)
- a decrease for a cross Vote initiative (\$87,000), and
- a decrease in input costs identified for NZDF resource reprioritisation (\$440,000).

Mine Countermeasures (MCM) and MCM Diving Forces (M22)

Scope of Appropriation

Provision of the capabilities of the Mine Countermeasures (MCM) Forces, HMNZS MANAWANUI, prepared to conduct route surveys and conditioning of selected New Zealand ports, and the provision of the Operational Diving Team prepared to support MCM operations and to conduct independent diving tasks, in accordance with NZDF Output Plan specifications. This output expense also includes some support services to the community.

Reasons for Change in Appropriation

This appropriation will decrease by \$262,000 to \$24.592 million for 2010/11. This decrease relates to:

- a technical decrease as a result of asset revaluation (\$89,000)
- an expense transfer (\$161,000) from 2009/10 as a result of 2010/11 operating pressures
- an increase in input costs met from NZDF resource reprioritisation (\$67,000)
- an expense transfer (\$178,000) to 2011/12 for savings initiatives, and
- an expense transfer (\$223,000) to provide for a 2011/12 capital injection.

Miscellaneous Support Activities MCOA (M22)

Scope of Appropriation

Support to Limited Service Volunteer Scheme

This output class is limited to the conduct of Limited Service Volunteer courses for unemployed or disadvantaged youth, selected by the Ministry of Social Development, to encourage these youth towards employment.

Support to Mutual Assistance Programme (MAP)

This output class is limited to the provision of training, technical advice and resources to the defence forces and law enforcement agencies of participant countries under the Mutual Assistance Programme (MAP), both in New Zealand and in MAP countries.

Support to New Zealand Cadet Forces

This output class is limited to the provision of leadership and skills training for all approved New Zealand Cadet Force (NZCF) units.

Support to Service Military Museums

This output class is limited to collection development, collection management and exhibits related to New Zealand's military history.

Support to Youth Development

This output class is limited to New Zealand Defence Force support to government initiated youth development schemes in New Zealand, being the conduct of Limited Service Volunteer courses and contributions to Youth Life Skills programmes (Service Academies and Military-style Activity Camps).

Explanation for Use of Multi-Class Output Expense Appropriation

Outputs of a miscellaneous and disparate nature that do not individually justify separate Departmental Output Expense recognition have been grouped to provide for improved transparency and accountability.

Reasons for Change in Appropriation

This appropriation will increase by \$1.217 million to \$26.734 million for 2010/11. This increase relates to:

- an increase of \$422,000 in Support to Mutual Assistance Programme (MAP) input costs
- a technical decrease of \$1,000 as a result of asset revaluation for Support to New Zealand Cadet Forces
- an increase of \$157,000 in Support to New Zealand Cadet Forces input costs
- a technical increase of \$233,000 as a result of asset revaluation for Support to Service Military Museums
- a decrease of \$295,000 in Support to Service Military Museums input costs
- a technical decrease of \$12,000 as a result of asset revaluation for Support to Youth Development

- an increase of \$25,000 in Support to Youth Development input costs, and
- an increase of \$688,000 in Support to Youth Development to extend the Limited Service and Youth Life Skills programme.

Naval Combat Forces (M22)

Scope of Appropriation

Provision of the capabilities of the frigates, HMNZ Ships TE KAHA and TE MANA, prepared to conduct maritime operations and to contribute support services to the community, in accordance with NZDF Output Plan specifications.

Reasons for Change in Appropriation

This appropriation will increase by \$4.365 million to \$402.504 million for 2010/11. This increase relates to:

- a technical decrease as a result of asset revaluation (\$1.679 million)
- an expense transfer (\$4.055 million) from 2009/10 as a result of 2010/11 operating pressures
- an increase to provide for the government superannuation fund rate increase (\$502,000)
- an increase for the tax treatment of non operational allowances (\$1.687 million)
- an increase in input costs met from NZDF resource reprioritisation (\$10.008 million)
- an expense transfer (\$3.768 million) to 2011/12 for savings initiatives
- a decrease (\$1.730 million) for a cross Vote initiative, and
- an expense transfer (\$4.710 million) to provide for a 2011/12 capital Injection.

Naval Helicopter Forces (M22)

Scope of Appropriation

Provision of the capabilities of No 6 Squadron RNZAF (Seasprite SH-2G helicopters) prepared to conduct maritime operations in support of other Output Expenses, especially the Naval Combat Forces, Naval Support Forces and Naval Patrol Forces, in accordance with NZDF Output Plan specifications.

Reasons for Change in Appropriation

This appropriation will increase by \$1.806 million to \$89.745 million for 2010/11. This increase relates to:

- a technical decrease as a result of asset revaluation (\$381,000)
- an expense transfer (\$645,000) from 2009/10 as a result of 2010/11 operating pressures
- an increase in input costs met from NZDF resource reprioritisation (\$3.153 million)
- an expense transfer (\$716,000) to 2011/12 for savings initiatives, and
- an expense transfer (\$895,000) to provide for a 2011/12 capital injection.

Naval Patrol Forces (M22)

Scope of Appropriation

Provision of the capabilities of the Offshore and Inshore Patrol Vessels (OPVs, IPVVs) prepared for the conduct of maritime operations in support of Multi-Agency Operations and Tasks (MAO&T), and for the security and protection of New Zealand's economic border and EEZ, in accordance with NZDF Output Plan specifications. Once in service the OPVs will also be prepared to conduct sovereignty and resource protection patrol operations in the Southern Ocean, Ross Dependency, South Pacific region and further afield when directed.

Reasons for Change in Appropriation

This appropriation will decrease by \$1.929 million to \$125.523 million for 2010/11. This decrease relates to:

- a technical decrease as a result of asset revaluation (\$427,000)
- an expense transfer (\$1.209 million) from 2009/10 as a result of 2010/11 operating pressures
- a decrease for a cross Vote initiative (\$47,000)
- an increase in input costs met from NZDF resource reprioritisation (\$356,000)
- an expense transfer (\$1.342 million) to 2011/12 for savings initiatives, and
- an expense transfer (\$1.678 million) to provide for a 2011/12 capital injection.

Naval Support Forces (M22)

Scope of Appropriation

Provision of the capabilities of the Fleet Replenishment Ship, HMNZS ENDEAVOUR, and the Multi-Role Vessel, HMNZS CANTERBURY, prepared to conduct maritime logistic support and amphibious sealift operations for deployed military forces, in accordance with NZDF Output Plan specifications. This output expense also includes contributions to a range of services provided to Government and the community.

Reasons for Change in Appropriation

This appropriation will decrease by \$1.177 million to \$104.849 million for 2010/11. This decrease relates to:

- a technical decrease as a result of asset revaluation (\$484,000)
- an expense transfer (\$1.196 million) from 2009/10 as a result of 2010/11 operating pressures
- a capital charge related increase (\$249,000)
- an increase in input costs met from NZDF resource reprioritisation (\$848,000)
- an expense transfer (\$1.327 million) to 2011/12 for savings initiatives, and
- an expense transfer (\$1.659 million) to provide for a 2011/12 capital injection.

Operationally Deployed Forces Annual (M22)

Scope of Appropriation

The provision of deployed force elements on military tasks, including the commitments agreed by Government under which the NZDF contributes to peace support and other operations conducted in support of the United Nations and other international agencies. It includes the provision of individuals, observers, advisers, instructors, headquarters staff, and complete force elements and contingents.

Reasons for Change in Appropriation

This appropriation will decrease by \$151,000 to \$78.295 million for 2010/11. This decrease relates to:

- a technical increase as a result of asset revaluation (\$11,000)
- an expense transfer (\$17 million) of a 2009/10 under spend to ensure the tagged funding remained available for future deployed force activity
- a decrease for a cross Vote initiative (\$162,000), and
- an expense transfer (\$17 million) from 2010/11 to 2011/12 for future deployed force activity.

Rotary Wing Transport Forces (M22)

Scope of Appropriation

Provision of the capabilities of No 3 Squadron RNZAF (Iroquois helicopters) prepared to conduct tactical air transport, including aeromedical evacuation, and counter-terrorist operations, and to contribute support services to the community, in accordance with NZDF Output Plan specifications.

Reasons for Change in Appropriation

This appropriation will decrease by \$8.963 million to \$123.025 million for 2010/11. This decrease relates to:

- a technical decrease as a result of asset revaluation (\$517,000)
- an expense transfer (\$540,000) from 2009/10 as a result of 2010/11 operating pressures
- a decrease in input costs identified for NZDF resource reprioritisation (\$7.637 million)
- an expense transfer (\$600,000) to 2011/12 for savings initiatives, and
- an expense transfer (\$749,000) to provide for a 2011/12 capital injection.

Special Operations Forces (M22)

Scope of Appropriation

Provision of the capabilities of the Special Operations Forces prepared to conduct special forces operations in support of land operations, counter-terrorist operations, and the provision of Chemical, Biological, Radiological, Explosive, Improvised Explosive Device Disposal (CBRE IEDD) that threaten public safety or national interests, in accordance with NZDF Output Plan specifications.

Reasons for Change in Appropriation

This appropriation will increase by \$2.379 million to \$73.630 million for 2010/11. This increase relates to:

- a technical decrease as a result of asset revaluation (\$141,000)
- an expense transfer (\$1.036 million) from 2009/10 as a result of 2010/11 operating pressures
- an increase in input costs met from NZDF resource reprioritisation (\$4.072 million)
- an expense transfer (\$1.150 million) to 2011/12 for savings initiatives, and
- an expense transfer (\$1.438 million) to provide for a 2011/12 capital injection.

Part 5 - Details and Expected Results for Other Expenses

Part 5.1 - Departmental Other Expenses

Disposal of Decommissioned Assets (M22)

Scope of Appropriation

This appropriation is limited to the disposal costs of decommissioned assets.

Reasons for Change in Appropriation

This appropriation will increase by \$500,000 to \$500,000 in 2010/11. This increase relates to:

- a technical increase (\$1 million) to expense costs for the disposal of decommissioned assets, and
- an expense transfer (\$500,000) to 2011/12.

Maintenance of Assets Awaiting Sale (M22)

Scope of Appropriation

This appropriation is limited to costs necessary to keep assets awaiting sale in a saleable condition.

Reasons for Change in Appropriation

This appropriation will increase by \$2.750 million to \$2.750 million for 2010/11. This increase relates to:

- a technical increase (\$5 million) to expense costs for assets awaiting sale, and
- an expense transfer (\$2.250 million) to 2011/12.

Part 6 - Details and Expected Results for Capital Expenditure

Part 6.1 - Departmental Capital Expenditure

New Zealand Defence Force - Capital Expenditure PLA (M22)

Scope of Appropriation

This appropriation is limited to the purchase or development of assets by and for the use of the New Zealand Defence Force, as authorised by section 24(1) of the Public Finance Act 1989.

Capital Expenditure

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	569,914	(171,914)	398,000
Intangibles	3,000	(1,000)	2,000
Other	-	-	-
Total Appropriation	572,914	(172,914)	400,000

Reasons for Change in Appropriation

This appropriation will decrease by \$172.914 million to \$400 million in 2010/11, mainly as a result of less than expected payments to the Ministry of Defence, for purchases of Specialist Military Equipment (SME).