

THE 2012-2013

ANNUAL REPORT

for the year ended 30 June 2013



ANNUAL REPORT 2013

NEW ZEALAND DEFENCE FORCE *TE OPE KĀTUA O AOTEAROA*

Presented to the House of Representatives Pursuant to Section 44(1) of the Public Finance Act 1989 and Section 91 of the Defence Act 1990

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SECTION 1: OVERVIEW BY THE CHIEF OF DEFENCE FORCE

This past year marked an important shift in operational focus for the New Zealand Defence Force (NZDF). Drawing-down from our more than decade-long commitments to a number of high intensity operations is in turn allowing the NZDF to accelerate change, providing a greater focus on our region – the South West Pacific and South East Asia - and developing and introducing new capabilities as the NZDF moves towards an integrated Joint Force Amphibious Capability in 2015.

These activities ensure we are aligned to the Government's clear direction for the defence sector, as set out in the Defence White Paper 2010, as well as delivering on our 'Future 35' Strategy. While we are still active on many missions around the world, this operational tempo change is an opportunity for the NZDF to reorganise in preparation for 'the next' complex military mission. We recognise that parts of the world remain volatile, and NZDF capabilities give the Government of New Zealand response options, whether within a multi-national environment, or New Zealand-led.

In the past year, the NZDF withdrew its Provincial Reconstruction Team (PRT) from Afghanistan. Over 3,500 of our people have been deployed to Afghanistan, with the majority serving with the PRT in Bamyan province. They have worked alongside colleagues from the New Zealand Police, Foreign Affairs and other governmental and non-governmental agencies helping the people of Afghanistan take charge of their own destiny. Although we have withdrawn from Bamyan, this does not mean that we have withdrawn from

Afghanistan completely. A much smaller group of NZDF personnel are continuing in a range of training, planning and logistics roles as part of the International Security Assistance Force (ISAF) mission.

We also completed significant operational deployments in Timor-Leste and the Solomon Islands in 2012/13. The NZDF has maintained an almost continuous presence in Timor-Leste since 1999, initially with an infantry battalion, and more recently with a 75-person peacekeeping force, which has now also withdrawn. Five military personnel remain. In Solomon Islands, New Zealand has been a leading contributor to the Regional Assistance Mission to Solomon Islands (RAMSI) since 2003, initially with an infantry company, and more recently with a rotating platoon with the Australian Defence Force. This commitment has now ended, and just eight of our people remain in theatre in a number of ongoing roles.

These draw-downs are providing an opportunity to refocus our energies towards the South West Pacific and South East Asia as our area of prime interest, and to restructure our forces for the next 25 years, as was signalled in the Defence White Paper. The South Pacific features prominently in New Zealand's defence policy. This is our region of immediate security interest, where we accept the responsibility of responding to major natural disasters or security events. It is also an area comprising a number of fragile states that have needed external assistance from time to time, and will likely continue to do so.

Over the last twelve months the NZDF has participated in a number of major exercises preparing for a variety of contingencies which ensure New Zealand can play its part with other nations reducing conflict and improving stability in the Pacific and beyond. Examples include around 350 Defence Force people taking part in the world's largest international maritime exercise, Exercise Rim of the Pacific (RIMPAC 2012); NZDF health personnel joining for the first time their counterparts from the People's Liberation Army China and the Australian Defence Force to build linkages around humanitarian assistance and disaster relief operations, as part of Cooperation Spirit 2012; our people further honing their humanitarian aid and disaster relief skills and building key relationships and interoperability in the South Pacific as part of Exercise Croix du Sud in New Caledonia; and NZDF

personnel participating in Pacific Partnership, where a number of activities were carried out ashore in Vietnam and also onboard US Navy Ship Mercy, including medical, nursing and dental tasks, health planning, and environmental health support.

Opportunities to put these same skills into action came about with our NZDF providing search and rescue, damage assessment and transportation of essential supplies to Samoa and Fiji following Cyclone Evan. In addition, we have continued long-running contributions to the Multinational Force and Observers in the Sinai, the UN Truce Supervision Organisation, and the UN missions in Iraq, Sudan and South Korea, as well as deploying observers as part of a new United Nations mission in Syria.

All of these activities emphasise New Zealand's credentials on the world stage as a credible international player within multi-national responses. The NZDF's constant contribution to monitoring our Exclusive Economic Zone, and readiness for counter-terrorism responses and civil defence tasks in New Zealand, as well as our region, and providing ongoing domestic support to a range of government departments and agencies, including support to New Zealand's Antarctic Support Programme, is also noteworthy. The NZDF has also played an important role in supporting the rebuilding of Christchurch through the provision of cordon patrols.

Underscoring these achievements are good people, supported by quality equipment.

There is no doubt the NZDF operates in dynamic and at times hostile environments, where personnel being injured or killed is a possibility. Our training needs to prepare our people for these realities as much as possible, but it must also be safe. As a senior leadership group, we committed in late 2012 and early 2013 to a number of changes aimed at improving health and safety performance within the NZDF. These changes included improved governance and oversight, standardised reporting, and prescribing the safety standards NZDF would be committed to. The leadership group, along with the Minister, wanted to know if these changes were enough, and where the Defence Force should next focus its efforts. We commissioned an independent external Health and Safety Review of safety management across the NZDF.

At the time of writing this annual report, the NZDF has received the interim findings of that Review. We are comparable in New Zealand with injury rates found in the Police, Fire Service and Corrections and far safer than industries including forestry, fishing and agriculture. However, while good practice is being achieved within parts of our organisation, a broader organisational approach is required to ensure standards of excellence are achieved across the entire organisation. Some change needs to be – and will be – treated as a matter of urgency, but we are committing to a sustained programme of work to deliver the 'safety always' culture we aspire to.

We are making good progress on improving our military capability. During the reporting year, the Minister of Defence, the Hon Dr Jonathan Coleman, announced an upgrade to the self-defence and sensor capabilities of frigates HMNZ Ships *Te Kaha* and *Te Mana*; a new military pilot training capability; the purchase of a replacement fleet of Navy Seasprite helicopters to operate from our frigates and patrol fleet; and the signing of a \$135 million contract for the purchase of up to 200 new medium and heavy operational vehicles for the Army.

In addition, a number of long-running major acquisition projects are also entering their final delivery phases including: upgrades of our C130 Hercules; P3 Orion aircraft, and delivery of A109 training/light utility helicopters; and medium NH90 medium utility helicopters. Looking further out, we intend to network-enable our land forces; strengthen our command and control systems; improve our intelligence, surveillance and reconnaissance capabilities; and acquire much-increased satellite network bandwidth for global communications. The delivery of these projects will ensure New Zealand has defence capabilities which are robust and responsive for the complex and varied tasks we face around New Zealand and offshore.

As well as progressing capability improvements, we are also making sound progress with transformation within the NZDF. I'm pleased to see our people understanding where we are going through the Future 35 Strategy, and doing their part to move the organisation themselves. We are achieving good results within our reform programme and are on track to deliver \$190 million by the end of this reporting year. These savings are

being retained by the NZDF to reinvest in our people, capabilities and operating costs. Further, with 2013 being a mid-point between the last Defence White Paper and the likely next White Paper due in 2015, we have been tasked by Government to undertake analysis about long-term Defence funding and capability requirements. The over-riding objective of the Defence Mid-Point Rebalancing Review is to ensure we have a capable, sustainable, deployable, and affordable defence force.

This past year contained a number of significant military commemorations for New Zealand. The NZDF was proud to be able support the many veterans attend the special commemorative events throughout the year. In October 2012, 24 New Zealand veterans of the North Africa Campaign attended commemorations in Egypt to mark the 70th anniversary of the Battle of El Alamein. During the North African Campaign, almost 10,000 New Zealanders were killed or wounded, and more than 4,000 became prisoners of war. More than 1,100 New Zealanders are buried in the El Alamein Commonwealth War Graves cemetery – the largest number of New Zealanders buried in one cemetery outside New Zealand. Additionally, 84 veterans who served in the Pacific were helped attend commemorations in New Caledonia, to mark the 70th anniversary of New Zealand's involvement in the War in the Pacific. Nearly 25,000 New Zealanders across all three Services served at various times in the Pacific War, and more than 900 became casualties.

We also remember those members of the NZDF who lost their lives while in the service of their country. No greater sacrifice can be made in the ongoing maintenance of New Zealand's peace and security.

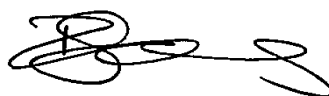
It is times like this that the nature of military service becomes very real, as does the necessity of the NZDF as an institution to be underpinned by a core set of values that are lived by all who serve with the NZDF, regardless of the position they hold. The year under review has, at times, been difficult and I am proud of the work we have done to look after each other.

We have also at times come under public scrutiny through the news media. This isn't something we shy away from. We recognise the media's right to ask questions, and their legitimate and constructive role in our democracy. We endeavour to engage constructively, for example, in the way we publicly release findings of our Courts of Inquiry into significant events, and then accept accountability.

The NZDF has a unique military culture that will always be underpinned by the shared values of courage, commitment, comradeship and integrity. We hold ideals like freedom, human dignity and democracy as essential, because they are common to all of us collectively as a society. Fundamentally, our values are New Zealand's values, and we reflect the character and spirit of our nation.

These cultural values are the tenets from which the NZDF builds an organisation that is united, professionally trained, competent, appropriately equipped, and capable of serving the interests of New Zealand. The foundations of our values system is what holds us together and enables us to be a professional, disciplined and trustworthy Defence Force that the public can rightly have faith and confidence in.

Finally, in providing this report to Parliament I also wish to formally acknowledge once again the contribution of the NZDF's people – our sailors, soldiers, airmen and airwomen, civilian staff, and their families. Through their efforts, often in demanding and difficult circumstances, the NZDF has been able to support our communities at home and represent New Zealand effectively and with pride in operations overseas.



R.R. JONES

Lieutenant General
Chief of Defence Force

28 August 2013

INTRODUCTION

This report highlights the business of the New Zealand Defence Force (NZDF) for 2012-2013 and illustrates the broad and diverse range of operations and tasks undertaken in meeting the Government's defence policy. It is a comprehensive overview of the NZDF and how the outputs have been delivered as appropriated under Vote Defence Force.

Defence is a significant component of New Zealand's foreign and security policy, and while the NZDF is constitutionally the sole provider of military forces, it is not the sole contributor to strategic outcomes for national security. Rather, the NZDF contributes to the achievement of government goals and outcomes as part of the broader External Sector¹.

On a day by day basis the NZDF conducts operations and trains to be ready, if and when required by government, to ensure New Zealand's security. The capacity to sustain currently approved operational missions, to respond to emergency situations and critical incidents at home and in the region, and to prepare for future undefined operations, wherever and whenever they may be, is the overriding requirement of the Defence Force.

Over the past decade, the NZDF has averaged 600 personnel deployed at any one time, on 20 missions throughout the world in support of New Zealand's security. The most significant recent missions are predominantly Army elements in Timor-Leste, Solomon Islands and Afghanistan supported by Navy and Air Force personnel. Air Force elements, including C-130 Hercules and Boeing 757 aircraft; provide re-supply and rotation support to deployed forces. Various Navy and Air Force elements are also involved in providing support to multi-agencies in and around New Zealand on an ongoing basis.

Here in New Zealand, the NZDF trains to maintain a level of proficiency that preserves core skills and professional military standards, while ensuring New Zealand's security and NZDF's capacity to provide military response options to government for unexpected contingencies at home, in the near region and globally.

The NZDF, through Veterans' Affairs New Zealand, also contributes to the External Sector by ensuring veterans are recognised for their service and that the impacts of service on veterans and their families are monitored and addressed. The Government's underpinning policy related to veterans is "Respecting Veterans, Honouring Service."

At the highest level, the NZDF's performance requirements are set out in the Statement of Intent (SOI) for the year under review. The Statement of Service Performance (SSP) therefore commences with the performance targets described in the SOI, and summarises the actual performance achieved during the year under assessment. Supporting detail, as necessary, is set out throughout the report.

This annual report reports against the NZDF's 2012 - 2015 SOI and 2012/13 Output Plan. The report is presented in five sections that describe: Chief of Defence Force Overview and Defence at a glance; performance against the NZDF's outcomes; Statement of Service Performance; Veterans' Affairs New Zealand; and annual financial statements and notes.

¹ The External Sector consists of six Votes, which are administered by four departments: the New Zealand Defence Force; the Ministry of Defence; the Ministry of Foreign Affairs and Trade; and the New Zealand Customs Service. These departments are collectively responsible for managing most of New Zealand's official relationships with the rest of the world and protecting its security beyond the border.

SIGNIFICANT EVENTS

Significant events during the reporting year were as follows:

- Between 29 June and 3 August 2012, the frigate HMNZS Te Kaha, fleet replenishment ship HMNZS Endeavour, and the Navy's Operational Diving Team, Mine Counter Measures Team and Maritime Survey Team; a Rifle Platoon from 1 Royal New Zealand Infantry Regiment of the NZ Army; and a Royal New Zealand Air Force P-3K Orion, as well as large number of headquarters staff, took part in Exercise Rim of the Pacific (RIMPAC) in Hawaii. This was the first time in 28 years that New Zealand had taken part in RIMPAC, which is the world's largest international maritime exercise. The exercise provided a unique opportunity for NZDF force elements to expand their ability to operate seamlessly alongside our partners.
- In mid 2012, HMNZS *Otago* undertook an extensive deployment – continuously patrolling the South Pacific from the beginning of June until the ship's return on 17 August 2012. As well as three weeks in Nuku'alofa for a forward-basing trial, *Otago* also conducted fisheries patrols of the Samoan and Cook Island Exclusive Economic Zones.
- In August 2012, the Air Force's newest helicopter, the NH90, successfully completed its first landing on the Navy's multi-role vessel, HMNZS Canterbury. The interface trial is the first stage of a process intended to integrate helicopter and ship operations – an important step towards the NZDF goal of establishing a Joint Amphibious Task Force by 2015.
- In August 2012, NZDF personnel honed their humanitarian aid and disaster relief skills and building key relationships and interoperability in the South Pacific as part of Exercise Croix du Sud.
- The Royal New Zealand Navy successfully completed a short tri-lateral exercise with Japan's Maritime Self-Defence Force and the Royal Australian Navy in August 2012. In what is believed to be a first for the RNZN, the Japanese Maritime Self-Defence Force ship *JS Shimakaze* was refuelled at sea from HMNZS *Endeavour*.
- During September 2012, a small Royal New Zealand Navy team was in the Gulf to enhance their mine countermeasure knowledge as part of the International Mine Counter Measures Exercise 2012 (IMCMEX 12). Participating in IMCMEX 12 demonstrated New Zealand's commitment to protecting vital international shipping routes.
- During October 2012, 37 NZDF personnel joined counterparts from Singapore, United Kingdom, Malaysia, and Australia in a major Five Powers defence exercise in Singapore. Suman Protector is a Command Post Exercise which focuses on the operational training of a Combined Joint Task Force in the conduct of Joint operations in a multi-threat environment.
- Twenty-four New Zealand veterans of the North Africa Campaign attended commemorations in Egypt to mark the 70th anniversary of the Battle of El Alamein in October 2012.
- Seven Defence Force personnel participated in Exercise Cooperation Spirit 2012, which was hosted by the Australian Defence Force from 29 October to 2 November 2012. The exercise aimed to further develop relationships, interoperability and was focused on responses to humanitarian crisis.
- In the first week of November 2012, Navy, Army and Air Force personnel converged on various Auckland locations to take part in Exercise Pae Tata. The exercise aimed to develop the Defence Force's integrated amphibious capability, and involved maritime, land, and air assets working together to secure a point of entry and executing a beach landing. The Australian ship HMAS *Tobruk* also played a key role in this exercise, furthering and enhancing interoperability and standardisation.

- During November 2012, the last contingent of Defence Force personnel to serve with the Australian-led International Stabilisation Force (ISF) in Timor-Leste returned to New Zealand. The Defence Force will retain a footprint for the foreseeable future in Timor-Leste, as five personnel continue to mentor the Timorese military in small arms training, logistics, administration and English.
- In November 2012, HRH the Prince of Wales and Duchess of Cornwall visited New Zealand to mark the Diamond Jubilee of Her Majesty Queen Elizabeth II. During their six day visit, the Prince and Duchess met with many New Zealanders including veterans and serving military personnel.
- In November 2012, four NZDF handlers and five dogs graduated from the Defence Force's first explosive detection dog course. The 12 week long course was run with the assistance from the New Zealand Police Dog Training Centre. This represents a new developing NZDF capability that will see explosive detection dog teams broaden existing force protection measures, providing support to overseas operations, exercises and taskings in New Zealand.
- During the 2012/13 summer season, around 200 NZDF personnel supported New Zealand's support programme in Antarctica at various stages of the October to March season, with the mission peaking in February during the annual supply ship offload where Defence personnel worked round the clock in freezing conditions. The support included a light engineering team carrying out a number of construction and maintenance tasks around US base McMurdo Station and a number of RNZAF C-130 and B757 flights moving supplies and personnel. The NZDF has been involved in Antarctica for over 50 years; supporting Antarctica New Zealand and the US Antarctic Programme, helping New Zealand play its part in the international effort to safeguard this pristine environment.
- During February 2013, two of the Navy's Inshore Patrol Vessels steamed over 5,000 nautical miles – six times the length of New Zealand patrolling New Zealand's coastline.
- HMNZ Ships *Rotoiti* and *Taupo* patrolled New Zealand's Exclusive Economic Zone covering almost 9,500km, as they conducted maritime surveillance in support of government agencies.
- During March 2013, members of Number 40 Squadron RNZAF were low flying in C-130 Hercules aircraft on tactical flying sorties around the upper North Island as part of TACEX 2013. TACEX is an annual exercise which trains pilots and crews to qualify on load drops, low level flying, tactical approaches, take offs and landings.
- In April 2013, 84 New Zealand veterans who served in the Pacific attended commemorations in Noumea to mark the 70th anniversary of New Zealand's involvement in the War in the Pacific.
- During May - June 2013, the frigate HMNZS *Te Mana* undertook an overseas deployment undertaking activities in support of defence diplomacy, in South East and North East Asia, after participating in Exercise Bersama Shield, a Five Power Defence Arrangements exercise also involving Australia, Malaysia, Singapore and the United Kingdom. The deployment also included a visit to the US Navy base at Guam.
- In May 2013, NZDF participated in Exercise Alam Halfa, a joint and combined task force field training exercise based on a Combined Arms Task Group (CATG) drawn from 1 (NZ) Brigade, and involving US Marine Corps, US Army, British and Canadian Army personnel. This exercise included live firing of NZLAV; infantry support weapons and artillery/mortars.
- In May 2013 the people of Chuuk State were delighted when a RNZAF C-130 Hercules landed on remote Weno Island with their large Fire Truck on board. The 7.7 tonne Truck was donated to Weno Island, Chuuk State in the Federated States of Micronesia (FSM) by the City of Christchurch Firefighters and the NZ Fire Service.
- On 30 June 2013 a civic ceremony was held in Christchurch to mark the lifting of the inner-city safety cordon. Over the past two and a half years, some 2,350 NZDF personnel have been involved in manning the cordon. The tragic events of the Canterbury earthquake have served to further illustrate the NZDF's support to New Zealand as a nation.

DEFENCE AT A GLANCE

Introduction

This section of the report provides a general overview of the NZDF. More detailed information is available from the websites, publications and libraries listed later in this section.

NZDF Mission

The primary mission of the NZDF is:

“To secure New Zealand against external threat, to protect our sovereign interests, including in the Exclusive Economic Zone (EEZ), and to be able to take action to meet likely contingencies in our strategic area of interest.”

The NZDF is the only agency that maintains disciplined forces available at short notice and that operates large-scale and integrated fleets of vehicles, ships, and aircraft. It is therefore able to undertake or support a range of tasks, including maritime resource protection, humanitarian assistance and disaster relief, and search and rescue, as part of an all-of-government effort directed by civil authorities. Nevertheless, the core task of the NZDF is to conduct military operations.

Currently, there are four outcomes that contribute to national security. In achieving these outcomes, the NZDF makes a range of contributions: it maintains operationally prepared forces for use by the

Government and it carries out operational missions in accordance with government direction. In essence, the NZDF contributes to the achievement of Defence outcomes through the creation of impacts (joint military effects) and the delivery of its outputs (see Section 3 for details of these outputs).

The key priorities for the NZDF in 2012/13 were the continued implementation of the Defence White Paper 2010 including the development of the joint amphibious task force, addressing affordability issues and maintaining momentum in key international relationships.

The following tables and figures are shown below in this section:

Table 1: NZDF Operations and Missions Overseas

Figure 1: NZDF High-Level Functional Organisation as at 30 June 2013

Table 2: Major NZDF Units within New Zealand

Table 3: NZDF Personnel Strength as at 30 June 2013

Figure 2: NZDF Personnel Total Number by Year

Figure 3: NZDF Regular Force Attrition by Year (12-month Rolling Average)

Figure 4: Aggregated Operational Preparedness of NZDF Force Elements

Figure 5: Operating Expenditure by Function

Figure 6: Operating Expenditure by Service/Function

Table 1: NZDF Operations and Missions Overseas

Region	Contribution
Afghanistan	The NZDF has been actively involved in Afghanistan since 2003. Since then, the NZDF has provided a Provincial Reconstruction Team (PRT) (including a National Support Element), training support for leadership training to the Afghan National Army, military advice and interface between the staff of the United Nations Assistance Mission in Afghanistan (UNAMA), HQ International Security Assistance Force (ISAF) and Afghan authorities. In addition, support has been provided to HQ Combined Joint Task Force (CJTF) and Combined Forces Command Afghanistan (CFC-A). The PRT was withdrawn in April 2013, but NZDF personnel are continuing in a range of training, planning and logistics roles as part of the ISAF mission.
Arabian Gulf	The NZDF maintains a small team providing operational support to NZDF forces operating in the Arabian Gulf area. Several times a year, a strategic airlift aircraft is provided in support of missions in Afghanistan. Additionally, naval officers have been seconded to assist allied nations that are conducting counter-piracy patrols in the Arabian Gulf and Horn of Africa maritime operating areas.
Iraq	A NZDF Military Advisor is attached to the United Nations Assistance Mission in Iraq (UNAMI) providing liaison between UNAMI, the Multinational Force and Iraqi Security Forces, as well as advice on military matters to the UN Special Representative of the Secretary-General.
Israel, Lebanon, Syria	The NZDF has been providing UN Observers to the United Nations Truce and Supervisory Organisation (UNTSO) since 1954. These personnel patrol the area of operations and monitor ceasefires and military activity within the region. During the reporting year, NZDF personnel were withdrawn from Syria as part of the United Nations Supervision Mission.
Republic of Korea	The NZDF provides staff support to operations, watch-keeping and corridor control to the United Nations Command Military Armistice Commission in Korea (UNCMAC).
Sinai Peninsula	The NZDF has been providing expertise to the Multinational Force and Observers (MFO) in driver tasking, courses and training since 1982. In addition, NZDF personnel monitor the operation of the Egyptian Border Guard Force. An ex-senior NZDF officer commands the Force.
Solomon Islands	Since 2003, the NZDF has provided support to the Participating Police Force conducting local and provincial presence patrols and security patrols as part of the military component of the Regional Assistance Mission to Solomon Islands (RAMSI). The final NZDF platoon contribution to RAMSI concluded in November 2012, however, some NZDF personnel will continue to serve in the mission's headquarters until August 2013.
Sudan	The NZDF provides Military Observers and Staff Officer assistance to the United Nations Mission in Sudan (UNMIS).
Timor-Leste	The NZDF has been supporting various operations in Timor-Leste since 1999. NZDF personnel have been involved in the United Nations Mission in Timor-Leste (UNMIT), focussing on contract management, equipment support and development of defence policies for the Timor-Leste Defence Force, along with support elements for civilian/military aid, security and stability tasks. The New Zealand Government agreed to conclude New Zealand's military and police participation in UNMIT by 31 December 2012. The New Zealand Government also agreed that Defence engagement with Timor-Leste be continued by retaining five Technical Advisors to the Timor-Leste Defence Force.
United States of America	A NZDF National Planning Element and operational support has been based at US CENTCOM in Florida since 2003. They provide a liaison and planning function.

More detail on overseas operations and missions is shown under Output Expense 16 – Operationally Deployed Forces in Section 3.

Figure 1: NZDF High-Level Functional Organisation

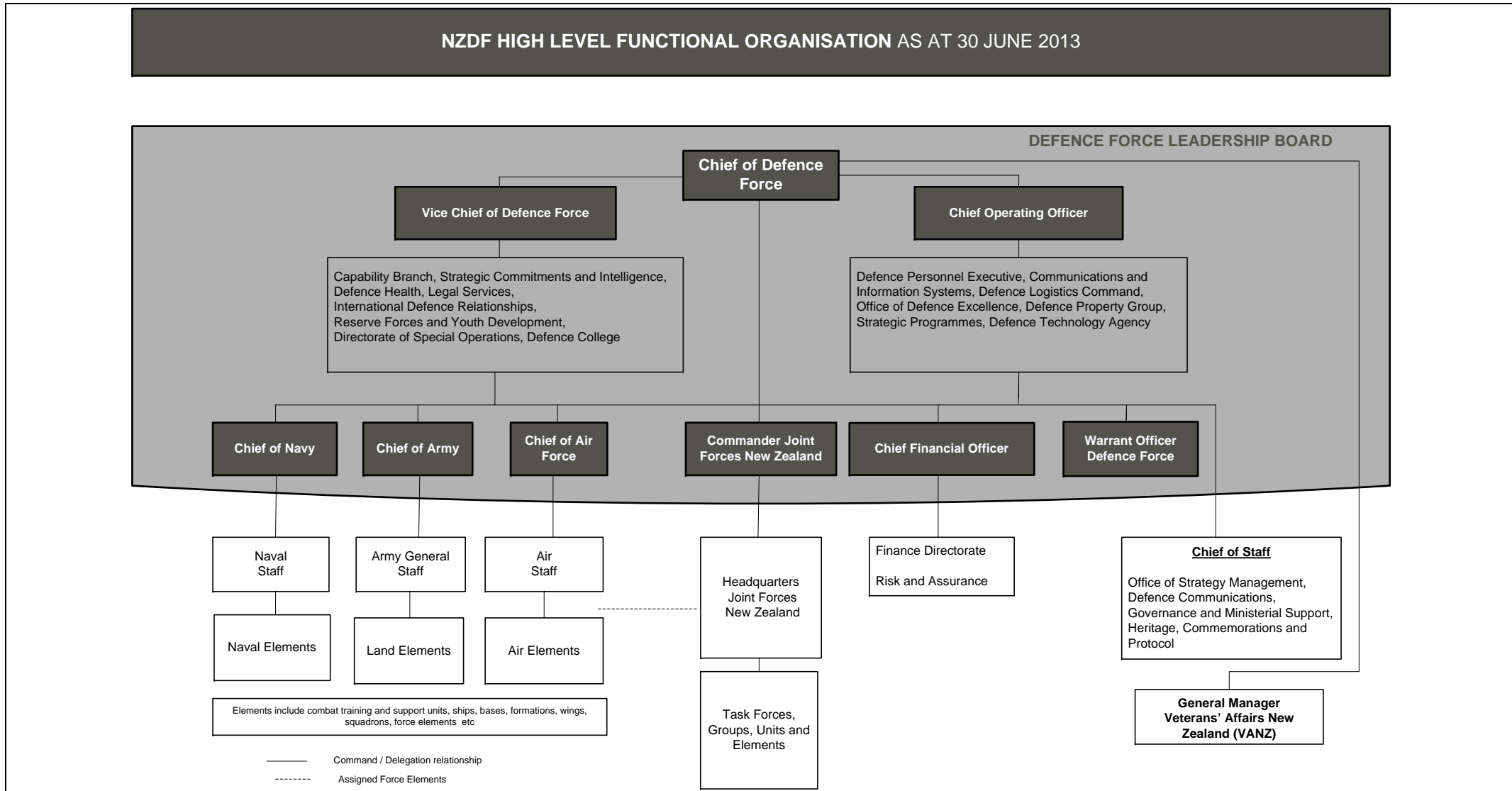


Table 2: Major NZDF Units within New Zealand

<p><i>Headquarters New Zealand Defence Force</i></p> <p>Wellington HQ NZDF (Strategic Headquarters) Chief of Defence Force Vice Chief of Defence Force Chief Operating Officer Chief of Navy Chief of Army Chief of Air Force Chief Financial Officer</p> <p>Trentham Defence College Defence Shared Services</p> <p>Auckland Defence Technology Agency (located at Devonport Naval Base) Geospatial Intelligence NZ (located at Devonport Naval Base)</p> <p><i>Joint Forces New Zealand</i></p> <p>Trentham Operational Headquarters Joint Forces New Zealand Commander Joint Forces New Zealand</p> <p><i>Royal New Zealand Navy</i></p> <p>Auckland Naval Support Command RNZN Naval College HMNZ Dockyard HMNZS Ngapona (Reserve Unit)</p> <p>Naval Combat Force HMNZS <i>Te Kaha</i> HMNZS <i>Te Mana</i></p> <p>Naval Support Force HMNZS <i>Canterbury</i> (Amphibious Sealift) HMNZS <i>Endeavour</i> (Fleet Replenishment)</p> <p>Littoral Warfare Support Force HMNZS <i>Manawanui</i> Rapid Environmental Assessment Support Boats <i>Takapu</i> and <i>Tarapunga</i> Small Motor Boat <i>Adventure</i></p> <p>Naval Patrol Force HMNZS <i>Otago</i> HMNZS <i>Wellington</i> HMNZS <i>Rotoiti</i> HMNZS <i>Hawea</i> HMNZS <i>Pukaki</i> HMNZS <i>Taupo</i></p> <p>Wellington HMNZS Olphert (Reserve Unit)</p> <p>Christchurch HMNZS Pegasus (Reserve Unit)</p> <p>Dunedin HMNZS Toroa (Reserve Unit)</p> <p><i>New Zealand Army</i></p> <p>Papakura 1st (New Zealand) Special Air Service Regiment Combat Service Support Company (North)</p> <p>Waiouru Headquarters Training and Doctrine Command Army Command School The Army Depot Waiouru Military Training Facility</p>	<p>Linton Headquarters 1st (New Zealand) Brigade 16th Field Regiment Queen Alexandra's Mounted Rifles 2nd Engineer Regiment 1st (New Zealand) Signals Regiment 1st Battalion RNZIR 2nd Combat Service Support Battalion 2nd Health Support Battalion Linton Regional Support Centre</p> <p>Hokowhitu Land Operations Training Centre</p> <p>Trentham Headquarters Deployable Joint Task Force (Land) 1st (New Zealand) Military Intelligence Company 1st (New Zealand) Military Police Company E Squadron (Explosive Ordnance Disposal), 1st (NZ) SAS Regt Wellington Regional Support Centre</p> <p>Burnham 2nd/1st Battalion RNZIR 3rd Combat Service Support Battalion Army Leadership Centre Southern Regional Support Centre</p> <p>Tekapo Military Training Area</p> <p>Army Reserve Units</p> <p>2/4 RNZIR comprising Canterbury, Nelson, Marlborough, West Coast Company and Otago and Southland Company.</p> <p>3/6 RNZIR comprising Auckland (Countess of Ranfurly's Own) and Northland Company and Hauraki Company.</p> <p>5/7 RNZIR comprising Wellington, West Coast and Taranaki Company and Wellington (City of Wellington's Own) and Hawke's Bay Company</p> <p><i>Royal New Zealand Air Force</i></p> <p>Auckland: 485 Wing</p> <p>No 5 Squadron 6 x Lockheed P-3K2 Orion</p> <p>No 6 Squadron 5 x Kaman SH-2G(NZ) Seasprite</p> <p>No 40 Squadron 2 x Boeing 757-200 5 x Lockheed C-130H (NZ) Hercules</p> <p>No 209 (Expeditionary Support) Squadron No 230 (Mission Support) Squadron Parachute Training Support Unit</p> <p>Ohakea: 488 Wing</p> <p>No 3 Squadron 10 x Bell UH-1H Iroquois</p> <p>No 42 Squadron 4 x Beech King Air B200</p> <p>Pilot Training Squadron 12 x Aerospace Industries CT-4E Airtrainer</p> <p>Helicopter Transition Unit 5 x Augusta Westland A 109 T/LUH 4 x NATO Helicopter Industries NH 90 MUH</p> <p>Woodbourne Ground Training Wing</p>
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Table 3: NZDF Personnel Strength as at 30 June 2013

	Regular	Reserves	Total
Navy	1,910	321	2,231
Army	4,253	1,784	6,037
Air Force	2,339	177	2,516
Total	8,502	2,282	10,784

Notes:

(1) All regular and reserve force numbers reported on this page are headcounts.

	Regular ⁽²⁾	Reserves ⁽²⁾	Total ⁽²⁾
HQ NZDF	482	29	511
HQ JFNZ	156	0	156
Defence Logistics Command	744	10	754
Defence Personnel Executive	126	13	139
New Zealand Defence College	215	31	246

Notes:

(2) Military personnel (regular and reserve) of these units are already counted within Service totals.

	Civil Staff ⁽³⁾
Navy	135
Army	406
Air Force	273
HQ NZDF	900 ⁽⁴⁾
HQ JFNZ	41 ⁽⁵⁾
Defence Logistics Command	677
Defence Personnel Executive	209
New Zealand Defence College	153
Total	2,794

Notes:

(3) All civil staff numbers reported on this page are full time equivalents.

(4) HQ NZDF civil staff total includes Veterans' Affairs New Zealand and Locally Employed Civilians overseas.

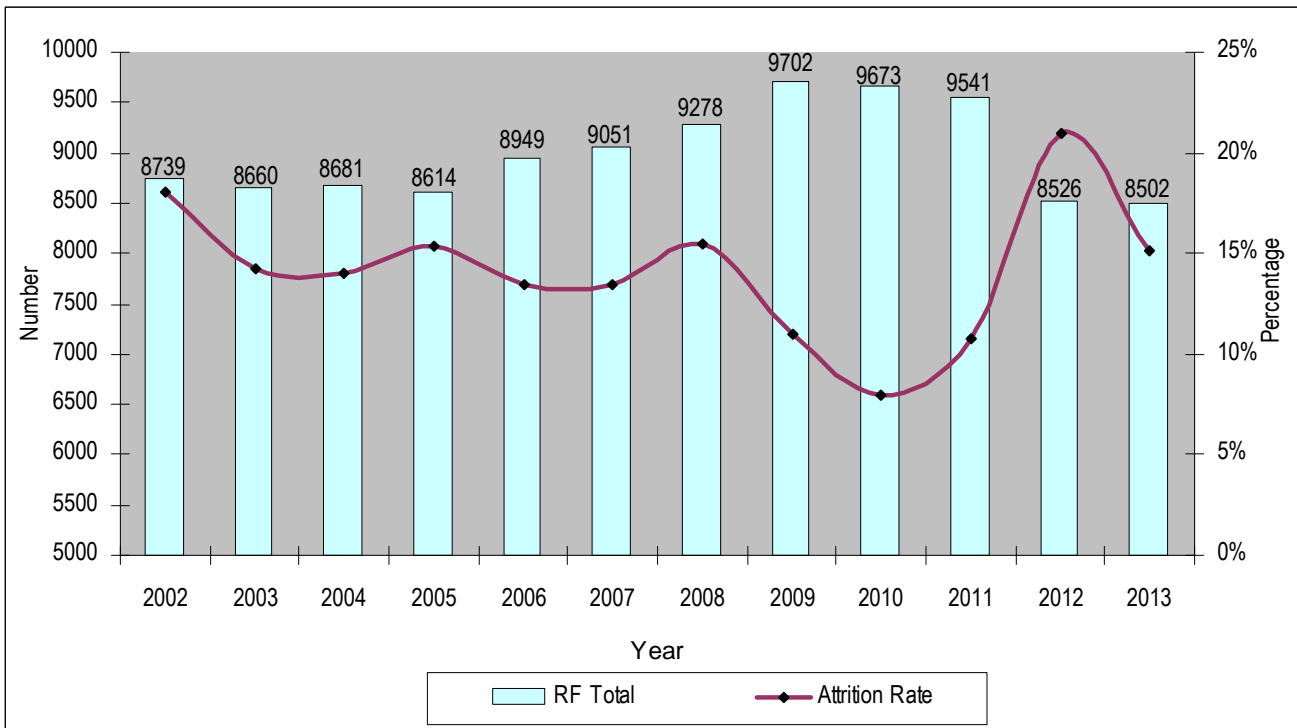
(5) HQ JFNZ civil staff total includes civil staff deployed overseas.

Regular Force Gender Ratio	Male	Female	Percent Male	Percent Female
Navy	1,497	413	78.4%	21.6%
Army	3,717	536	87.4%	12.6%
Air Force	1,953	386	83.5%	16.5%
Total	7,167	1,335	84.3%	15.7%

Figure 2: NZDF Personnel Total Number by Year



Figure 3: NZDF Regular Force Attrition by Year (12-month rolling average)



Regular Force (RF) Personnel Strength and Attrition

The two graphs above show that for the year ended 30 June 2013 RF strength decreased by 24 personnel, while the RF attrition rate decreased from 21% to 15%.

Personnel

Personnel numbers have been relatively stable over the reporting period. There are challenges with the availability of experienced personnel in some key trades. Personnel issues relating to output delivery sustainability and managing within budgetary constraints will be progressively managed through annual planning and budgetary processes and the Defence Mid-Point Rebalancing Review.

Attitude Survey

Overall, RF satisfaction has trended upward over the past 12 months. From July 2012 to June 2013, around 80 percent of RF respondents rated their overall satisfaction with their employment in the NZDF as satisfactory or better ('Excellent' 7.3%; 'Good' 32.3%; 'Satisfactory' 39.9%; and 'Poor' 20.4%).

The NZDF Ongoing Attitude Survey continues to provide a valuable source of information to monitor organisational health as an aid to HR policy development. The survey is currently being reviewed as part of the wider NZDF research strategy to ensure that it continues to reflect best practice and meet the requirements of the NZDF.

Health and Safety

The NZDF places a high priority on health and safety. During the year a Corporate Health and Safety Committee was established to provide better governance of health and safety policies and to better coordinate the health and safety practices established in each of the Services and the Defence Logistics Group. This committee reports to the Defence Force Leadership Board. The NZDF's health and safety initiatives are designed to comply with the AS/NZS 4801:2001 Occupational Health and Safety Management Systems Standard.

Looking forward, and to provide surety as to the robustness of the NZDF safety system, the Chief of Defence Force commissioned a wide ranging external review of NZDF's safety practices to be undertaken early in the 2013-14 financial year.

The outcomes of the review will help guide NZDF health and safety developments. An education programme on the Health and Safety in Employment Act is also being undertaken.

Public Perceptions of the NZDF

A summary of the TNS survey of public perceptions of the NZDF (December 2012) is as follows:

- Knowledge: Most New Zealanders have a general idea, not a detailed knowledge, of the Defence Force or Armed Services.
- Reputation: Defence Force and the Armed Services reputation ratings remain high.
- Confidence and Relevance: Confidence in the Defence Force and the Armed Services remains high overall.
- Brand attributes – Defence Force: The Defence Force remains well rated, particularly in terms of its members, but many are less certain about the capabilities and readiness for combat.
- Brand attributes - Armed Services: The Armed Services remain well rated in terms of the training provided, being disciplined and doing a good job for NZ, however, ratings are more moderate for the modernity of its equipment.
- Image: The Defence Force and Armed Services remain viewed as dedicated, professional, trustworthy, intelligent and passionate.
- Information: Many New Zealanders remain interested in knowing more about the role of the Armed Services.
- Digital channels: The digital channels are well rated for being open and providing good information and are most effective at engaging the under 35 age group.
- Other channels: Recruit advertising and television are the main sources of information followed by internet news.

- Advertising: The current television advertisements are communicating messages of adventure, service, providing great careers and providing training.

Equal Employment Opportunities

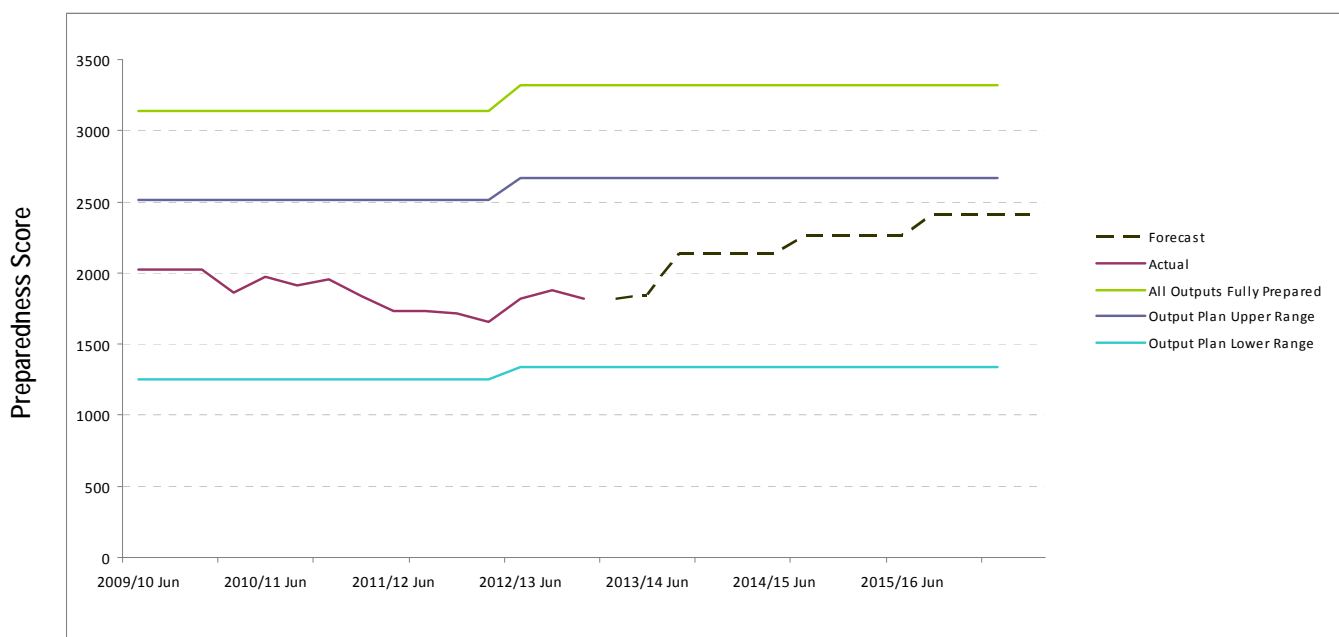
The NZDF is committed to ensuring the identification and elimination of any policy, procedural or institutional barriers that have the potential to impact on equal employment opportunities. The NZDF recognises that the application of equity and diversity principles enables optimal operations in all environments.

The NZDF is strongly committed to ensuring the identification and elimination of any policy, procedural or institutional barriers that have the potential to impact on equal employment opportunities. The NZDF recognises that the application of equity and diversity principles is an enabler for Joint Operational Excellence.

In the 2012/13 year, NZDF equity and diversity activities have included the following:

- On International Women's Day (8 March), the Chief of Defence Force launched a NZDF Women's Development Steering Group (WDSG). Its roles include providing strategic advice on ways to increase women's participation across the NZDF, and championing initiatives for women within the NZDF.
- The WDSG arranged and co-ordinated a pan-NZDF Women's Development Forum themed 'Future 35: Seizing Opportunities for Women.' The two-day forum was attended by approximately 200 NZDF personnel, representing each of the Services, regular force, reserve and civilian personnel. Speakers included the Hon Judith Collins (Minister of Justice, ACC and Ethnic Affairs); Chief of Defence Force, LT GEN Rhys Jones; and Elizabeth Broderick, Sex Discrimination Commissioner, Australian Human Rights Commission.
- Elizabeth Broderick presented to the Defence Force Leadership Board on the review she led into the treatment of women in the Australian Defence Force.
- In October 2012, the RNZAF held a Women's Forum, 'Growing for Success' which focussed on mentoring, personal development and organisational success. A keynote speaker was Dr Judy McGregor, the then EEO Commissioner at the New Zealand Human Rights Commission.
- The NZDF and Service Maori Cultural Groups participated in national and international events for e.g., the RNZAF Kapa Haka contingent supported the US-NZ Partnership Forum in Washington.
- The NZDF celebrated Samoan Language week with a fono for Wellington-based Pacific Island personnel.
- 'OverWatch', a group that provides peer support, guidance and advice to the NZDF's gay, lesbian, bisexual, transgender and intersex community established a strong online presence on the NZDF intranet providing several online self help tools for all members of the Defence Force. OverWatch participated in community events such as Wellington's 'Out in the Square' and Auckland's 'Big Gay Out'. NZDF personnel, including uniformed and civilian members, family members and straight allies marched in the Auckland Pride Parade.
- The NZDF regularly rolls out prevention measures and continues to enhance its management of discrimination, harassment and bullying.

Figure 4: Aggregated Operational Preparedness of NZDF Force Elements



Overall, the aggregate level of preparedness of force elements is in the ‘substantially prepared’ range between the Output Plan upper and lower score ranges, as shown in Figure 4 above. This reflects the intended level of preparedness of the NZDF as a whole, with preparedness being generally held higher for security threats closer to home, and lower for events further afield. The NZDF does not plan, nor is it resourced, to hold force elements at the fully prepared level across all possible security threats at all times. The level of preparedness during the reporting year reflects the unavailability of platforms due to the introduction into service of new and modernised capabilities. Another factor is the sustainment of operational commitments overseas, e.g., Afghanistan and Solomon Islands, which sometimes meant that personnel and their equipment were unavailable within designated response times to prepare for additional missions. As shown above, aggregate preparedness levels are forecast to increase as upgraded and new military capabilities enter service in accordance with the Defence Capability Plan.

(The 2012-2013 preparedness score increases to the baselines were due to the streamlining of the Mine Countermeasures (MCM) and MCM Diving Forces to Littoral Warfare Support Forces from 1 July 2012. This new output now incorporates military hydrography, after the decommissioning of HMNZS *Resolution* on 27 April 2012).

Summary of Expenditure

NZDF expenditure for the year ended 30 June 2013 was \$2.218 billion, exclusive of GST. Of this total, \$453 million (20%) was returned to the Crown as capital charge for the use of Defence assets.

A graphical summary of expenditure by function and Service is shown in Figures 5 and 6 below. The full financial statements and notes are shown in Section 5 of this report.

Figure 5: Expenditure by Function

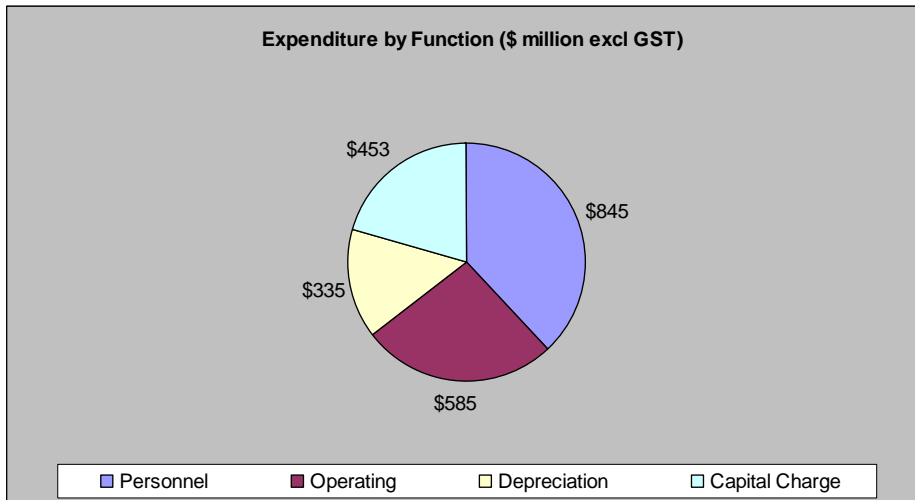
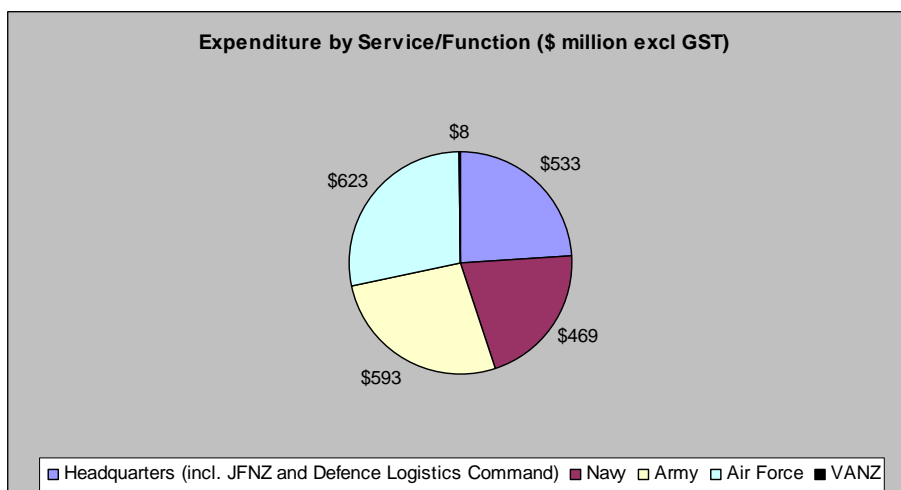


Figure 6: Expenditure by Service/Function



Availability of Information

Further information or enquiries regarding the Defence Force, including a more detailed description of the force elements and units referred to in this report, is available to the public from the following websites and sources:

New Zealand Defence Force: www.nzdf.mil.nz and <http://www.facebook.com/NewZealandDefenceForce>

Defence Communications Group: dcg@nzdf.mil.nz

Headquarters New Zealand Defence Force

2–12 Aitken Street, Wellington 6011

Defence Library: defence.library@nzdf.mil.nz

Headquarters New Zealand Defence Force

2–12 Aitken Street, Wellington 6011

Navy: www.navy.mil.nz and <http://www.facebook.com/pages/Royal-New-Zealand-Navy/>

Navy Today (Monthly publication)

Torpedo Bay Navy Museum: – www.navymuseum.co.nz

Torpedo Bay, Devonport, Auckland

Army: www.army.mil.nz and <http://www.facebook.com/OfficialNZArmy>

Army News: Fortnightly publication

National Army Museum: – www.armymuseum.co.nz

Waiouru

Air Force: www.airforce.mil.nz and <http://www.facebook.com/RoyalNewZealandAirForce>

Air Force News: Monthly publication

Air Force Museum of New Zealand: – www.airforcemuseum.co.nz

Wigram, Christchurch

Ministry of Defence: www.defence.govt.nz

Legislation

The primary legislation administered by the NZDF is as follows:

Armed Forces Canteens Act 1948

Armed Forces Discipline Act 1971

Court Martial Act 2007

Court Martial Appeals Act 1953

Defence Act 1990

Military Decorations and Distinctive Badges Act 1918

Naval and Victualling Stores Act Repeal Act 1998

Patriotic and Canteen Funds Act 1947

Veterans' Affairs Act 1999

Visiting Forces Act 2004

War Funds Act Repeal Act 2003

War Pensions Act 1954

The NZDF also administers numerous regulations, orders and warrants. The Defence Amendment Bill, which will amend the Defence Act, is currently on the Government's legislative programme.

SECTION 2: ACHIEVING HIGH-LEVEL POLICY GOALS AND OUTCOMES

The Government's overarching goal is to grow the New Zealand economy in order to deliver greater prosperity, security and opportunities to all New Zealanders. The External Sector contributes to this goal in several ways through:

- activities to reduce or manage the risks to New Zealand from global and regional insecurity and trans-national threats (a critical precondition underpinning economic growth and social well-being);
- aid to promote the security and sustainable economic growth of developing countries, especially in our region;
- contributions to the development of international rules for dealing with global issues and promoting the conduct of international trade and commerce;
- work to increase the competitiveness of New Zealand business; and
- initiatives to assist the flow of people, capital, trade, technology and ideas to New Zealand to build a more competitive resource base for the economy.

The particular contribution that Defence makes to national security interests was amplified within the Defence White Paper 2010:

- a safe and secure New Zealand, including its borders and approaches;
- a rules-based international order, which respects national sovereignty;
- a network of strong international linkages; and
- a sound global economy underpinned by open trade routes.

The Defence Act 1990 ("the Act") provides for armed forces to be raised and maintained for:

- the defence of New Zealand and the protection of its interests, whether in New Zealand or elsewhere;
- the contribution of forces under collective security treaties, agreements and arrangements; and
- the contribution of forces to the United Nations or other organisations or states for operations in accordance with the principles of the United Nations Charter.

The Act also allows the Armed Forces to be made available for the performance of public services and assistance to the civil power in time of emergency, either in New Zealand, or elsewhere.

Taking the Defence policy context and strategic outlook as contained within Chapters 2 and 3 of the Defence White Paper 2010, the Government expects the NZDF to contribute to the advancement of national security interests and achievement of Defence outcomes within the provisions of the Act, by being able to conduct the following principal tasks over the next 25 years:

- to defend New Zealand's sovereignty;
- to discharge our obligations as an ally of Australia;
- to contribute to and, where necessary, lead peace and security operations in the South Pacific;
- to make a credible contribution in support of peace and security in the Asia-Pacific region;
- to protect New Zealand's wider interests by contributing to international peace and security, and the international rule of law;
- to contribute to all-of-government efforts at home and abroad in resource protection, disaster relief, and humanitarian assistance;
- to participate in all-of-government efforts to monitor the international strategic environment; and
- to be prepared to respond to sudden shifts and other disjunctions in the strategic direction.

The order of these tasks reflects the extent to which the Government has choice over any deployment of the NZDF. The NZDF conducts these principal tasks, and hence contributes to the achievement of Defence outcomes; through the delivery of the NZDF outputs (see Section 3 Statement of Service Performance). A full discussion of the principal tasks can be found at Chapter 4 of the Defence White Paper 2010.

The themes that flow from the Government's overarching goal through to achievement of Defence outcomes, by way of conduct of the principal tasks and delivery of NZDF outputs, are encapsulated within the NZDF mission statement:

“To secure New Zealand against external threat, to protect our sovereign interests, including in the Exclusive Economic Zone (EEZ), and to be able to take action to meet likely contingencies in our strategic area of interest.”

Outcome Measures

In response to the 2010/11 financial review of the NZDF by the Foreign Affairs, Defence and Trade Select Committee of Parliament, the NZDF has developed more realistic and measurable measures for its higher level outcomes. These were included in the 2012 - 2015 Statement of Intent and are reported on, as far as data is available and controllable by the NZDF, in the following section. A number of case studies have also been provided to supplement these measures.

During the year, the NZDF also commenced a review of its output structure in conjunction with the Ministry of Defence and central agencies. This review is on hold pending the results of the Defence Midpoint Rebalancing Review. The intent of the output review is to provide clearer linkages to the Government's expected outcomes, therefore making it easier to demonstrate that value for money is being achieved. As a result, the outcome measures reported on below will be further refined to support these linkages.

Outcome Framework

The NZDF's outcome framework (as included in the 2012 – 2015 Statement of Intent) is shown at Figure 7 below.

Figure 7: NZDF Outcome Framework

NZDF OUTCOME FRAMEWORK							
MISSION							
To secure New Zealand against external threat, to protect our sovereign interests including in the Exclusive Economic Zone (EEZ), and be able to take action to meet likely contingencies in our strategic area of interest							
NATIONAL SECURITY INTERESTS							
A safe and secure New Zealand, including its border and approaches	A rules-based international order, which respects national sovereignty			A network of strong international linkages		A sound global economy underpinned by open trade routes	
DEFENCE OUTCOMES							
A secure New Zealand, including its people, land, territorial waters, EEZ, natural resources, and critical infrastructure	Reduced risks to New Zealand from regional and global insecurity			New Zealand values and interests advanced through participation in regional and international security systems		New Zealand is able to meet future national security challenges	
IMPACTS/EFFECTS							
Reduced risk of a direct threat to New Zealand and its territories	Reduced illegal activities within New Zealand and South Pacific EEZs	Reduced risk of a direct threat to a member of the Pacific Islands Forum	Mitigate the risk of a direct threat to Australia	Lessen the adverse effects of conflict and humanitarian crisis in the Asia-Pacific region as part of New Zealand's contribution to FPDA	Lessen the threats to international peace and security if requested or mandated by the UN	Reduced risk of not detecting any serious deterioration in the international strategic environment	
Increased opportunities for New Zealanders	Increased awareness of New Zealand's military heritage	Lessen the adverse effects from natural and man-made disasters					
PRINCIPAL TASKS							
New Zealand's sovereignty defended	Contribute to all of government efforts at home and abroad in resource protection, disaster relief, and humanitarian assistance	Contribute to, and where necessary, lead peace and security operations in the South Pacific	Obligations as an ally of Australia discharged	Make a credible contribution in support of peace and security in the Asia Pacific region	Protect New Zealand's wider interests by contributing to international peace and security, and the international rule of law	Participate in all-of-government efforts to monitor the international security environment	Prepared to respond to sudden shifts and other disjunctions in the strategic environment
EMPLOYMENT CONTEXTS (Likely security challenges that could threaten National Security Interests and Defence Outcomes)							
OUTPUTS (Operationally Deployed Forces, Government & Community Support, Operational Preparedness, Policy Advice)							

Contributions Made to Achievement of Outcomes

Table 4: Outcome 1: Secure New Zealand, including its people, land, territorial waters, exclusive economic zone, natural resources and critical infrastructure

Impacts/Effects	Outcome Measures	Target	Results
Reduced risk of a direct threat to New Zealand and its territories.	Assessment of New Zealand's security environment.	Low current risk status and stable direction of change.	<p>The security outlook for New Zealand and its EEZ is 'very low' with a 'stable' outlook. A direct threat to New Zealand and its EEZ remains highly unlikely. There have been no material changes to New Zealand's security outlook during the period of this report. (Source: Ministry of Defence Annual Report for the year ended 30 June 2012). While this assessment will be updated in the Ministry's Annual Report for the year ended 30 June 2013, it is unlikely to change.</p> <p>The NZDF helps protect New Zealand's interests in its maritime domain through surveillance patrols and interdiction capabilities. It does this as part of a coordinated all-of-government effort, in support of agencies including the New Zealand Customs Service and the Ministry for Primary Industries (MPI).</p> <p>The NZDF has also provided strategic military intelligence advice and military input to threat assessments.</p>
	Collection, collation and dissemination of military intelligence and operational policy advice on areas of interest to New Zealand.	High quality products and high satisfaction from relevant stakeholders.	<p>Contributions to National Assessments Committee Reports, liaison provided to intelligence groups, production of military threat assessments and other reports as required in relation to military operations.</p> <p>In conjunction with the Ministry of Defence, the provision of operational policy advice and threat assessments on operational deployments.</p>
	Assets available to meet security challenges and defence tasks in New Zealand and its environs.	Force elements available at designated degrees of notice (DON) ² and directed levels of preparedness. Where applicable, to satisfaction of agency concerned.	<p>Appropriate force elements were available at DON and directed levels of preparedness to meet security challenges within New Zealand and its territories.</p> <p>Counter-Terrorist and Chemical, Biological, Radiological, Explosive, Improvised Explosive Device Disposal (CBRE IEDD) response teams available at designated degrees of notice to support to the New Zealand Police. 1 NZ EOD Squadron also responded to callouts in support of the New Zealand Police.</p> <p>Support provided to Antarctica New Zealand. (See Case Study below and section on support provided to the Government and community).</p>
Reduced illegal activities within New Zealand and South Pacific EEZs.	Assets available to the National Maritime Coordination Centre (NMCC) to meet requirements for border patrol and maritime surveillance tasks within the New Zealand EEZ, South Pacific region and Southern Ocean.	Provide sea days and flying hours and planned patrol and support/response tasks to the satisfaction of NMCC.	<p>Assets and crew (primarily Orion aircraft and Naval Patrol vessels) assisted the NMCC to achieve maritime domain awareness through planned patrols and short notice response tasks, including Tapestry (NZ EEZ), Mawsoni (Southern Ocean) and NORPAT (South Pacific) patrols.</p> <p>HMNZS <i>Otago</i> conducted fisheries patrols of the Samoan and Cook Island Exclusive Economic Zones. HMNZS <i>Otago</i> also conducted Operation Endurance, assisting Department of Conservation staff with transport between the Campbell Islands, Auckland and Snares Islands.</p> <p>The Ministry of Foreign Affairs and Trade (MFAT) assessed surveillance patrols in the South Pacific under the Forum Fishery Agency and in the sub-Antarctic region under the Commission for the Conservation of Antarctic Living Resources (CCAMLR) as very good.</p> <p>The MPI assessed the NZDF's response to pre-planned surveillance and patrol services and "one off" response tasks as acceptable and effectiveness of services as very good. MPI has reported that aerial patrols have a strong deterrence effect and are extremely valuable for locating contacts in an area quickly and identifying vessel activity without giving prior warning of a presence.</p> <p>The New Zealand Customs Service assessed the NZDF's effectiveness of pre-planned surveillance/patrol services as good and other general and one-off surveillance and patrol services as very good.</p>

² Degrees of Notice (DON) – force elements are available at short notice (i.e., "go as you are" within hours), as opposed to a longer Response Time (RT) normally in days and required to make any necessary personnel, equipment or training preparations for operational deployments.

Impacts/Effects	Outcome Measures	Target	Results
			<p>The Department of Conservation assessed the NZDF's effectiveness of pre-planned surveillance/patrol services and sea and air transport to off-shore islands as excellent for both response and effectiveness.</p> <p>The New Zealand Police assessed the NZDF's performance as excellent for the support provided (including helicopter support, EOD, search and rescue and training). In relation to the recovery operation of a crashed aircraft off the Kawhia coast in April 2013, the New Zealand Police advised that "the assistance from Navy has decreased both the search time and numbers of police personnel required. This has increased the success of the mission and the service provided to next of kin. The plane crash off Raglan highlighted the outstanding service that the RNZN has provided."</p> <p>The NMCC assessed the NZDF's performance as needs improvement for response (availability of assets) to pre-planned surveillance and patrols and very good for effectiveness in both pre-planned surveillance and "one off" patrols. The vast majority (upwards to 90%) of tasks allocated by the NMCC were completed by the NZDF.</p> <p>Antarctic New Zealand assessed the NZDF's performance as very good for response and effectiveness.</p>
Lessen the adverse effects arising from natural and manmade disasters.	Responses to emergency call outs achieved within the Degree of Notice (DON) and to the satisfaction of the agency concerned.	Assets available at designated DON for call outs to satisfaction of requesting agencies.	<p>The NZDF is regularly called on to provide support to government departments and local authorities in response to emergencies, including assistance to maintain law and order and following natural disasters. Recent examples are the Canterbury earthquakes and the grounding of MV <i>Rena</i>.</p> <p>The NZDF provides Special Operations Forces in support of the national counterterrorism capability.</p> <p>The NZDF has a standing arrangement with the Department of Corrections to assist in the running of prisons in the event of a dispute.</p> <p>Applicable assets were available within the DON.</p> <p>The NZDF provided reserve force personnel for part of the Red Zone cordon force for Operation Christchurch earthquake. This assistance formally ended on 30 June 2013.</p> <p>The NZDF provides search and rescue and maritime surveillance capabilities to Pacific Island nations lacking in specialist resources, such as long-range patrol aircraft. It also assists in humanitarian assistance and disaster relief operations in the Pacific and South-East Asia.</p> <p>The NZDF provided damage assessment and transportation of essential supplies to Samoa and Fiji following Tropical Cyclone Evan and search and rescue assistance around Fiji and Tarawa. MFAT assessed the aerial reconnaissance in Fiji (Northern Vanua Levu and Yasawa Islands) and the search for a number of fishermen as excellent. MFAT also reported that planning and communication for the aerial reconnaissance of Samoa following Cyclone Evan needed improvement.</p> <p>HMNZS <i>Otago</i> supported the Department of Conservation fighting fires on Great Barrier Island.</p>
Increased opportunities for New Zealanders.	Support to New Zealand Cadet Forces (NZCF) and Youth Development.	Provision of training and support staff and resources.	<p>25 courses conducted for NZCF officers and 33 courses conducted for NZCF cadets. 18 Limited Service Volunteer courses provided, and an average of 20 Service Academies, and four Military-Style Camps supported.</p>
Increased awareness of New Zealand's rich military heritage.	Support to Service Military Museums.	Provision of staff, infrastructure and resources.	<p>The NZDF provides routine support (for example, air and land transport, specialist training, and ceremonial support) to other government departments and agencies.</p> <p>Support provided to Navy, Army and Air Force Museums.</p> <p>The NZDF assisted in the planning and conduct of two significant overseas military commemorations - the 70th Anniversaries of the Battle of El Alamein and New Zealand's involvement in the War in the Pacific.</p>

Table 5: Case Study - Support to Antarctica

What the NZDF sought to achieve	What action was taken	What was the result
<p>To contribute to the continued NZ Government involvement in Antarctica through the Antarctic Treaty system and maintaining its long term influence, commitment to and credible presence in the Ross Sea region.</p> <p>NZDF involvement is coordinated through collaboration with Antarctica NZ and its partner nations in the Ross Sea region by the provision of logistics support and specialist personnel skills.</p>	<p>During the 2012/13 season, approximately 200 NZDF personnel deployed in support of Operation Antarctica.</p> <p>C-130 and B757 airlift between New Zealand and Antarctica.</p> <p>Provision of standby aircraft to support emergency recovery for USAF C-17 operations outside the main season</p> <p>Provision of communications, liaison, engineering and administrative support to Scott Base.</p> <p>Provision of cargo and passenger handling capability to supplement RNZAF Air Movements Christchurch in order to conduct terminal operations.</p> <p>Conduct of surface transport tasks at McMurdo Station and Scott Base to support the annual ship offload.</p> <p>Seventeen military engineers conducted engineering, construction and de-construction tasks at McMurdo Station.</p> <p>Provision of an Airdrop Rigging Team to rig parachute loads for an airdrop in support of the United States Antarctic Programme (USAP) in Antarctica.</p> <p>40 Squadron aircraft maintenance technicians provided staff augmentation with the US Air National Guard in McMurdo Station in order to improve cold weather maintenance experience.</p>	<p>Air logistics support provided to Antarctica New Zealand and the joint logistics pool through six C-130 and four B757 flights carrying over 460 personnel and 177 tonnes of equipment.</p> <p>Emergency recovery standby to USAF C-17 air bridge operations.</p> <p>Eight personnel deployed to Scott Base to augment Antarctica NZ staff for the Summer season.</p> <p>Provision of cargo and passenger handling services for RNZAF, US and other nations flights between Christchurch and McMurdo Station at Harewood Terminal, Christchurch.</p> <p>Timely and effective stevedoring and driver support to the annual cargo ship off and on load.</p> <p>Efficient horizontal and vertical construction, de-construction and engineering maintenance support to McMurdo station operations.</p> <p>Maintaining closer defence relationships and interoperability with the USAF and US Air National Guard through support to C-17 air drop taskings and augmentation of US maintenance crew based at McMurdo station.</p> <p>Maintenance of closer working relationships through multi-agency and international engagement in conjunction with Antarctica NZ and the USAP in order to demonstrate that the NZDF is a reliable and valued stakeholder.</p> <p>Antarctica NZ assessed the NZDF's performance as very good for response and effectiveness.</p> <p>MFAT is aware that the NZDF support provided to the running of Scott Base, McMurdo Station, the USAP, and operations at Christchurch is valued and appreciated by all involved. The NZDF and MoD's constructive participation in the Officials' Antarctic Committee has also been appreciated by MFAT.</p>

**Table 6:
Outcome 2: Reduced Risks from Regional and Global Insecurity**

Impacts/Effects	Outcome Measures	Target	Achievement
Reduced risk of a direct threat to a member of the Pacific Islands Forum.	Surveillance and intelligence of South Pacific EEZs.	Provide planned sea days and flying hours for surveillance and presence.	Patrol vessel sea days and Orion air hours were made available to the NMCC for tasking.
	Force elements available to respond to likely threats including EC 2B (Disaster Relief) and EC 2E (conflict in South Pacific).	Force elements at designated DON and able to meet RTs.	<p>Elements were available within the appropriate DON for EC 2B.</p> <p>Applicable elements were available to respond to EC 2E events.</p> <p>High Readiness Platoon, as part of ANZAC Ready Response Force, was available at designated DON for humanitarian and disaster relief in South-West Pacific.</p> <p>Engineer and medical assistance was provided to Samoa as part of Exercise Pacific Partnership. MFAT reported that the NZDF had a good understanding of development requirements for this exercise and incorporated this into planning.</p> <p>Participation in Exercise Tropic Twilight to undertake humanitarian assistance tasks in Tokelau and Vanuatu.</p>
	Mutual Assistance Programme.	110 – 140 activities planned.	<p>Ninety eight activities were delivered within South Pacific and South-East Asia.</p> <p>The success rate of MAP students attending training was very high. There were no training failures and no trainees were removed from training during the reporting period. (See also Output 15.1).</p>
Mitigate the risk of a direct threat to Australia	Force elements at designated DON and preparedness levels to respond to likely threats.	DON and Response Times met.	Force elements were available and prepared to respond to assist with likely threats for associated ECs.
	Joint planning and exercises.	Completion of Master Activity Schedule exercises and activities.	<p>Inter-operability and standardisation achieved through joint operations for the Regional Assistance Mission Solomon Islands, the UN Mission in Timor-Leste, and joint exercises, including Exercises Deployed Nautilus (operational diving), Dugong (MCM, Diving and EOD/IEDD), Hamel (warfighting skills), Kakadu (maritime), Long Reach (humanitarian aid and disaster relief), Pitch Black (tactical air transport) and Triton Storm ((maritime strike).</p> <p>Two NZDF personnel were based at the Australian Defence Force's Deployable Joint Force HQ in support of the ANZAC Ready Response Force.</p> <p>Participation in regular AUS/NZ Defence Co-ordinating meetings on the regional security situation, joint operations, and respective force development and capability plans.</p> <p>Progress made on implementing the Review of the Australia-New Zealand Defence Relationship, which was endorsed by Ministers in January 2012. This includes a revised relationship management framework and enhanced cooperation in capability development and procurement.</p>

Impacts/Effects	Outcome Measures	Target	Achievement
<p>Lessen the adverse effects of conflict and humanitarian crisis in the Asia-Pacific region as part of New Zealand's contribution to the Five Power Defence Arrangements (FPDA) relationship.</p>	<p>Force elements available to respond to likely threats under EC 4F (inter-state conflict)</p>	<p>Partially Prepared</p>	<p>Achieved, except for Airborne Surveillance and Response Forces at longer response times due to the upgrade programme and Rotary Wing Transport Forces at longer response times due to limitations of the Iroquois helicopter.</p> <p>Participated in FPDA exercises Bersama Shield and Suman Warrior. The Naval Combat Force undertook a SE Asia deployment.</p> <p>NZDF medical personnel completed the Vietnam phase of Exercise Pacific Partnership on the USN Ship <i>Mercy</i>.</p> <p>In 2011, New Zealand also participated in the 40th Anniversary of the FPDA. This provided an opportunity to review progress on the future direction of the FPDA and reinforced the continuing commitment of member states to the FPDA.</p> <p>Participated in the Western Pacific Naval Symposium (WPNS). The WPNS comprises navies whose countries border the Pacific Ocean region. It aims to make the Pacific Ocean free from terrorism, smuggling and piracy, and to enhance cooperation among member states in natural disaster mitigation missions.</p> <p>Continued to provide a NZDF Support Unit in Singapore.</p> <p>Continued to provide a liaison officer to the Changi Information Fusion Centre in Singapore to combat piracy in the region.</p> <p>Contributed personnel to the Headquarters Integrated Area Defence System in Butterworth, Malaysia, as part of FPDA.</p>

Table 7: Case Study – NZDF Deployment to Exercise Croix de Sud (held in New Caledonia)

What the NZDF sought to achieve	What action was taken	What was the result
<p>Enhance the NZDF's relationship and reputation with regional partners through successful involvement in Exercise Croix de Sud 12.</p> <p>Improve interoperability with the French Armed Forces in New Caledonia, Australian Defence Force, Papua New Guinea Defence Force, Vanuatu Military Force, and Tongan Defence Service, along with United States and Canadian forces, and British Gurkha forces.</p> <p>Demonstrate the ability to participate in a combined joint Non Combatant Evacuation (NEO) and Humanitarian Aid/Disaster Relief (HADR) in the South West Pacific.</p> <p>Prove and exercise a joint NZDF detached survey capability in a littoral (close to the shore) zone.</p>	<p>Deployed an Infantry platoon (28 personnel) from 1RNZIR and a Maritime Survey Team (MST) of five from the Navy Littoral Warfare Support Force.</p> <p>A NZDF infantry platoon was attached to a French Army Marine Amphibious Infantry company, which also included a platoon from Canada. The NZDF platoon deployed and operated as part of a company from the French Naval Ship (FNS) <i>Jaques Cartier</i> and from HMAS <i>Tobruk</i> during the exercise.</p> <p>Planned and conducted a platoon level NEO and HADR on a remote island to the North West of New Caledonia.</p> <p>MST detachment operated from the FNS La <i>Glorieuse</i> and FNS <i>Jaques Cartier</i> for the duration of the exercise in order to conduct detached survey operations using the ships' boats.</p> <p>One officer was attached to the French Regiment HQ in the Civil-Military Cooperation cell.</p>	<p>Improved interoperability with participating nations.</p> <p>Conducted five days of integration training including platoon level live firing, crowd control, aero-medical evacuation and medical training with the French Army.</p> <p>Enhanced NZDF relationship and reputation with French, Australian, Papua New Guinea, Canadian, American, British Gurkha, Tongan and Vanuatu Defence Forces.</p> <p>Participated in the exercise conducting a deployment from amphibious platforms, HADR, NEO, crowd control and took part in a company level operation.</p> <p>Demonstrated the ability to participate in a combined joint NEO and HADR in the South West Pacific.</p> <p>Demonstrated a Joint NZDF detached survey capability in the littoral (close to shore) zone.</p> <p>Developed and exercised general procedures for NEO and HADR operations at platoon level in the South West Pacific.</p> <p>Participated in a cultural event with participating Armies, which furthered an understanding and reputation of the NZDF.</p> <p>Assisted the French Regiment Command Post with planning and liaison with local agencies, exercise players, environmental factors and civil-military cooperation matters.</p>

Table 8 - Case Study: Exercise Bersama Shield (held in Singapore/Malaysia)

What the NZDF sought to achieve	What action was taken	What was the result
<p>Exercise in a coalition environment and enhance interoperability and strengthen the professional relationships of the Five Power Defence Arrangements (FPDA).</p> <p>Participate in a combined and joint operation in a multi-threat environment.</p>	<p>Participating countries were: Australia, Malaysia, Singapore, New Zealand and United Kingdom.</p> <p>Assets deployed included five surface ships, one submarine and 50 aircraft of various types.</p> <p>NZDF deployed the frigate HMNZS <i>Te Mana</i>.</p> <p>HMNZS <i>Te Mana</i> appointed Task Group commander.</p> <p>Operate and control air assets. (Tactical control of helicopters within the Task Group and Australian Maritime Patrol Aircraft).</p> <p>Operate with submarine asset.</p>	<p>Interoperability was enhanced by a series of workshops for participants to express their training aims, capabilities, strengths and weaknesses.</p> <p>Exercised command and control of a Task Group in a multi-national exercise.</p> <p>Increased professional engagement with foreign partners.</p> <p>Maintained DLOC, in particular the generation of DLOC competencies in Anti Submarine Warfare.</p> <p>Enhanced operator capability in air defence.</p> <p>Training included all facets of warfare in both live and artificial environments.</p>

Table 9: Outcome 3: New Zealand Values and Interests Advanced Through Participation in Regional and International Security Concerns

Impacts/Effects	Outcome Measures	Target	Achievement
<p>Lessen the threats to international peace and security, if requested or mandated by the United Nations.</p>	<p>Provision of operational deployments.</p>	<p>OLOC requirements met.</p> <p>Mission tasks met.</p> <p>Individuals and force elements replaced in a timely manner.</p>	<p>Overseas deployments sustained (see Output Expense 16).</p> <p>The NZDF supported the MoD and MFAT in contributing to the transition groups for the withdrawal of NZDF personnel from Afghanistan, Solomon Islands and Timor-Leste in 2013.</p> <p>The NZDF's operation in Afghanistan was wound down during the reporting year. The Minister of Defence, the Hon Dr Jonathan Coleman told the Foreign Affairs, Defence and Trade Committee for their review of the 2012/13 Estimates for Vote Defence Force that the NZDF has made a positive contribution to security and good governance in Afghanistan, and its service has been very well regarded internationally. The reconstruction team has supported a number of development projects in the province, including improving the runway at the local airport and providing security to agricultural improvement projects. Farmers in the area now have moved from using oxen for ploughing to New Zealand tractors, which should result in major agricultural productivity gains.</p> <p>The Foreign Affairs, Defence and Trade Committee in their review of the 2013/14 Estimates for Vote Defence Force, was told that the United States had highly regarded New Zealand's contribution in Afghanistan, and found our personnel highly trained and professional. New Zealand's Provincial Reconstruction Team and our Special Forces' contributions were highly regarded and served to illustrate that New Zealand was willing to carry out its international security obligations.</p> <p>MFAT assessed the NZDF's response to supporting New Zealand's foreign aid programme in Afghanistan as excellent and effectiveness as very good. NZDF support flights for renewable energy project equipment showed outstanding responsiveness. Overall, the NZDF was engaged and cooperative with the aid programme at all levels and times.</p> <p>MFAT also assessed the NZDF's effectiveness in supporting and coordinating the successful close down of the International Stabilisation Force (ISF) deployment to Timor-Leste as excellent. Positive relations were maintained between NZDF/ISF and the New Zealand Embassy, United Nations Integrated Mission in Timor-Leste (UNMIT) peacekeeping operations, and the Timor-Leste Defence Force. A high profile of New Zealand's brand in Timor-Leste was maintained following the successful draw-down of the deployment. Close cooperation with the Australian Defence Force also enabled greater efficiency and effectiveness. The NZDF also assisted with arrangements for the visit to Timor-Leste by the Hon Murray McCully and the first-ever Trade Mission.</p>
	<p>Major exercises and training activities completed on the Master Activity Schedule.</p> <p>Overseas visit and exchange programme completed.</p>		<p>Most major exercises and activities in the 2012/13 Output Plan completed, as well as overseas visits and exchanges.</p>
	<p>Membership of principal standardisation agreements and multinational fora.</p>	<p>Maintain membership.</p>	<p>Most notably, New Zealand has longstanding and close security partnerships with Australia, the United States, the United Kingdom and Canada. These partnerships are grounded in common traditions, experiences and values.</p> <p>Australia is our principal defence and security partner. New Zealand's own security is enhanced by the investment which Australia has made in its national defence. Close naval cooperation, capability and procurement cooperation and ongoing operational alignment has been achieved.</p>

Impacts/Effects	Outcome Measures	Target	Achievement
			<p>Our security also benefits from New Zealand being an engaged, active partner of the United States.</p> <p>It is in New Zealand's interests to play a leadership role in the South Pacific for the foreseeable future, acting in concert with our South Pacific neighbours.</p> <p>Peace and security in East Asia rests significantly on the actions of the major powers. Of these, China, Japan, Republic of Korea and the United States are pivotal – and are all important relationships for New Zealand.</p> <p>Participation in bilateral relationships, treaty commitments, and activities with the United States. We also benefit from other linkages, which build confidence and are consistent with the rule of law. Most of the security structures to which we belong or aspire are in our own region, but New Zealand's new and strengthening connection with the North Atlantic Treaty Organisation (NATO) is also of value to us. Sustaining such a range of international linkages takes effort.</p> <p>As New Zealand began to draw down in the NATO/International Security Assistance Force (ISAF) mission in Afghanistan, engagement with NATO was maintained through Ministerial attendance at the NATO/ISAF Defence Ministers' Meeting.</p> <p>Participation in standing arrangements, including American, British, Canadian, Australian and New Zealand Interoperability Program (ABCA), Air and Space Interoperability Council (ASIC), Australia, Canada, New Zealand, United Kingdom, United States Agreement Naval Command, Control and Communications Board (AUSCANNZUKUS), Pacific Army Senior Officer Logistics Seminar (PASOLS), and The Technical Cooperation Program (TTCP).</p>
	<p>Support to regional security institutions.</p>		<p>Playing a leadership role in the South Pacific</p> <p>The Minister of Defence, CDF and senior defence officials attended the inaugural South Pacific Defence Ministers' Meeting in Tonga in May 2013. It was a valuable opportunity to build relationships with regional counterparts, underscore New Zealand's long term commitment to the region, and partner with Australia in maintaining a leading role on South Pacific security matters.</p> <p>New Zealand's assistance in the South Pacific is often provided as part of FRANZ – an agreement between France, Australia and New Zealand on sharing information and assets in response to natural disasters in the Pacific; or QUADS – a cooperation agreement between New Zealand, Australia, France and the United States.</p> <p>The NZDF/MoD also provided policy advice on the development and operation of various NZDF Mutual Assistance Programme country activities. Support was also provided for bilateral talks with Pacific island countries.</p> <p>Australia – New Zealand Relationship</p> <p>The defence bilateral relationship with Australia is in very good shape, characterised by close engagement at all levels. This has included meetings between Ministers, Secretaries of Defence and CDFs and other senior defence officials. As well as supporting engagement at the Ministerial level and senior official level, Ministry of Defence and NZDF officials met regularly with their Australian counterparts on matters of mutual interest, including the regional security situation, joint operations, and respective force development and capability plans.</p> <p>The five Australia – New Zealand working groups conducted their first biannual meetings focused on increasing cooperation and interoperability.</p> <p>Cross-crewing of Navy vessels is one useful strand in the relationship, and evidence of the close interoperability between Australia and New Zealand. Eleven RAN seamen deployed to HMNZS <i>Endeavour</i> while seven RAN seamen deployed aboard HMNZS <i>Wellington</i> on a Pacific patrol. NZDF and ADF personnel also participated in exchanges between the two countries.</p>

Impacts/Effects	Outcome Measures	Target	Achievement
			<p style="text-align: right;">Asia-Pacific</p> <p>In the Asia-Pacific region, we helped to maintain and improve New Zealand's security position by continuing our extensive programme of bilateral and multilateral engagement. NZDF elements participated in FPDA exercises and activities as well as defence related ASEAN Regional Forum activities such as the Defence Officials' Dialogue in Brunei in November 2012. New Zealand also demonstrated its ongoing commitment to the ASEAN regional architecture by attending senior officials working groups and meetings, as well as activities of the five expert working groups.</p> <p>New Zealand has continued to co-chair with the Philippines the ASEAN Defence Ministers Meeting-Plus (ADMM-Plus) Experts' Working Group (EWG) on Peacekeeping Operations (PKO). In November 2012, as co-chair, we assisted to conduct, in cooperation with the International Committee of the Red Cross and hosted by Indonesia, a workshop on the operational challenges facing PKO. In turn, New Zealand hosted a workshop in Wellington in April 2013 on force generation for peacekeeping operations. This represents a continuing significant contribution by New Zealand to the regional security architecture.</p> <p>In June 2013, the Commander Joint Forces New Zealand attended the first ADMM-Plus field exercise (focusing on humanitarian and disaster relief) in Brunei. The NZDF also contributed eight staff to this exercise.</p> <p>New Zealand has also been successful, subject to final ADMM-Plus endorsement, in gaining the co-chair, along with Brunei, of the Maritime Security EWG for the next three-year cycle commencing in 2014. This will allow New Zealand to remain engaged in a meaningful and practical way in the regional architecture in an area where we have relevant experience and are able to make a meaningful contribution.</p> <p style="text-align: center;">Building on the Wellington Declaration with the United States</p> <p>The US-NZ defence relationship is on a strong upward trajectory, with the Washington Declaration and former Secretary of Defence Panetta's visit to New Zealand in 2012 having given it real impetus. Limited impediments to certain kinds of military engagement remain, but the overall relationship is characterised by a "can do" attitude and a desire to maximise opportunities to greatest mutual benefit.</p> <p>The two countries are working together with training and exercises in peacekeeping and humanitarian assistance to further their shared interests in the Asia-Pacific region.</p> <p>Other signs of the growing relationship is the participation of the NZDF over the last year in the maritime exercise RIMPAC in Hawaii, the amphibious exercise Dawn Blitz in Southern California, and the visit of the frigate HMNZS <i>Te Mana</i> to the US Navy base in Guam. This is the first time a New Zealand Navy ship has docked at a US Navy facility in a bilateral capacity for almost 30 years.</p>
		<p>Maintain membership of the Combined Maritime Forces (a multi-national partnership to promote stability, security and prosperity across international waters).</p>	<p>During the year, the NZDF contributed personnel to Combined Task Force 151 for counter piracy operations in the Gulf of Aden and Somali Basin.</p> <p>During the reporting period, the Minister of Defence the Hon Dr Jonathan Coleman announced that the NZDF would conduct a series of deployments to assist the international anti-piracy patrols in the Gulf of Aden, Indian Ocean and Gulf of Oman later this year and from mid-2014.</p> <p>Participated in the International Mine Counter Measures Exercise in the Gulf to demonstrate New Zealand's commitment to protecting vital international shipping routes.</p>
<p>Reduced risk of not detecting any serious deterioration in the international strategic environment.</p>	<p>Force elements prepared to respond to global terrorist threats under EC 5D.</p>	<p>Substantially Prepared.</p>	<p>All force elements at Substantially Prepared except for Land Combat Support, Land Combat Service Support, Naval Helicopter Forces, ASRF and RWTF at longer response times, due to personnel and equipment limitations.</p> <p>To build and maintain international defence relationships, the NZDF provides officers accredited as defence advisors/attachés to 35 countries.</p>

Table 10: Case Study – Operation Scoria (Middle East)

What the NZDF sought to achieve	What action was taken	What was the result
<p>To effectively continue its long-standing support to the United Nations Truce Supervision Organisation (UNTSO) and the UN in its peace keeping duties and the Middle East peace process. UNTSO is tasked with observing and supervising regional cease-fire arrangements and assist the parties to implement Armistice Agreements.</p> <p>NZDF commitment to this mission demonstrates New Zealand's commitment to peace in this vital and volatile region.</p>	<p>Ongoing deployment of up to eight NZDF officers. NZDF support to this mission started in 1956.</p> <p>NZDF officers are deployed for a period of 12 months.</p> <p>The contingent currently consists of one staff officer (Chief Liaison Officer Amman and Tel Aviv [CLOATA]) and seven UN Military Observers (UNMOs).</p> <p>The CLOATA is a one-off appointment and the incumbent will complete his tour of duty in September 2013.</p> <p>The contingent also provides representational and ceremonial functions. Among these are National Day celebrations, medal parades, memorial events such as ANZAC Day, El Alamein commemorations and UNTSO anniversaries.</p>	<p>The contingent personnel have been fully involved in UNTSO operations and contributed significantly to the mission achieving its goals.</p> <p>The NZDF officers are highly regarded and considered an essential component in the delivery of the UNTSO effect.</p> <p>The current NZDF deployment to UNTSO marks 57 years of continuous commitment.</p> <p>Given the dynamic security environment in the Levant region, the security and safety of our personnel is paramount and NZDF is constantly monitoring the security situation.</p> <p>There have been several security related incidents involving New Zealanders, which raised the NZ contribution profile in theatre, and which validated NZ risk mitigation measures.</p>

Table 11: Outcome 4: New Zealand Able to Meet Future National Security Challenges

Impacts/Effects	Outcome Measures	Target	Achievement
Reduced risk of not detecting any serious deterioration in the international strategic environment.	Assessment of New Zealand's security environment	Low threat and stable direction of change	<p>The NZDF and Ministry of Defence (collectively "Defence") works closely with other agencies, including the Ministry of Foreign Affairs and Trade, the Department of the Prime Minister and Cabinet and the New Zealand Police to deliver the Government's outcomes in the national security sector.</p> <p>The Officials Committee for Domestic and External Security Coordination (ODESC) provides leadership and coordination of all-of-government responses to national security issues at departmental level. Both the Chief of Defence Force and Secretary of Defence are members of ODESC. ODESC considers major defence issues before advice is submitted to Ministers.</p> <p>See also contribution to Outcome 1 above.</p> <p>International Engagement Programme.</p>
	Collection, collation and dissemination of military intelligence and operational policy advice on areas of interest to New Zealand	<p>In conjunction with the Ministry of Defence (MoD), threat assessments provided to Cabinet for all new and extended operational deployments</p> <p>Contributions relating to NZDF operations provided to National Committee Assessments Reports</p>	<p>Threat assessments provided to Cabinet for all new and extended operational deployments.</p> <p>Contributions relating to NZDF operations provided to National Committee Assessments Reports (see also Output 1 in Section 3).</p>
	Reporting the preparedness and evaluation of operational outputs	Accurate, timely and complete reports	Operational Preparedness reported quarterly to Defence Force Leadership Board.
	Policies and processes to manage requirement for the acquisition, introduction into service and through-life management of effective capabilities	Improved capability management	<p>Worked closely with the MoD and New Zealand Defence Industry Advisory Council (NZDIAC).</p> <p>Provided support to the annual Minister of Defence Awards of Excellence to Industry and the awards presentation dinner that concluded the NZDIAC forum on 17 October 2012.</p> <p>Defence Capability Plan released in September 2011.</p> <p>In December 2012, Defence produced their third Major Defence Projects Report (MPR). The first MPR was released in 2010 to improve the quality, transparency, and usefulness of reporting on defence capability projects.</p> <p>Defence continues to develop and implement the relevant recommendations from the Defence White Paper 2010. Foremost amongst these changes has been the establishment and development of the Capability Management Board and related improvements in governance and processes within Defence for capability management. Defence has been assisted in this process by the appointment of two independent board members. The appointment of external advisers with extensive experience in complex asset and project management brings a valuable commercial perspective as well as objective, independent views to discussions.</p>

Impacts/Effects	Outcome Measures	Target	Achievement
			<p>Readers are referred to the 2012 MPR for progress against other tasks.</p> <p>The Office of the Auditor-General reviewed Part 1 of the 2012 MPR, which provides Defence's summary assessment of its performance in managing and delivering the eight capability projects. Overall, the Auditor-General considered that Defence had presented a realistic assessment of its performance in managing the projects.</p>
	<p>Select Committee Reports</p>	<p>Satisfaction from Foreign Affairs, Defence and Trade and Finance and Expenditure Committees of Parliament</p>	<p>The Foreign Affairs, Defence and Trade Committee acknowledged in their 2011/12 financial review of the NZDF, that the NZDF has had an extremely difficult year, with deaths in action and disruption from organisational change.</p> <p>The Committee also noted that the Office of the Auditor-General had given the NZDF a "needs improvement" grade for its financial information systems and controls, down from "good" in the previous year. The Committee was pleased to note that the grade for service performance and associated systems and controls improved on the previous year, and encouraged the NZDF to make similar progress on its financial information systems and controls.</p> <p>The Committee also heard that the NZDF reform programme is prioritising the following: maintaining front-line capabilities, retaining personnel through competitive remuneration, acquisition investment to drive further efficiency gains, and meeting operating costs.</p> <p>The Committee also heard that the savings target of \$350-\$400 million is progressing well. The target [for the financial period under review by the Committee (2011/12)] was \$130-\$150 million in savings, of which \$143 million has already been achieved. These savings have allowed NZDF to inject \$45 million into remuneration and \$40 million into a one-off buy-back or buy-out of entitlements and conditions of service that are being phased out.</p> <p>Costs are also being driven down in the growing use of simulation for training and in IT advances, which save on the costs of equipment and personnel for training and for operations.</p>
	<p>Results of MoD output evaluations</p>	<p>Outputs delivered to the required standard</p>	<p>In their evaluation of Land Combat Outputs for 2011/12, dated August 2012, the MoD concluded that appropriate elements were delivered to the required standard, but personnel shortages in some trades and equipment availability presented risks to concurrent responses.</p>

Table 12: Strategic Performance

Objectives	Measures	Results
Stakeholder Expectations		
S1 – Provide Future Military Capability	<ul style="list-style-type: none"> • OLOC³ generation Plans to meet OE16 • OPRES – Force Elements at DLOC³ • OPRES – Future predictions of DLOC • Introduction of new Capabilities 	<p>Deployed operational missions delivered and successful extraction of forces from completed missions (Afghanistan, Timor-Leste and Solomon Islands).</p> <p>Effective Military Response Options available.</p> <p>Outputs delivered to the levels specified in the NZDF Output Plan.</p> <p>Multi-Agency support provided.</p> <p>Force elements were at DLOC for likely events and OLOC for deployed operations. Future DLOC predictions provided as part of OPRES.</p> <p>Upgrade programmes for Orion and Hercules aircraft progressed and four of the new NH90 helicopters delivered. A P-3K2 Orion successfully completed its second eight-hour surveillance operational test and evaluation on 15 May 2013 to complete a number of tasks for the Ministry for Primary Industries.</p> <p>Revised Introduction into Service project transition plans have been put in place or are under development for the new helicopters, and upgraded Orions and Hercules aircraft.</p> <p>Two Rapid Environmental Assessment vessels introduced into service.</p> <p>Work continued on replacements for HMNZ Ships <i>Endeavour</i> and <i>Manawanui</i> and Seasprite helicopters.</p>
S2 – Deliver and Effective and Efficient NZDF	<ul style="list-style-type: none"> • Ongoing Attitude Survey • Budget Predictions • NZDF Reputation 	<p>Attitude survey continued. Attrition reduced and morale improved.</p> <p>Four-Year Budget Plan completed (Dec 2012).</p> <p>TNS Public Perceptions Survey of the NZDF conducted (Dec 2012)</p>
Adding Value through Processes and Systems		
W3 – Train for a Joint, Interagency, Multinational Capability	<ul style="list-style-type: none"> • Joint training <ul style="list-style-type: none"> ○ Activities conducted ○ Qualitative assessment 	<p>Progressing well on the Joint Amphibious Task Force and training for Joint Inter-Agency Multinational activities (refer exercises in MAS). Planning undertaken for first major exercise (Southern Katipo 13) during November 2012.</p> <p>The NZDF Amphibious Warfare Course and Exercises Bold Alligator and Dawn Blitz (US Amphibious Exercises) conducted. Amphibious-based tasks developed to support Southern Katipo Exercise in November 2013. This exercise will test the ability to deploy a Joint Headquarters; assess the NZDF High Readiness capability and the Joint Amphibious Task Force structure.</p> <p>Embedding of the Land Component of the Deployable Joint Task Force Headquarters.</p>

³ DLOC (Directed Level of Capability) is a lower level of capability, sufficient to allow operational standards to be reached within a prescribed response time. Holding a force element at lower levels of capability avoids expenditure on some training, personnel, and maintenance until such time as it is needed to generate higher levels of performance for particular operational situations. OLOC (Operational Level of Capability) is this higher level of capability performance, which enables a force element to deploy and commence operations. To bring a force element from DLOC to OLOC requires additional training and resources.

Objectives	Measures	Results
		<p>Work on the South West Pacific (SWPAC) Campaign Plan continues with the development of an implementation plan, including supporting processes, tasking and measures of effectiveness to allow appropriate campaign assessment and re-framing.</p> <p>Littoral warfare support capability temporarily supported by Offshore Patrol Vessel.</p> <p>High readiness capability enhanced with special skills.</p> <p>Air surveillance and response capability enhanced.</p> <p>Improved rotary wing capability to support operations in New Zealand.</p> <p>Improved strategic airlift capability</p> <p>HMNZS <i>Canterbury's</i> phase 1 remediation package completed and Operational Test and Evaluation commenced.</p>
<p>W4 – Deliver Flexible, Relevant Future Capabilities</p>	<ul style="list-style-type: none"> • Capability Concepts for 2035 <ul style="list-style-type: none"> ○ Joint Operational Concepts ○ Environmental • Experimental programme leading to future decisions 	<p>Defence Capability Plan published September 2011.</p> <p>Third Major Projects Report completed December 2012.</p> <p>Development of Joint Operational Concepts.</p>
<p>W5 – Deliver Effective Logistics Support at a reduced cost</p>	<ul style="list-style-type: none"> • Reduced costs to logistics • Logistic support Impact on DLOC/OLOC generation 	<p>Procurement costs have decreased.</p> <p>Logistic support is being achieved for DLOC/OLOC generation, however, support has decreased for the Inshore Patrol Force due to equipment issues. These are being managed and addressed.</p>
<p>W6 – Redistribute Resources</p>	<ul style="list-style-type: none"> • Reduce Costs across HQ NZDF • Savings accumulated 	<p>Continued participation in Better Administrative Services (BASS) Programme.</p> <p>Savings of \$190 million achieved for redistribution.</p> <p>Defence Mid-Point Rebalancing Review.</p>
<p>Obtain Resources</p>		
<p>M7 – Equip our Forces to meet Future Outputs</p>	<ul style="list-style-type: none"> • Equipment deficiencies identified through OPRES • Delivery of equipment on time, budget and within specifications 	<p>Defence Capability Plan.</p> <p>The recent approval of the SH-2G (I) project will rectify the latter in out-years (beyond 2015).</p> <p>Three upgraded C-130 Hercules aircraft have been provisionally accepted. The remaining two aircraft will be upgraded by January 2015.</p> <p>Four upgraded P-3K Orion aircraft have been provisionally accepted. The remaining two aircraft will be upgraded by November 2014.</p> <p>All five A109 helicopters aircraft were delivered by November 2011.</p> <p>Four NH90 helicopters have been delivered to the RNZAF. The remaining four aircraft are scheduled to be delivered by April 2014.</p> <p>Load-lift trials successfully completed with Army units and NH90 helicopter.</p> <p>First of Class Flight Trials (Seasprite helicopter) for HMNZS <i>Otago</i> completed.</p>

Objectives	Measures	Results
		<p>Additional Night Vision Equipment, Combat Engineer Tractor, Bulk Fuel Storage, and Gap Crossing System introduced.</p> <p>Following major projects were advanced: new pilot training capability, upgrade of ANZAC frigate systems, a maritime replenishment and sustainment capability, a network-enabled Army, and a land transport capability programme.</p> <p>A contract was signed for the purchase up to 200 Medium-Heavy Operational Vehicles.</p>
<p>M8 - Ensure we have the People we need for the Future</p>	<ul style="list-style-type: none"> • Critical military appointments filled • Ongoing Attitude Survey satisfaction with career management • Human Resource cost reduction 	<p>The Ongoing Attitude Survey shows steady improvements in morale and a reduction in attrition. Some rank and trade shortfalls remain.</p> <p>Total Defence Workforce project on track.</p> <p>NZDF has reinvested in its people through improved remuneration (in late 2012 a \$45 million new remuneration package was announced).</p> <p>DMRR will determine the numbers required to deliver on outputs.</p> <p>HR costs reduced.</p>
<p>M9 – Improve the Technology and Infrastructure to Support Effective Management of the NZDF</p>	<ul style="list-style-type: none"> • Assessment of Real Estate Footprint • Cost reduction of Real Estate portfolio • Cost reduction resultant from investment in Information and Communications Technology (ICT) 	<p>Development of future estate options is ongoing.</p> <p>Wellington consolidation programme progressed and will move the NZDF space occupation towards BASS standards of 12-16 sq m per person.</p> <p>Defence Excellence programme accepted and training requirements being identified.</p> <p>The current NZDF payroll system is being replaced by the Human Resource Management Information System.</p> <p>IT costs reduced.</p>

Performance Improvement Framework

No performance improvement framework reviews were carried out during the reporting year for the NZDF. A performance improvement framework review assessment is planned for the latter half of 2014.

Cost Effectiveness

While Vote Defence Force is appropriated by output expense, costs are not attributed to outcomes. It is difficult to estimate the dollar value of the effects of military capabilities and interventions. It is equally difficult to quantify in dollar terms the contributions NZDF military activities make to high level outcomes. This is especially so when the NZDF also contributes to a number of other departments' outcomes such as Customs, Primary Industries, MFAT and Police.

Nevertheless, the NZDF is committed to living within its current baselines until 2014/15.

The Savings and Re-Investment Programme was developed to deliver on expectations set in the Defence White Paper 2010. The objective is to provide funding for reinvestment in support of anticipated increases in the cost of NZDF's operations including those arising from the acquisition and utilisation of new capability and to keep the operating plan in balance for as long as possible.

The programme is made up of a multi-year evolving group of over 50 initiatives designed to deliver savings for re-investment in the maintenance and introduction of new military capabilities. Projects within the programme will continue to evolve and new projects may be added over the life of the programme.

In September 2012, Cabinet agreed to a target of \$190 - \$220 million to be achieved by the end of 2012/13. At the time of writing, the programme has achieved \$190 million of savings through a range of initiatives in the areas of support services, workforce, logistics, platforms and capability, property and real estate, other services and other NZDF initiatives.

In his speech to the New Zealand Defence Industry Association conference on 20 March 2013, the Minister of Defence, the Hon Dr Jonathan Coleman congratulated the NZDF's military and civilian leaders for this achievement. The Minister was also proud that the NZDF is leading the way on the wider programme of state sector reform by continuing to deliver its mandated services, while containing costs.

A joint NZDF MoD project team has also been established to undertake the Defence Mid-Point Rebalancing Review (DMRR) in consultation with central agencies. The review is being undertaken to balance defence policy, military capabilities and the funding available to develop these capabilities and undertake operations. The Cabinet Committee on State Sector Reform and Expenditure Control will consider options presented by the DMRR, later in 2013.

Better Administrative Support Services

The NZDF is also participating in the Better Administrative Support Services (BASS) programme, which has identified opportunities to improve services through benchmarking, monitoring and evaluation. Figure 8 below shows that NZDF administrative and support (A&S) costs, overall, have fallen from 2010/11 to 2011/12. Figure 9 shows that, in general, NZDF A&S costs compare favourably with other organisations' costs for 2011/12. As at the time of writing, comparison costs for 2012/13 were not available.

Figure 8: Comparison of NZDF Administrative and Support Costs FY 2009/10 - 2011/12

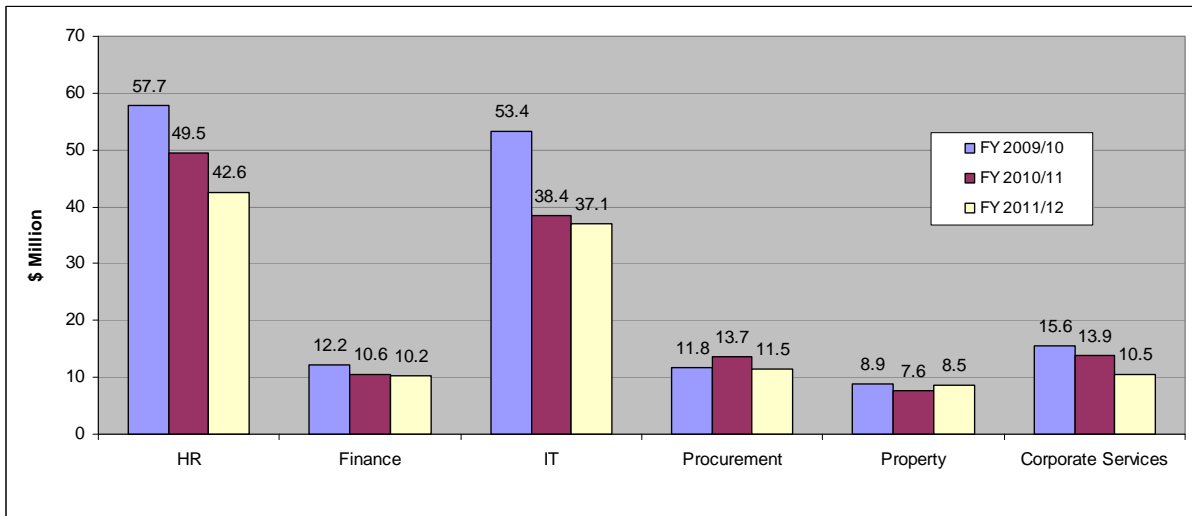
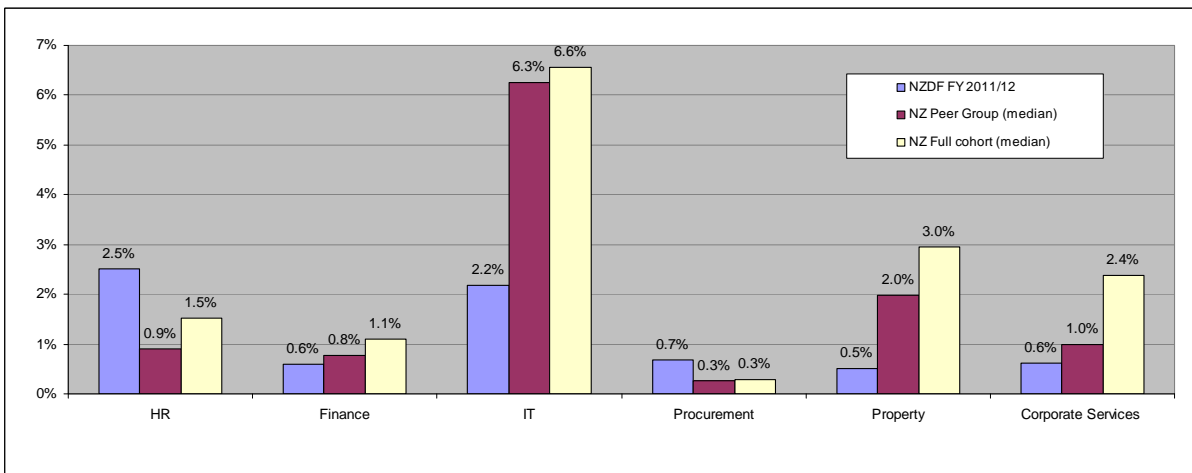


Figure 9: Comparison of NZDF Administrative and Support Costs to NZ Peer and Cohort Groups – FY 2011/12



SECTION 3: STATEMENT OF SERVICE PERFORMANCE

Employment Contexts

Strategic guidance describes situations in which the New Zealand Government might choose to use military force. The NZDF uses this guidance to develop geographically grouped Employment Contexts (ECs). ECs are descriptions of representative and illustrative security events for which there is a likelihood that a New Zealand Government would expect to make a military response should they occur.

ECs are selected through assessment of New Zealand's geo-strategic situation and international security trends. The ECs are chosen on the basis of their likelihood of occurrence in the near and longer terms and the consequences for New Zealand's Defence Outcomes if the NZDF was unable to provide an appropriate response. They also provide a template against which to develop the military response options and military capabilities required, and to assess and measure the preparedness of the Defence Force.

The ECs also designate the anticipated time (known as the Response Time) available for the final preparation of force elements for their operational deployment. This in turn is used to specify the level of capability that must be maintained on an annual basis. Contingency plans can then be developed for relevant ECs.

ECs ensure the NZDF output quality is consistent with defence policy. Current EC mission response options list the most likely force elements that would be involved in each security event. These force element lists are a guide only and are not exhaustive; each security event may require the addition or deletion of some force elements.

ECs are an important tool for the NZDF's ability to plan against likely future requests from government, providing a benchmark to measure and report preparedness levels. Nevertheless, they remain guidelines and are not the only input into any decisions made on the deployment of the NZDF's force elements for the conduct of principal tasks. Other information, such as lessons learned from actual operations and detailed operational planning, is used to provide government with more detailed advice on deployment options, costs and risks.

The Employment Contexts are shown in the following table.

Table 13: Employment Contexts

EC 1 - Security Challenges and Defence Tasks in New Zealand and its Environs:	
EC 1A	Illegal exploitation of marine resources within the New Zealand EEZ, and other low-level threats to New Zealand territorial sovereignty.
EC 1B	Natural and manmade disasters.
EC 1C	Support to the delivery and maintenance of essential services in exceptional circumstances, including the hosting of major events.
EC 1D	Terrorist and Asymmetric Threats.
EC 1E	Support for Antarctic presence.
EC 2 - Security Challenges to New Zealand's Interests in the South Pacific:	
EC 2A	Illegal exploitation of marine resources within South Pacific EEZs, and other low-level threats to South Pacific nations' territorial sovereignty.
EC 2B	Natural and manmade disasters.
EC 2C	State failure or fragility leading to internal conflict and/or humanitarian crisis.
EC 2D	Terrorist Threats.
EC 2E	Challenges to legitimate governments, including civil war and secessionist conflict.
EC 3 - Challenges to New Zealand and Australia Common Security Interests:	
EC 3A	Illegal exploitation of marine resources within Australia's EEZ, and other low-level threats to Australia's territorial sovereignty.
EC 3B	Natural or manmade disasters.
EC 3C	External aggression against Australia.
EC 3D	Terrorist or Asymmetric Threats.
EC 4 - Security Challenges to New Zealand's Interests in the Asia-Pacific Region:	
EC 4A	Aggression to alter maritime boundaries or seize resources, or threats to freedom of navigation.
EC 4B	Natural or manmade disasters.
EC 4C	State failure or fragility leading to internal conflict and/or humanitarian crisis.
EC 4D	Terrorist Threats.
EC 4E	Weapons of Mass Destruction (WMD) proliferation.
EC 4F	Inter-State conflict.
EC 4G	Acts of piracy and people smuggling.
EC 5 - Security Challenges to New Zealand's Interests in Global Peace and Security:	
EC 5A	Aggression to alter maritime boundaries or seize resources, or threats to freedom of navigation.
EC 5B	Unresolved conflict or conflict resolution process where protagonists have sought third party resolution assistance.
EC 5C	State failure or fragility leading to internal conflict and/or humanitarian crisis.
EC 5D	Terrorist Threats. (The War against Terrorism)
EC 5E	WMD proliferation.
EC 5F	Contravention of international norms that triggers a multi-national response.
EC 5G	Major breakdown in international security leading to wide-scale war.
<p>Note: The ECs highlighted in the table above are those that have been fully developed and against which all NZDF force elements are assessed for operational preparedness (see output tables 2 - 1 4 in Section 3). Responses to EC 1 events are non-discretionary. Responses to EC 2 events involve limited discretion, aside from those territories for which New Zealand has constitutional or treaty obligations where responses are non-discretionary. Responses to EC 3 events involve limited discretion, while responses to EC 4 and 5 events are discretionary.</p>	

Military Capability

As noted in Section 1, the annual outputs of the NZDF fall into three main categories:

- sustaining currently approved operational missions;
- performing predictable or routine tasks, such as providing policy advice, completing multi-agency operations and tasks, including response to emergency situations, and community support; and
- maintaining the required level of military capability to respond to future security events.

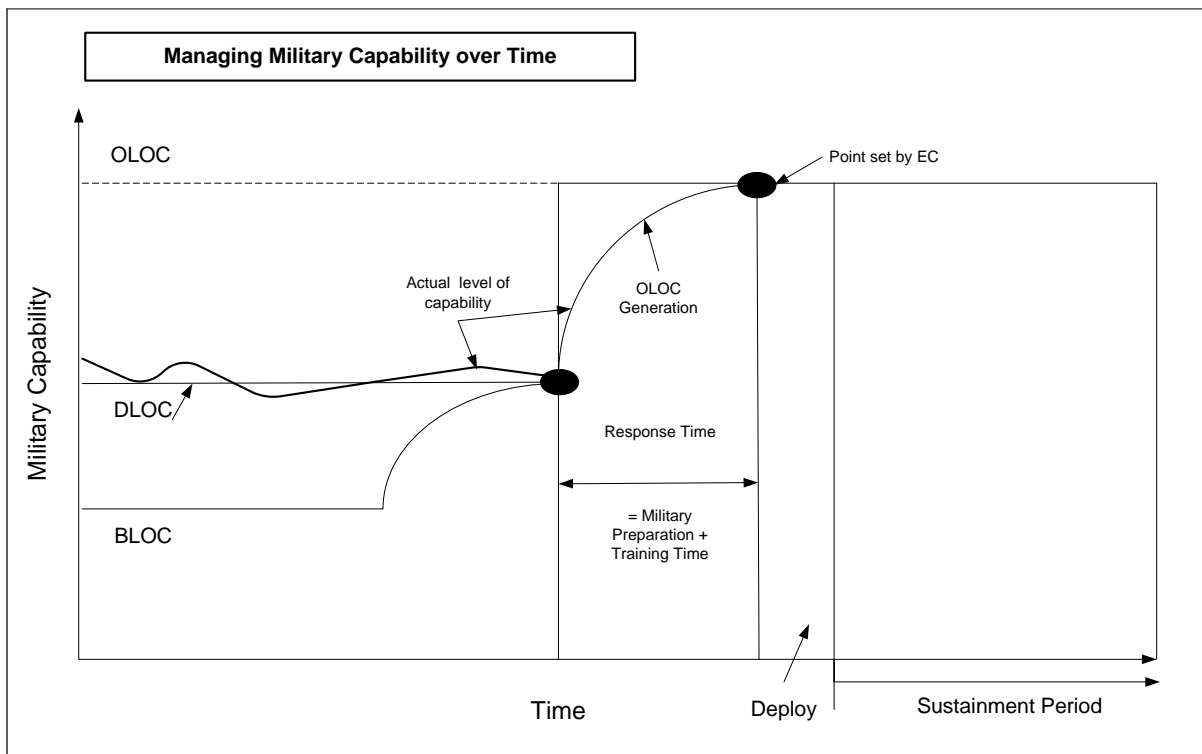
The level of availability and/or preparedness required for future security events is specified in the NZDF Output Plan, which details the level of military capability that must be maintained against the ECs depicted in the previous table. The ECs provide the guidance to determine the Operational Level of Capability (OLOC) required to conduct such military tasks effectively and safely. Because of the high costs of maintaining the preparedness of force elements at OLOC, the NZDF is

funded to routinely maintain a lower level of directed capability or DLOC. This allows force elements to be raised to OLOC within specified response times, before being deployed on operations. Not all force elements are held at 'fully prepared' levels across the spectrum of ECs. The DLOC are agreed with government and are updated annually through the Estimates of Appropriation process for the Budget.

Raising forces to OLOC generally includes additional training and personnel preparation appropriate to the environment and task, additional equipment maintenance, any necessary upgrades to military equipment, and logistic support planning. Additional costs for OLOC generation and operational deployments are covered either by offsets within the existing vote (e.g., where operational tasks fulfil some of the routine DLOC training requirements); or by supplementary funding under Output Expense 16 – Operationally Deployed Forces.

Figure 10 shows the relationship between DLOC and OLOC.

Figure 10: Managing Military Capability over Time



Note: An individual force element is not expected to precisely maintain its DLOC at all times. Depending on, for example, posting cycles, activity rates and exercise programmes, a force element’s actual level of capability may fluctuate at, above or below DLOC. Movement from DLOC

to OLOC requires the provision of additional resources. Depending on the situation, some OLOC generation may occur in theatre after deployment. BLOC is the Basic Level of Capability and is the minimum level at which military capabilities have to be held if they are not to be permanently lost.

Preparedness

The NZDF evaluates its ability to provide military response options to potential security events through the Operational Preparedness Reporting and Evaluation System (OPRES). This system assesses the preparedness of all force elements for future security events against four key ingredients – personnel, equipment, trained state and sustainability.

Supporting these measures are specific key performance indicators. These in turn provide the aggregated performance assessments for Output Expenses 2 to 14 relating to the Navy, Army and

Air Force, which appear later in this section. Specific performance measures are used for Output Expenses 1, 15, 16, and for Veterans’ Affairs New Zealand.

The aggregated results of the performance indicators are the prime source to report the operational preparedness for each force element in Output Expenses 2 to 14, using the performance rating scale, shown below. Supplementing this source are the results of a broad range of evaluations, including assessments carried out during military exercises, competitions, routine tests of achievement and proficiency, and operational, technical and administrative inspections. Whenever possible, the results of external evaluations by members of allied forces are included in these assessments.

NZDF OPRES Performance Rating Scale

Table 14 below shows the OPRES Performance Rating Scale used to quantify force element performance in achieving preparedness (DLOC):

Table 14: OPRES Performance Rating Scale

Rating	Meaning
P1 (Fully Prepared)	The standards required for all measurement areas, under OPRES, have been achieved by between 90 to 100%.
P2 (Substantially Prepared)	The force element requires minimal resource input such that the Response Time is projected to be extended by up to the order of 33% in the applicable EC. It means that the standards required for all measurement areas, under OPRES, have been achieved by between 80 and 89%.
P3 (Partially Prepared)	The force element requires a substantial resource input such that the Response Time is projected to be extended by a period in the order of between 34% and 50% in the applicable EC. It means that the standards required for all measurement areas, under OPRES, have been achieved by between 70 to 79%.
P4 (Not Prepared)	The force element requires a level of resource input such that the Response Time for the applicable EC could be expected to be extended by more than 50%. It means that the standards required for all measurement areas, under OPRES, have been achieved by less than 70%.
P5 (Unavailable for Assessment)	The force element/capability is unavailable for assessment. This could be as a result of a capability being deployed, commissioned, or introduced into service.

The Direct Level of Capability (DLOC) should be seen as a band within which there are five ratings ('Fully Prepared' through to 'Unavailable for Assessment'). A force element that has been set a 'Fully Prepared' target is at its DLOC if it achieves that standard. Similarly, a force element that has been set a Substantially Prepared rating is at DLOC if it achieves that rating even though it is not fully prepared. If a force element with a DLOC of fully prepared only achieves a 'Substantially Prepared' rating, it is below its DLOC.

Support to Government and the Community

A consolidated summary of the availability of the NZDF output expenses listed in this section to provide services to the Government and community, and of services provided during the year, is shown in the Services in Support of the Government and the Community part of this section.

Ministry of Defence

The Evaluation Division of the Ministry of Defence assesses from time to time, for the Minister of Defence, whether the NZDF has delivered outputs to the standard required in the Output Plan. These assessments look at whether the NZDF would have been able to bring a force element up to an operational level of capability within the time required in the Output Plan, if called upon to do so.

Office of the Controller and Auditor General

The role of the Office of the Controller and Auditor General (Audit New Zealand) is to audit annually the NZDF's Statement of Service Performance and to express an independent opinion as to whether it fairly reflects the NZDF's service performance achievements in relation to performance targets set out in the Budget document *External Sector Information Supporting the Estimates and Appropriations (B.5A Vol 4)* for Vote: Defence Force. This opinion includes an assurance on the validity of the reported preparedness states of the NZDF's force elements and achievement of high-level outcomes for the audit period. The audit opinion for the year ended 30 June 2013 is shown in Section 5 (NZDF Financial Statements).

OUTPUT EXPENSE 1:
POLICY ADVICE AND RELATED OUTPUTS MCOA
(A Multi-Class Output Appropriation)
SERVICE PERFORMANCE

Description

Provision of policy advice to the Minister of Defence and contributions to policy advice led by other agencies, Ministerial services, and the collection and dissemination of strategic military intelligence and contributions to the national intelligence community.

It involves:

- The provision of military advice to the Minister of Defence on:
 - New Zealand's defence interests (including intelligence);
 - military options for safeguarding and advancing New Zealand's security interests;
 - military options available for contributions to collective and regional security; and
 - advice on the military capabilities required to meet the Government's defence policy objectives and to support its defence strategy.

- Assistance to the Ministry of Defence in the provision of advice to the Minister on:
 - procurement of major military equipment; and
 - defence policy development.

Output Classes**Output Class 1: Policy Advice**

Provision of advice (including second opinion advice and policy advice led by other agencies) to support decision-making by Ministers on government policy matters relating to Defence and the NZDF.

Output Class 2: Ministerial Services

Provision of services to Ministers to enable them to discharge their portfolio (other than policy decision-making) responsibilities. Also included are responses to Ministerial and Parliamentary questions, Official Information Act inquiries and Ombudsmen correspondence.

Output Class 3: Strategic Military Intelligence

Collection, collation, analysis and dissemination of strategic military intelligence on areas of interest to New Zealand. With other security sector agencies, the NZDF is responsible for supporting Defence and government decision making, and assisting with the planning and conduct of military operations.

Output Performance Measures and Standards

Performance Measures	2011/12	2012/13	
	Actual	Budget Standard	Performance Achieved
Policy Advice			
<ul style="list-style-type: none"> Number of Submissions to Cabinet (in conjunction with the Ministry of Defence). 	36	10 - 20	23
<ul style="list-style-type: none"> Number of Reports and Briefing Papers to Minister (in conjunction with the Ministry of Defence). 	444 (includes 108 in conjunction with Ministry of Defence)	400 - 500	642
Ministerial Services			
<ul style="list-style-type: none"> Number of Statutory Reports to Parliament (Statement of Intent and Annual Report). 	2	2	2
<ul style="list-style-type: none"> Numbers of Select Committee Reports. 	No reports were required	1 - 4	No reports were required
<ul style="list-style-type: none"> Numbers of Select Committee Questions (Foreign Affairs Defence & Trade, and Finance and Expenditure Committees). 	361	200 - 300	460
<ul style="list-style-type: none"> Numbers of Ministerial Correspondence ("Ministerials"). 	246 (includes 38 OIA requests)	250 - 350	204
<ul style="list-style-type: none"> Numbers of Parliamentary Questions (for Written and Oral answer). 	242 (includes 7 oral)	100 - 200	128 (includes 6 oral)
Strategic Military Intelligence			
<ul style="list-style-type: none"> Number of contributions to National Assessments Committee Reports (New measure for 12/13) 	Provided	30 – 50	74
<ul style="list-style-type: none"> Number of Military Threat Assessments (New measure for 12/13) 	Provided	5 - 10	11
<ul style="list-style-type: none"> Other reports and assessments (New measure for 12/13) 	Provided	3 - 5	33 (Excludes routine, periodic reports)
Quality of Products			
The supply of individual products, as above, of high quality - defined by the characteristics of quality advice.	Met	Meet	Feedback on quality and relevance indicated that key stakeholders were satisfied with the intelligence products provided
All reports and oral advice will be delivered within the agreed or statutory time frame as follows:			
<ul style="list-style-type: none"> Percentage of replies to Ministerials will be provided within 20 working days of receipt of request 	72%. An increased amount of ministerial correspondence, coupled with resource constraints, has meant the targets for delivery of replies have not been met. Improvements to streamline work processes are currently underway, which should improve response times for correspondence. The Ministerial Services team now has extra resources.	95%	77% Improvements within Ministerial Services are continuing, including the introduction of a new IT collaboration process for managing Ministerial correspondence across the NZDF.
<ul style="list-style-type: none"> Percentage of replies to Parliamentary Questions for Written Answer will be provided by due date 	83%. See comment for Ministerials above.	95%	96%
<ul style="list-style-type: none"> Percentage of replies to Parliamentary Questions for Oral Answer will be provided by midday on the day that the reply is due in the House 	100%. The NZDF also responded to 188 non-Ministerial OIA requests during the reporting period.	95%	100% The NZDF also received 242 OIA requests during the reporting period.
Percentage of the first drafts of all policy papers accepted by the Minister.	75% achieved for both measures. As noted above, improvements are	95%	95%

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
Percentage of other responses accepted without substantive amendment.	being put in place to improve performance in these areas.	95%	95%
Degree of satisfaction expressed by the Minister, appropriate committee or agency (feedback from those for whom policy products have been produced).	Overall, the current Minister of Defence is satisfied with policy products, but there needs to be improvement on the consequences of advice provided to the Minister. A quality control process is now in place to improve policy products.	High Satisfaction	High Satisfaction from Minister of Defence. Overall, drafting quality and timeliness of advice is not viewed as an issue. There has also been some work recently, which the Minister has identified as being high quality (Foreign Affairs, Defence and Trade Select Committee material). The Minister would like to see advice from the NZDF having wider consultation from agencies and sectors and being more 'holistic' in its approach. The Minister also expects advice to be more rigorous and analytical.

Note: The quality characteristics for policy advice (dimension followed by relevant standard) are:

- **Purpose.** The aim of the advice is clearly stated and answers the questions set.
- **Logic.** The assumptions behind the advice are explicit, the argument is logical and supported by the facts.
- **Accuracy.** The facts in the papers are accurate and all material facts have been included.
- **Evaluation.** Advice provided includes, where appropriate and relevant, the outcomes to be achieved by the recommended course of action and the means by which that achievement will be evaluated.
- **Options.** An adequate range of options has been presented and each is assessed for benefits, costs and consequences to the government and the community.
- **Consultation.** Evidence of adequate consultation with interested parties and possible objections to proposals have been identified.
- **Presentation.** The format meets Cabinet Office and ministerial requirements; the material is effectively, concisely, and clearly presented, has short sentences in plain English, and is free of spelling or grammatical errors.
- **Timeliness.** Papers are provided in time to meet Cabinet Office and ministerial requirements, or as otherwise agreed.

Costs for Output Expense 1

Actual 2011/12 (\$ million)	Category	Main Estimates (\$ million)	Supplementary Estimates (\$ million)	Actual 2012/13 (\$ million)
	Expenditure			
12.497	Personnel	12.779	12.402	11.904
3.437	Operating	0.554	2.925	3.026
0.638	Depreciation	1.593	0.795	0.799
0.549	Capital Charge	0.421	0.407	0.415
17.121	Total Expenses	15.347	16.529	16.144
	Income			
17.113	Revenue Crown	15.311	16.238	16.238
0.036	Revenue Department	0.035	0.035	0.035
0.247	Revenue Other	0.001	0.256	0.270
17.396	Total Income	15.347	16.529	16.543
0.275	Net Surplus (Deficit)	-	-	0.399
	Cost by Output			
10.154	Output 1.1	1.486	1.886	1.705
2.963	Output 1.2	1.756	1.725	1.902
1.197	Output 1.3	12.105	12.918	12.537
2.807	Output 1.4	-	-	-

The NZDF is appropriated for expenditure excluding remeasurements. Remeasurements are foreign exchange gains and losses. The total approved appropriation in 2012/13 for this output expense was \$17.049 million and the total expenditure was \$16.144 million. There was no unappropriated expenditure for this output expense as the outputs were realigned under section 26A of the Public Finance Act.

Summary of Performance for Output Expenses 2 – 14

The following is a summary of the performance standards achieved for Navy, Army, and Air Force, outputs.

Overall, force elements continued to be available and respond to emergency events, supported government agencies in multi-agency operations and were prepared to meet contemporary security threats within the South Pacific, while at the same time supporting operations in Afghanistan, Timor-Leste and Solomon Islands.

Context

During the 2012/13 reporting year, outputs have been largely delivered, in an operating environment that has been characterised by challenging personnel circumstances and fiscal constraints. While there has been a drop in attrition, the NZDF is operating with less Regular Force personnel with shortages in some key trades and ranks. In response to this, the Services have increased recruiting, maximised the benefit of overseas personnel exchanges, and are focused on building their people through training.

Navy – Output Expenses 2 – 5

- Annualised Regular Force attrition reduced from 23% at the start of the year to 16% at year's end. It is expected that personnel attrition will continue to ease providing the preconditions for at least a gradual rate of workforce regeneration to begin.
- The significant reduction in the number of trained personnel available over the reporting period has directly impacted the Fleet operating profile, and created a range of imbalances in the Navy workforce with skill and experience levels in some critical trade groups seriously degraded. A number of strategies are currently being implemented to both regenerate the Navy and get ships back to sea. It is estimated that it will take up to three

years for Navy to recover to 1983 Regular Force personnel.

- Despite the highly publicised personnel challenges, the operational tempo of the Navy was high with significant contributions made by all Navy Output Expenses across all Employment Contexts.
- The Naval Combat Force (NCF) delivered slightly higher than the target levels for Mission Availability and Sea Days. The higher delivery of Mission Availability and Sea Days is part of a deliberate strategy to use larger platforms (more capable of sustaining training throughput) to regenerate the Navy. Of the Fleet, the NCF offers the most effective platform for on job training across all ranks and trades. During the reporting period HMNZS *Te Kaha* completed a deployment to the Pacific and Australia before commencing an extended maintenance period in October 2012, which includes the second phase of the Platform Systems Upgrade (PSU) work package. HMNZS *Te Mana* completed programmed maintenance period and conducted a deployment to South East and North Asia.
- HMNZS *Endeavour* delivered higher than the target levels for Mission Availability and Sea Days. This was due to a range of minor programme adjustments that were made during the year.
- HMNZS *Canterbury* under delivered in both Mission Availability (61%) and Sea Days (46%) due to delays to her Phase One remediation maintenance period. However, at year end HMNZS *Canterbury* was conducting an Operational Tests and Evaluation and Directed Level of Capability generation period and is expected to be fully operationally capable⁴ in FY 2013/14.
- HMNZS *Manawanui* met the target for Mission Availability days and under achieved in Sea Days (76%). This reduced

⁴ Fully Operational is assessed against Phase One remediation. Phase Two remediation is scheduled for FY 2014/15.

output was a result of cancelled or amended tasking.

- The Diving, Military Hydrography and Mine Countermeasures Forces met all targets (diving hours) and maintained the required preparedness levels despite ongoing personnel issues. The Operational Diving Team and Mine Countermeasures Team provided a significant amount of specialist support to NZ Police during the reporting period, where tasks were beyond the capabilities of the Police Dive Squad.
- The personnel shortages have affected the Naval Patrol Force (NPF) the most with the Offshore Patrol Force and Inshore Patrol Force both under delivering against some of their output targets. Navy has been unable to crew more than four of the six ships continuously during the reporting period. Whilst the NPF has under delivered against mission availability and sea day metrics, they have still met the government agencies demand requirements in support of Outcome 1 (Secure New Zealand).

Army – Output Expenses 7 – 10

- During the reporting period, Army continued to maintain the capability to deploy either a Light Task Group or a Combined Arms Task Group. Attrition has fallen from 24% at the start of the reporting period to 17% at the end.
- Land Combat Forces remained prepared for a wide range of operational contingencies. Land Combat Force elements of the NZ Army continued to carry the main responsibility for sustaining current OE 16 operations and were also able to provide a high-readiness manoeuvre element for short-notice contingencies. These requirements fully committed the equivalent of three infantry company groups throughout the year. The three major deployments to Timor Leste, Solomon Islands and the Provincial Reconstruction Team in Afghanistan concluded successfully during the

reporting period, bringing to a close a period of 10 years of continuous operations. In Afghanistan over the reporting period, five personnel were killed in action and six personnel were wounded in action.

- In addition to sustaining a number of major OE 16 operations, Land Combat Force elements, including Territorial Force soldiers, provided support to local government, NZ Police, and civil authorities in the aftermath of the Canterbury earthquakes. Small numbers of Land Combat Forces, mainly Territorial Force soldiers, remained employed in security cordon duties in Christchurch through to the end of the reporting period when cordon duties ceased.
- Effective interoperability with key allies and partners was achieved with a number of operations and exercises throughout the South Pacific and South East Asia, including with the Five Power Defence Arrangements and American, British, Canadian, and Australian partners.
- Munitions, stores and equipment standards were met for all current operations. In addition, a range of personal equipment, weapons, command and control equipment, and night vision equipment continued to transition into service to meet preparedness requirements for other events and contingencies. This included new combat uniforms. However, the effect of attrition on combat ranks and trades has seen an increase in the risk of Army's ability to sustain a deployed force.
- Special Operations Forces were maintained at a high state of readiness and were able to provide rotation elements in support of the deployment to Afghanistan. The Counter-Terrorist Group was available to assist the NZ Police, if required.

Air Force – Output Expenses 11 – 14

- Air Force continued to produce outputs, while at the same time managing the introduction into service of new and upgraded aircraft. While Air personnel numbers have stabilised, experience levels remain a challenge. Regular Force attrition has fallen from 16% at the start of the reporting period to around 10% at the end.
- The Naval Helicopter Forces (NHF) provided a continual supply of an embarked aviation capability to RNZN frigates. On numerous occasions a second Flight was deployed either domestically within New Zealand or on the Multi-Role Vessel. The flying rate was higher than previous years, predominantly due to increased airframe availability generated by transferring intermediate level maintenance from No 6 Squadron to the newly formed Aircraft Maintenance Squadron. Overall, the NHF flew 1,136 hours. This represented 95% achieved against the mid-point target of 1,200 hours.
- The current inability to meet all expected outputs and readiness measures is driven by the combination of a limited number of trained crews, and equipment obsolescence and deficiencies. Sustaining the current flying rate will assist in maintaining core competencies during the transition and introduction into service of the replacement Seasprite (SH-2G(I)) model. NHF outputs will be reduced as resources are diverted to the replacement Seasprite project.
- Throughout the reporting period, the Airborne Surveillance and Response Force (ASRF) achieved the standards, apart from occasional periods where no Orion aircraft were available to support operational, Multi-Agency Operations and Tasking, and maritime Search and Rescue tasks within the required degree of notice. Where it was possible, alternative arrangements were made to provide coverage during these periods. The unavailability was due to the Mission Systems Upgrade project progressively removing Orion's from service during the reporting period. Nevertheless, availability for SAR and emergency tasks was improved in comparison to FY 2011/12.
- The ASRF flew 1,333 hours. This represents 75% of the mid point of 1,780 hours. The variation was due to delays in certification of the upgraded aircraft. The ASRF capability is expected to improve as the capabilities of the upgraded P-3K2 Orion are approved for service and more aircraft complete the upgrade process.
- Preparedness targets were achieved for the B757 Transport Force. Support was provided for troop rotations and withdrawals from three major international operations in Afghanistan (including repatriation of NZDF personnel to New Zealand), Timor-Leste and the Solomon Islands. Tasks also included support to Operation Antarctica with four flights to McMurdo; to the NZ Fire Service and various global diplomatic visits including for HRH The Prince of Wales.
- The Life Extension Programme continued to impact planned C-130 tasking and preparedness targets. A major milestone was achieved, however, in the approval of an Interim Supplemental Type Certificate for the upgraded C-130H(NZ), allowing the conduct of Air Logistic Support tasks. The C-130 Transport Force provided support for troop rotations and the withdrawal from Afghanistan. Support was also provided to Operation Antarctica; cyclone disaster relief aid to Samoa and various NZDF exercises.
- The Boeing achieved its flying hour's target of 1,400 hours. The Hercules fleet flew 1,686 hours against a target of 1,988 hours, or 85% achieved.

- The Rotary Wing Transport Forces were prepared to respond to likely security events in New Zealand and the South Pacific, however, due to operating limitations with the ageing Iroquois helicopter fleet, were not prepared for high-threat environments. The introduction into service of new medium utility helicopters will overcome these limitations. Total Iroquois flying hours were 1,560. This represents 61% of the mid point of the original budget standard of 2,570 hours, but represents 97% of Transition Plan hours of 1,625.
- As more resources have gone to introduction into service of the NH90 and A109 helicopters at the Helicopter Transition Unit (HTU), the effect on the drawdown of No. 3 Squadron has become more pronounced, manifesting as reduced aircraft availability for tasking throughout the year. In particular, maintenance and aircrew personnel have been transferred both directly to the HTU and to filling those vacancies created by other base personnel moving to the HTU.
- No. 3 Squadron conducted a number of exercises during the year and was able to respond rapidly to domestic and international operations including support to Prince of Wales visit and Op KUMUL (support to Papa New Guinea elections). Of note, 3 Squadron returned from Ex Tropic Astra (Samoa) on 7 June 2012 and redeployed on OP KUMUL (PNG) seven days later returning to New Zealand in late July 2012.

**OUTPUT EXPENSE 2:
NAVAL COMBAT FORCES
SERVICE PERFORMANCE**

Description

The provision of HMNZ Ships *Te Kaha* and *Te Mana* prepared to conduct maritime operations under Employment Contexts 1, 2, 3, 4, and 5.

This output expense also includes contributions to a range of services provided to government and the community.

Contributions to Outcomes

This Output Expense contributes primarily to Outcomes 1 and 2 (Secure New Zealand and Reduced Risks to New Zealand from regional and global insecurity).

Overview

In terms of availability, the NCF achieved 126% Mission Availability and 116% Sea Days against targets for the year. HMNZS *Te Kaha* completed a deployment to the Pacific and Australia, which included participation in Exercises RIMPAC, Pacific Bridge, and Kakadu. HMNZS *Te Kaha* commenced the second phase of the Platform Systems Upgrade (PSU) work package in October 2012, which extends through the majority of financial year 2013/14. HMNZS *Te Mana* completed a programmed maintenance period and conducted a deployment to South East and North Asia, which included participation in Exercises Triton Storm and Bersama Shield.

The maintenance periods for the NCF were off-set, ensuring one frigate was available at all times during the reporting period.

Readiness Training Activities

The NCF achieved and maintained DLOC through training activities in New Zealand, the South Pacific, Australia and South East Asia. The majority of the training activities in which the NCF participated also included Australian Defence Force (ADF) units, which has ensured that a high level of Australia-New Zealand interoperability has been achieved and maintained. Participation in RIMPAC and FPDA exercises permitted the NCF to demonstrate competence in a multi-national coalition environment. During the reporting period the NCF participated in the following activities:

- Operation Crucible 12/2⁵. HMNZS *Te Kaha*, in company with HMNZS *Endeavour*, participated in a multi regional deployment, which saw them conducting agency taskings in the South Pacific, en route to Exercises Rimpac, Pacific Bridge, and Kakadu.
- Operation Crucible 13/1. HMNZS *Te Mana* conducted a deployment to South East and North Asia, conducting visits to Australia, Singapore, Vietnam, China, Korea, Japan, Guam, and participating in Exercises Triton Storm and Bersama Shield.
- Exercise Rimpac. A predominately maritime exercise hosted by the United States Navy Pacific Command. The largest exercise of its type, it spans all maritime based warfare disciplines (including amphibious operations). It is a high end joint warfighting exercise set in a coalition environment that includes live firings in all facets.

⁵ The numbering used represents the iteration of the operation in the calendar years 2012 and 2013.

- Exercise Kakadu. An ADF hosted multinational maritime exercise conducted in the West Australia Exercise Areas. The exercise is intended to provide graduated training in a complex environment.
- Exercise Pacific Bridge. A combined Australian, Japanese and New Zealand maritime exercise focussed on multinational interoperability and basic mariner skills. It was conducted by five ships, including HMNZS *Endeavour*, whilst they were on passage from Guam to Darwin for Exercise Kakadu.
- Exercise Lion Zeal. A medium intensity annual exercise hosted alternately by the Republic of Singapore Navy (RSN) and the Royal New Zealand Navy. In October 2012, the RNZN hosted the exercise with the RSN deploying the frigate RSS *Formidable* to New Zealand.
- Fleet Concentration Period (Exercise Triton Storm). Hosted by Australia with both the Royal Australian Navy and the Royal Australian Air Force participating. This bi-lateral exercise period allowed the ADF and HMNZS *Te Mana* and HMNZS *Endeavour* to build maritime warfare skills across all environments.
- Five Power Defence Arrangements (FPDA) Exercise Bersama Shield. This exercise focused on joint operations in a multi-threat environment using a scenario centred on the defence of Malaysia and Singapore. The exercise offered the opportunity for HMNZS *Te Mana* to enhance interoperability and strengthen professional relationships with the other FPDA nations.

Output Performance Measures and Standards

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
<p>Number of ANZAC frigates, capable of embarking a Seasprite helicopter when ordered, available for military tasks (from a total fleet of two ANZAC frigates). (Details on the Seasprite Helicopters are recorded under Output Expense 11 - Naval Helicopter Forces).</p> <p>Deployment Impact:</p> <p>The Naval Combat Forces will be able to reach a higher performance rating for the higher-end/combat-related tasks (under Employment Contexts 3 - 5) once a Self Defence Upgrade is completed.</p>	<p>At least one frigate was available for military tasks with an embarked Seasprite helicopter throughout the period. For short notice tasks (e.g., search and rescue) when a frigate was not available, due to location or maintenance, an alternative platform provided coverage</p> <p>The SDU project (now renamed the Frigate Systems Upgrade [FSU]) is progressing through the NZDF capability management process</p>	<p>One frigate (HMNZS <i>Te Kaha</i>) will be undergoing Phase 2 of the PSU commencing in January 2013)</p>	<p>At least one frigate was available for military tasks with an embarked Seasprite helicopter throughout the period. For short notice tasks (e.g. search and rescue) when a frigate was not available, due to location or maintenance, an alternative platform provided coverage.</p> <p>The FSU continues to be progressed through the NZDF capability management process.</p>
<p>Undertake Multi-Agency Operations and Tasks (MAO&T) and contribute to a range of services in support of other government departments, the community, and foreign and defence policy objectives when not committed to operations, using the capabilities developed for the operational role.</p>	<p>HMNZS <i>Te Mana</i> was diverted to standby the MV <i>Rena</i> as the initial naval response.</p> <p>HMNZS <i>Te Kaha</i> assisted HMNZS <i>Endeavour</i> in the execution of Operation Bunker (fuel resupply to Cook Islands) in support of MFAT).</p>	<p>Delivered to the satisfaction of supported department/agency</p>	<p>No requirement during the reporting period.</p>
<p>Undertake Defence diplomacy tasks in accordance with NZDF and Government/MFAT requirements. This normally involves ship visits to foreign ports.</p>	<p>The NCF participated in exercises in Australia and South East Asia demonstrating their interoperability with ADF and FPDA forces.</p> <p>Defence diplomacy tasks in Australia, the Pacific and South East Asia were undertaken, including port visits and the hosting of official functions.</p>	<p>As required</p>	<p>The NCF participated in exercises in Hawaii, Australia, and South East Asia demonstrating their interoperability with US, ADF, FPDA and other coalition forces.</p> <p>Defence diplomacy tasks in Australia, the Pacific, South East and North Asia were undertaken, including port visits and hosting of official functions.</p>
<p>Naval Combat Force Mission Availability Days / Sea Days for the year (range is target plus or minus 5%) [Consolidates days by output rather than by individual vessel].</p>	<p>329 / 192</p>	<p>313 / 158 - 174</p>	<p>The NCF was mission available for 396 days (126%) and spent 202 days (116%) at sea.</p>

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
Preparedness - Naval Support Forces: Employment Context (see the preparedness rating scale earlier in this section for "P" ratings)			
<i>Security Challenges and Defence Tasks in New Zealand and its environs</i>			
Illegal exploitation of marine resources within the New Zealand EEZ, and other low-level threats to New Zealand territorial sovereignty (EC 1A)	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice.
Terrorist and Asymmetric Threats (EC 1D)	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice.
<i>Security Challenges to New Zealand's Interests in the South Pacific</i>			
Natural and manmade disasters (EC 2B)	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice
State failure or fragility leading to internal conflict and/or humanitarian crisis (EC 2C)	P1	P2	P2
Challenges to legitimate governments, including civil war and secessionist conflict (EC 2E)	P2	P2	P2
<i>Security Challenges to New Zealand's Interests in the Asia-Pacific Region</i>			
Aggression to alter maritime boundaries or seize resources, or threats to freedom of navigation (EC 4A)	P2	P2	P2
Inter-State conflict (EC 4F)	P2	P2	P2
<i>Security Challenges to New Zealand's Interests in Global Peace and Security</i>			
Terrorist Threats (EC 5D)	P2	P2	P2

Costs for Output Expense 2 (GST Exclusive)

Actual 2011/12 (\$ million)	Category	Main Estimates (\$ million)	Supplementary Estimates (\$ million)	Actual 2012/13 (\$ million)
	Expenditure			
99.061	Personnel	89.993	94.076	93.853
67.297	Operating	95.357	70.998	68.255
3.476	Losses on Foreign Exchange	-	-	2.227
72.710	Depreciation	75.526	76.495	74.339
109.965	Capital Charge	96.585	96.056	95.972
352.509	Total Expenses	357.461	337.625	334.646
	Income			
349.166	Revenue Crown	353.802	334.166	334.166
0.435	Revenue Department	1.500	1.509	0.050
1.883	Revenue Other	2.159	1.950	1.834
1.332	Gains on Foreign Exchange	-	-	1.990
352.816	Total Income	357.461	337.625	338.040
0.307	Net Surplus (Deficit)	-	-	3.394

The NZDF is appropriated for expenditure excluding remeasurements. Remeasurements are foreign exchange gains and losses. The total approved appropriation in 2012/13 for this output expense was \$336.325 million and the total expenditure was \$332.419 million. There was no unappropriated expenditure for this output expense as the outputs were realigned under section 26A of the Public Finance Act.

**OUTPUT EXPENSE 3:
NAVAL SUPPORT FORCES
SERVICE PERFORMANCE**

Description

The provision 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 under Employment Contexts 1, 2, 3, 4, and 5.

This output expense also includes contributions to a range of services provided to government and the community.

Associated Outputs**Output 3.1 - Replenishment Forces**

The provision of the Fleet Replenishment Ship (HMNZS *Endeavour*) prepared to conduct maritime operations including logistic support for deployed military forces and normal naval activities.

Output 3.2 - Amphibious Sealift Forces

The provision of the Multi-Role Vessel (HMNZS *Canterbury*), prepared to conduct amphibious sealift operations in support of deploying and/or deployed military forces, and normal naval activities.

Note: The provision of Rapid Environmental Assessment and Advance Force tasks in support of littoral operations including sealift will be provided from Output Expense 4.

Contributions to Outcomes

This Output Expense contributes primarily to Outcomes 1 and 2 (Secure New Zealand and Reduced Risks to New Zealand from regional and global insecurity).

Overview

HMNZS *Endeavour* delivered higher than forecast Mission Availability and Sea Days and met all preparedness targets. Nonetheless, the ship is now beyond its intended design life and as such presents a range of challenges in maintaining capability and availability.

HMNZS *Canterbury* under delivered in both Mission Availability (61%) and Sea Days (46%) due to delays to her Phase One remediation maintenance period.

Readiness Training Activities

During the reporting period, HMNZS *Endeavour* participated in the following activities:

- Operation Crucible. HMNZS *Endeavour*, in company with HMNZS *Te Kaha*, conducted a multi regional deployment, which included visits to Hawaii, Guam, Australia, and participating in Exercises Rimpac, Pacific Bridge and Kakadu.
- Operation Craddock. HMNZS *Endeavour*, in company with HMNZS *Te Mana*, conducted a deployment to Australia and participated in Exercise Triton Storm.

- Exercise Rimpac. The largest maritime exercise of its type, it spans all maritime based warfare disciplines (including amphibious operations). It is a high end joint warfighting exercise set in a coalition environment that includes live firings in all facets.
- Exercise Pacific Bridge. A combined Australian, Japanese and New Zealand maritime exercise focussed on multinational interoperability and basic mariner skills. It was conducted by five ships, including HMNZS *Te Kaha*, whilst they were on passage from Guam to Darwin for Exercise Kakadu.
- Exercise Kakadu. An ADF hosted multinational maritime exercise conducted in the Western Australian Exercise Area. The exercise is intended to provide graduated training in a complex environment.
- Exercise Lion Zeal. A medium intensity annual exercise hosted alternately by the RSN and RNZN. In October 2012, the RNZN hosted the exercise with the RSN deploying the frigate RSS *Formidable* to New Zealand.
- Exercise Triton Storm. A high intensity exercise hosted by Australia in the East Australia Exercise Areas. The RNZN took advantage of significant ADF maritime and strike resources participating in Triton Storm to conduct DLOC generation activities for HMNZS *Endeavour* and HMNZS *Te Mana*.

During the reporting period, HMNZS *Canterbury* participated in the following activities:

- Operation Hopeke. HMNZS *Canterbury* conducted the offload of Department of Conservation (DoC) personnel and equipment to various locations around the remote Stephens Island, and an offshore resupply in the Kermedec Islands.
- Operation Multus. HMNZS *Canterbury* conducted an operation at Raoul Island involving tasking in support of DoC, NIWA and GNS staff plus a group of selected students and staff from the Sir Peter Blake trust.

Output Performance Measures and Standards

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
HMNZS <i>Endeavour</i> available for military tasks.	Available	Available	Available
<p>HMNZS <i>Canterbury</i>, with the capability to embark Seasprite helicopter/s when ordered, and transport NH-90 helicopters as required, once fully accepted into service, available for military tasks.</p> <p>HMNZS <i>Canterbury</i> will be capable of transporting four NH-90 medium utility helicopters - to be acquired by the NZDF in 2011/12/13 - on completion of ship/aircraft integration and first of class flight trials.</p> <p>Details of Seasprite helicopters are recorded under Output Expense 11 – Naval Helicopter Forces.</p> <p>Deployment Impact:</p> <p>HMNZS <i>Canterbury</i> will be able to reach a higher performance rating once warranty remediation projects are completed.</p>	<p>HMNZS <i>Canterbury</i>, with an embarked Seasprite helicopter when required, was available to support military tasks.</p> <p>The reporting period has seen the completion of some remediation programme work with the majority of the work package to be delivered in FY 12/13.</p> <p>Work was also undertaken on transporting four NH-90 helicopters. Full capability in this role will be achieved once ship/aircraft integration and first of class flight trials are completed.</p>	<p>Available, apart from the period August 2012 to March 2013 when the ship will undergo remediation work. Alternative arrangements will be made for coverage over this period.</p>	<p>HMNZS <i>Canterbury</i> was only available for the months of July 2012 and June 2013 due to delays in the scheduled Phase One remediation period.</p> <p>Alternative arrangements were in place over the period of HMNZS <i>Canterbury</i>'s unavailability.</p> <p>The completion of first of class flight trials for the NH-90 helicopter has been postponed until September 2013.</p>
Undertake MAO&T and contribute to a range of services in support of other government departments, the community, and foreign and defence policy objectives when not committed to operations, using the capabilities developed for the operational role.	<p>These commitments included HMNZS <i>Canterbury</i> providing support to the Department of Conservation (DOC) for the resupply to Raoul Island. DOC assessed the NZDF's effectiveness for the resupply as excellent.</p> <p>HMNZS <i>Endeavour</i> supported MFAT during the resupply of fuel to the Northern Cook Islands.</p>	Deliver to satisfaction of supported department/agency	<p>Delivered to the satisfaction of the supported department/agency.</p> <p>These commitments included: HMNZS <i>Canterbury</i> providing support to the Department of Conservation, NIWA and GNS staff plus a group of selected students and staff from the Sir Peter Blake trust. DOC and Sir Peter Blake trust formally acknowledged and praised the NZDF's effectiveness in the delivery of support provided.</p> <p>NZ Police formally acknowledged the <i>Canterbury</i>'s and crew's contribution in completing a "...highly successful training week [with Police Special Tactics Group] and the development of a joint capability."</p> <p>For details of MAO&T support provided, see the section on Services in Support of the Government and Community.</p>
Both vessels undertake Defence Diplomacy tasks in accordance with NZDF and Government/MFAT requirements. This normally involves ship visits to foreign ports.	<p>HMNZS <i>Canterbury</i> delivered vehicles and stores to the New Zealand High Commission in Nukualofa.</p> <p>HMNZS <i>Endeavour</i> delivered fuel to the islands of Nassau, Pukapuka and Penrhyn.</p>	Deliver	HMNZS <i>Endeavour</i> undertook Defence Diplomacy tasks in Australia and the Pacific, including port visits and the hosting of official functions.
HMNZS <i>Endeavour</i> Mission Availability Days / Sea Days for the year (range is target plus or minus 5%):	HMNZS <i>Endeavour</i> was mission available for 272 days (104%) and spent 129 days (111%) at sea.	173 / 95 - 105	HMNZS <i>Endeavour</i> was mission available for 227 days (116%) and spent 117 days (111%) at sea.
HMNZS <i>Canterbury</i> Mission Availability Days / Sea Days for the year (range is target plus or minus 5%):	HMNZS <i>Canterbury</i> was mission available for 229 days (96%) and spent 117 days (88%) at sea.	196 / 127 - 141	HMNZS <i>Canterbury</i> was mission available for 119 days (61%) and spent 58 days (46%) at sea.
Preparedness - Naval Support Forces: Employment Context (see the preparedness rating scale earlier in this section for "P" ratings)			
<i>Security Challenges and Defence Tasks in New Zealand and its environs</i>			
Illegal exploitation of marine resources within the New Zealand EEZ, and other low-level threats to New Zealand territorial sovereignty (EC 1A)			

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
HMNZS <i>Canterbury</i>	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice (availability period less than anticipated due to delays to the completion of Phase One remediation work).
Terrorist and Asymmetric Threats (EC 1D)			
HMNZS <i>Canterbury</i>	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice (availability period less than anticipated due to delays to the completion of Phase One remediation work).
<i>Security Challenges to New Zealand's Interests in the South Pacific</i>			
Natural and manmade disasters (EC 2B)			
HMNZS <i>Endeavour</i>	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice.
HMNZS <i>Canterbury</i>	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice (availability period less than anticipated due to delays to the completion of Phase One remediation work).
State failure or fragility leading to internal conflict and/or humanitarian crisis (EC 2C)			
HMNZS <i>Endeavour</i>	P2	P2	P2
HMNZS <i>Canterbury</i>	P2. (Some constraints on operational employment remain pending completion of remediation work).	P2	P3. (<i>Canterbury</i> was involved in Phase One of the remediation period and associated Operational Testing and Evaluation (OT&E) for the majority of reporting period).
Challenges to legitimate governments, including civil war and secessionist conflict (EC 2E)			
HMNZS <i>Endeavour</i>	P2	P2	P2
HMNZS <i>Canterbury</i>	P2. (Some constraints on operational employment remain pending completion of remediation work).	P2	P3. (<i>Canterbury</i> was involved in Phase One of the remediation period and associated OT&E for the majority of reporting period).
<i>Security Challenges to New Zealand's Interests in the Asia-Pacific Region</i>			
Aggression to alter maritime boundaries or seize resources, or threats to freedom of navigation (EC 4A)			
HMNZS <i>Endeavour</i>	P2	P2	P2
HMNZS <i>Canterbury</i>	P2. (Some constraints on operational employment remain pending completion of remediation work).	P2	P3. (<i>Canterbury</i> was involved in Phase One of the remediation period and associated OT&E for the majority of reporting period).
Inter-State conflict (EC 4F)			
HMNZS <i>Endeavour</i>	P2	P2	P2
HMNZS <i>Canterbury</i>	P2. (Some constraints on operational employment remain pending completion of remediation work).	P2	P3. (<i>Canterbury</i> was involved in Phase One of the remediation period and associated OT&E for the majority of reporting period).
<i>Security Challenges to New Zealand's</i>			

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
<i>Interests in Global Peace and Security</i>			
Terrorist Threats (EC 5D)			
HMNZS <i>Endeavour</i>	P2	P2	P2
HMNZS <i>Canterbury</i>	P2. (Some constraints on operational employment remain pending completion of remediation work).	P2	P3. (<i>Canterbury</i> was involved in Phase One of the remediation period and associated OT&E for the majority of reporting period).

Costs for Output Expense 3 (GST Exclusive)

Actual 2011/12 (\$ million)	Category	Main Estimates (\$ million)	Supplementary Estimates (\$ million)	Actual 2012/13 (\$ million)
	Expenditure			
33.639	Personnel	31.856	38.349	38.609
27.283	Operating	45.646	27.088	25.099
1.025	Losses on Foreign Exchange	-	-	1.032
13.265	Depreciation	27.066	13.210	13.140
25.277	Capital Charge	21.210	20.965	20.926
100.489	Total Expenses	125.778	99.612	98.806
	Income			
100.493	Revenue Crown	124.242	98.173	98.173
0.128	Revenue Department	0.696	0.696	0.023
0.581	Revenue Other	0.840	0.743	0.692
0.393	Gains on Foreign Exchange	-	-	0.916
101.595	Total Income	125.778	99.612	99.804
1.106	Net Surplus (Deficit)	-	-	0.998
	Cost by Output			
35.604	Output 3.1	58.583	42.800	41.375
63.860	Output 3.2	67.195	57.901	57.431

The NZDF is appropriated for expenditure excluding remeasurements. Remeasurements are foreign exchange gains and losses. The total approved appropriation in 2012/13 for this output expense was \$99.412 million and the total expenditure was \$97.774 million. There was no unappropriated expenditure for this output expense as the outputs were realigned under section 26A of the Public Finance Act.

OUTPUT EXPENSE 4:**LITTORAL WARFARE SUPPORT FORCES****SERVICE PERFORMANCE****Description**

The provision of forces to ensure access to and the use of harbours, inshore waters and associated coastal zones in New Zealand and wherever NZDF deployed maritime forces are required to operate. The units and specialist teams permanently assigned to the Littoral Warfare Support Forces (LWSF) include the Littoral Warfare Support Vessels, the Mine Countermeasures Team (MCMT), the Operational Diving Team (ODT) and the Maritime Survey Team (MST), prepared for employment under Employment Contexts 1 to 5.

This output includes HMNZS *Manawanui* and a range of smaller craft, which are permanently assigned to the provision of support to these operations. The delivery of this output expense is coordinated by the Littoral Warfare⁶ Support Group (LWSG) with the component teams or parts thereof able to be either deployed individually or as a composite force. The LWSF is responsible for the execution of Rapid Environmental Assessments (REA) and conducting related advanced force tasks in support of sealift/amphibious operations. The LWSF is therefore a key enabler to Output Expense 3.2 Outputs.

Associated Outputs**OUTPUT 4.1 - LITTORAL WARFARE SUPPORT VESSELS**

The provision of the Littoral Warfare Support Vessels, consisting of HMNZS *Manawanui*, SMB *Adventure*, two REA support boats⁷ and other small craft, prepared to support:

- specialist underwater search operations in particular route surveys and conditioning of selected New Zealand ports (EC1) and approaches;
- military diving operations including removal/neutralisation of underwater objects or explosive devices around New Zealand ports and associated waterways under EC 1; and
- specialist underwater search and diving operations enabling deployed military operations in particular support to amphibious sealift forces, under EC 2 to 5.

OUTPUT 4.2 - DIVING FORCE

The provision of the Operational Diving Team (ODT), capable of fielding two independent diving detachments prepared for the conduct of military diving operations in ECs 1 to 5.⁸

Note: Any IEDD support for emergency national response tasks is covered under Output 10.3. Notwithstanding Output 10.3, the RNZN, in delivering Output 4.2, maintains its own integral EOD capability and IEDD specialists.

⁶ Littoral Warfare in a NZ context is defined as: "Military operations undertaken in areas of the sea susceptible to influence or support from the land, and in areas of the land susceptible to influence or support from the sea."

⁷ Currently scheduled for delivery in late FY 12/13

⁸ Diving operations range from detecting, neutralising, removing, exploiting and disposing of mines, explosive ordnance, IEDs and underwater obstacles/obstructions in the maritime environment through to underwater engineering and underwater survey and clearance of beaches, harbours, ports and approaches.

OUTPUT 4.3 - MILITARY HYDROGRAPHY (MILH) FORCE

The provision of the Maritime Survey Team (MST) available to conduct military hydrography in support of sealift and other naval operations. Detachments from the MST may be deployed independently, onboard RNZN vessels or utilise craft of opportunity for the conduct of military hydrography tasks. This output includes personnel embedded within the NZDF Geospatial Intelligence Organisation supporting the creation of military hydrographic products and hydrographic subject matter expertise.

Geospatial data is also provided to the MST by the MCMT using its Remote Environmental Measuring and Underwater System and by the ODT using its Diver Underwater Search System.

Note: The MST may, when it is mutually beneficial to do so, provide support to Land Information New Zealand in the gathering of data to support New Zealand's maritime charting needs and those of our Pacific Islands neighbours. The OPVs (Output Expense 5.1) are being modified to allow them to accommodate survey equipment previously used by HMNZS *Resolution*. It should be noted that the previous contractual relationship between the RNZN and LINZ ceased in June 2012 and HMNZS *Resolution* has been decommissioned.

OUTPUT 4.4 - MINE COUNTERMEASURE (MCM) FORCE

The provision of a MCM Team (MCMT) which, together with a supporting ODT Mine Clearance detachment, is prepared to conduct:

- Pre-Mining Event: Route surveys and conditioning of selected New Zealand ports (EC1) and approaches as well as specialist underwater search operations and support to amphibious sealift forces, under ECs 1 to 5.
- Post-Mining Event: Route surveys and removal/neutralisation of underwater explosive devices opening safe sea lines of communication to key New Zealand ports and waterways under EC 1 as well as ahead of amphibious forces operating within a mine threat area, under EC 2 to 5.
- Multi Agency Operations and Tasks: Conduct specialist underwater search and recovery tasks which are beyond the capabilities of other government agencies and commercial providers under EC 1.

Contributions to Outcomes

This Output Expense contributes primarily to Outcomes 1 and 2 (Secure New Zealand and Reduced Risks to New Zealand from regional and global insecurity).

Overview

HMNZS *Manawanui* met the target for Mission Availability days and under achieved in Sea Days (76%). The ship is now 34 years old and becoming increasingly challenging to maintain, which has an impact upon its preparedness assessments. SMB *Adventure* has been unavailable for the majority of the reporting period due to maintenance issues.

The two new REA support boats (*Takapu* and *Tarapunga*) have been delivered and will be introduced into service in FY 2013/14. The ODT delivered 347 diving hours on operations, which met the annual target. A DLOC evaluation of the ODT's Advance Force capability, in support of amphibious operations, was conducted during Exercise RIMPAC. Additionally, an external DLOC evaluation of ODT's Underwater Battle Damage Repair capability was also undertaken in the reporting period by the RAN during a LWSF Work Up in April 2013.

Readiness Training Activities

- Exercise RIMPAC. The maritime largest exercise of its type, it spans all maritime based warfare disciplines (including amphibious operations). It is a high end joint warfighting exercise set in a coalition environment that includes live firings in all facets. The ODT deployed to Southern

California and conducted a DLOC Work Up of its Advance Force capability, in support of amphibious operations. The MCMT conducted MCM and Rapid Environmental Assessment operations in support of a HADR component of the exercise. This was also supported by an element of MST, which provided GIS support to both the ODT and the MCMT and also worked with the US Fleet Survey Team conducting a harbour survey in the Hawaii area.

- Exercise Criox Du Sud. A biennial international exercise held in New Caledonia focused on an HADR scenario and involving personnel from Australia, New Zealand, France, UK, Vanuatu, Papua New Guinea, Tonga and Canada. A detachment from the MST embarked on several French vessels and conducted REA activities supporting the exercise scenario.
- International Mine Counter Measures exercise. A biennial international exercise held in the Gulf area, involving contributions from a wide range of countries. MCMT and the ODT provided detachments to participate in the exercise, while MST provided personnel to support data fusion. The MCMT and ODT were based on the RFA *Cardigan Bay* while the MST personnel were embarked in the USS *Ponce*.
- Exercise Pae Tata. A NZDF hosted amphibious exercise held in the Hauraki Gulf as part of the build up to the Exercise Southern Katipo series. The ODT participated in this exercise together with HMNZS *Manawanui*, New Zealand Army units, RNZAF elements, and HMAS *Tobruk*.
- Exercise Dawn Blitz. An amphibious exercise hosted by the US Marines, held on the West Coast of the United States. MCMT, ODT and MST attended this exercise and worked closely with the US Navy and Marines in improving interoperability in MCM operations.
- Exercise Cluso. A demolitions training exercise run by the ODT, attended by EOD units and Army field engineers.
- Exercise Nautilus. A Shallow Water unit level MCM training activity conducted by the ODT with participation from the MCMT and RNZAF No 3 Squadron (Iroquois helicopters) in Tauranga Bay, Northland in support of DLOC generation.
- Exercise Phonenix – An ODT tactical level activity on the conduct of covert beach intelligence and reconnaissance in support of amphibious operations, based from Whangaparoa.
- Exercise Anchorite. MST conducted training surveys in support of DLOC generation in the Auckland area and in Northland.
- Operation Pukaurua. An Explosive Remnants of War disposal operation in the Pacific Islands, supported by both the MCMT and ODT. The LWSF led the coalition operation in the Solomon Islands, supported by HMNZS *Manawanui*, HMNZS *Wellington*, EOD Squadron detachment, and EOD teams from the United States, Canada, and Australia.
- Operation Poseidon. The ODT and MCMT assisted the New Zealand Police in numerous search and rescue efforts during the reporting period. This included the search for the body of Private Ross in Lake Moawhango and the recovery of the bodies of Eric Hertz and his wife in their light plane, which came down in the sea off the coast of Raglan.
- Operation Orion. MCMT conducted route survey operations in the approaches to Auckland and Whangarei Harbours. Work was also carried out by the MST in the outer approaches to the Hauraki Gulf.
- Operation Castle – An ODT detachment embarked onboard HMNZ *Otago* to provide emergency dive support in the Southern Ocean during routine fishery patrols.

- The ODT completed an external evaluation of their Underwater Battle Damage Repair capability. The evaluation was conducted by the Royal Australian Navy.

Output Performance Measures and Standards

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
HMNZS <i>Manawanui</i> available for military tasks.	Vessel available	Vessel available	HMNZS <i>Manawanui</i> was available for military tasks.
ODT available for military tasks.	Team available	Team available	The ODT was available for military tasks.
MCMT available for military tasks.	Team available	Available	The MCMT was available for military tasks
MST available for military tasks.	Team available	Available	The MST was available for military tasks
Undertake Multi-Agency Operations and Tasks (MAO&T) and contribute to a range of services in support of other government departments, the community, and foreign and defence policy objectives when not committed to operations, using the capabilities developed for the operational role.	Positive feedback has been received from New Zealand Police about the speed of response and professionalism of both the ODT and MCMT when deploying in support of Police.	Deliver to the satisfaction of supported department/agency	Delivered to the satisfaction of the supported department/agency. Positive feedback has been received from the New Zealand Police, CAA and the public about the speed of response and professionalism of <i>Manawanui</i> , ODT and MCMT when deploying in support of the Police. In respect to aircraft recovery off Kawhai coast, the CAA stated "It is no understatement that CAA's ability to recover the aircraft wreckage would have been significantly limited without the Navy's excellent support. HMNZS <i>Manawanui</i> and associated divers enabled CAA to instigate a comprehensive investigation into this accident." Family members of the deceased stated "We hope the community of New Zealand does not need the services of these extremely committed people, but I can assure you that if they do, there is a remarkable team ready to act in such testing times." For details of MAO&T support provided, see the section on Services in Support of the Government and Community.
Undertake Defence diplomacy tasks in accordance with NZDF and Government/MFAT requirements. This normally involves ship visits to foreign ports.	No requirement during the reporting period.	Deliver to the satisfaction of supported department/agency	HMNZS <i>Manawanui</i> undertook Defence diplomacy tasks in the Pacific.
HMNZS <i>Manawanui</i> Mission Availability Days / Sea Days for the year (range is target plus or minus 5%):	HMNZS <i>Manawanui</i> was Mission Available for 273 days (100%) and spent 115 days (84%) at sea.	266 / 147 - 163	HMNZS <i>Manawanui</i> was Mission Available for 268 days (101%) and spent 111 days (76%) at sea.
ODT time (range is target plus or minus 5%). The diving hours refer to actual time in the water.	365 (104%)	300 – 350	347 diving hours achieved
<i>Security Challenges and Defence Tasks in New Zealand and its environs</i>			
Terrorist and Asymmetric Threats (EC 1D)			
Littoral Warfare Support Vessels	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice
Diving Forces	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice
Military Hydrography	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice
MCM Force	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice

	2011/12		2012/13
Performance Measures	Actual	Budget Standard	Performance Achieved
<i>Security Challenges to New Zealand's Interests in the South Pacific</i>			
Natural and manmade disasters (EC 2B)			
Littoral Warfare Support Vessels	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice
Diving Force	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice
Military Hydrography	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice
MCM Force	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice
State failure or fragility leading to internal conflict and/or humanitarian crisis (EC 2C)			
Littoral Warfare Support Vessels	P2	P2	P2
Diving Force	P2	P2	P2
Military Hydrography	P2	P2	P2
MCM Force	P2	P2	P2
Challenges to legitimate governments, including civil war and secessionist conflict (EC 2E)			
Littoral Warfare Support Vessels	P2	P2	P2
Diving Force	P2	P2	P2
Military Hydrography	P2	P2	P2
MCM Force	P2	P2	P2
<i>Security Challenges to New Zealand's Interests in the Asia-Pacific Region</i>			
Aggression to alter maritime boundaries or seize resources, or threats to freedom of navigation (EC 4A)			
Littoral Warfare Support Vessels	P2	P2	P2
Diving Forces	P2	P2	P2
Military Hydrography	N/A	P2	P2
MCM Force	P2	P2	P2
Inter-State conflict (EC 4F)			
Littoral Warfare Support Vessels	P2	P2	P2
MCM Diving Force	P2	P2	P2
Military Hydrography	N/A	P2	P2
MCM Force	P2	P2	P2
<i>Security Challenges to New Zealand's Interests in Global Peace and Security</i>			
Terrorist Threats (EC 5D)			
Littoral Warfare Support Vessels	P2	P2	P2
Diving Force	P2	P2	P2

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
Military Hydrography	N/A	P2	P2
MCM Force	P2	P2	P2

Costs for Output Expense 4 (GST Exclusive)

Actual 2011/12 (\$ million)	Category	Main Estimates (\$ million)	Supplementary Estimates (\$ million)	Actual 2012/13 (\$ million)
	Expenditure			
10.739	Personnel	16.624	15.300	15.204
5.088	Operating	14.408	9.192	8.614
0.138	Losses on Foreign Exchange	-	-	0.141
1.785	Depreciation	4.285	2.535	2.490
5.869	Capital Charge	6.170	6.135	6.130
23.619	Total Expenses	41.487	33.162	32.579
	Income			
23.817	Revenue Crown	40.257	32.714	32.714
0.017	Revenue Department	0.852	0.099	0.003
0.165	Revenue Other	0.378	0.349	0.371
0.053	Gains on Foreign Exchange	-	-	0.125
24.052	Total Income	41.487	33.162	33.213
0.433	Net Surplus (Deficit)	-	-	0.634
	Cost by Output			
9.980	Output 4.1	0.556	1.480	1.363
13.501	Output 4.2	15.521	15.050	14.624
0.000	Output 4.3	14.940	7.694	7.181
0.000	Output 4.4	10.470	9.087	9.411

The NZDF is appropriated for expenditure excluding remeasurements. Remeasurements are foreign exchange gains and losses. The total approved appropriation in 2012/13 for this output expense was \$33.162 million and the total expenditure was \$32.438 million. There was no unappropriated expenditure for this output expense as the outputs were realigned under section 26A of the Public Finance Act.

OUTPUT EXPENSE 5:**NAVAL PATROL FORCES****SERVICE PERFORMANCE**

Description

The provision of Offshore and Inshore Patrol Vessels (OPVs and IPVs) 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 Exclusive Economic Zone (EEZ). 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.

This output expense also includes contributions to a range of services provided to government and the community.

Associated Outputs**Output 5.1 – Offshore Patrol Forces**

The provision of OPVs prepared to conduct maritime operations, predominantly MAO&T, and normal naval activities.

Output 5.2 – Inshore Patrol Forces

The provision of IPVs prepared to conduct maritime operations, predominantly MAO&T, and normal naval activities. Output 5.2 is an activated output for MAO&T.

Contributions to Outcomes

This Output Expense contributes primarily to Outcomes 1 and 2 (Secure New Zealand and Reduced Risks to New Zealand from regional and global insecurity).

Overview

Offshore Patrol Force - The OPVs have not yet been fully accepted into service, and for the second reporting period in a row, the cold weather capability release was delayed by the cancellation of the second Sub-Antarctic patrol of the season for reasons beyond the NZDF's control. Crewing constraints saw HMNZS *Wellington* unavailable for the majority of FY 2012/13. Collectively, the OPVs achieved 92% of the planned Mission Availability days and a combined 182 Sea Days against a planned range of 198 to 218. The OPVs would have met Mission Availability days and Sea Day targets if the second Sub-Antarctic patrol was undertaken.

Inshore Patrol Force – The IPVs have released the majority of their current capability, with the exception of previously identified mission systems that will undergo remediation. Collectively, the vessels achieved 88% (660 days) of the planned Mission Availability target and 270 Sea Days against a planned range of 484 to 535 days.

Readiness Training Activities

Training activities for the NPF are focused on the generation of the required level of capability for MAO&T activities in support of other agency outcomes. This has involved a comprehensive range of Maritime Operational Evaluation Team facilitated training and evaluation periods. These evaluations have assessed the IPVs against the OLOC standard for MAO&T and the OPVs against the base DLOC requirement with OLOC assessment in areas such as cold weather operations, when required by tasking.

Offshore Patrol Force – During the reporting period the OPV's conducted a wide range of tasks primarily focused on MAO&T activities. This included the following:

- Both vessels have supported the Department of Conservation (DoC) through the conduct of Operation Endurance (maintaining and updating the stations on remote Sub-Antarctic Islands), Great Barrier Island Fire assistance, and Operation MULTUS (transportation of DoC staff and equipment to the Kermadec Island Group).
- Both vessels supported the Met Service and the Institute of Geological and Nuclear Sciences (GNS) through the conduct of deployments to the remote Sub-Antarctic Islands and Kermadec Island Group.
- Support was provided to the Ministry for Primary Industries through the conduct of multiple patrols under the collective operational titles of Castle and Multus. HMNZS *Otago* conducted Operation Castle, which involved surveillance and boarding operations in the Southern Ocean for the Ministry of Foreign Affairs and Trade (MFAT), conducted in support of CCAMLR (Convention for the Conservation of Antarctic Marine Living Resources). The patrol focused on the inspection of CCAMLR licensed ships harvesting Toothfish.
- Support was provided to MFAT through the conduct of Operation Pukaurua, which focuses on the disposal of Explosive Remnants of War in the South Pacific. Exercise Pukaurua saw HMNZS *Wellington* deploy to the Solomon Islands where the ship worked alongside HMNZS *Manawanui*, Littoral Warfare Support Force, and other nations to locate, identify and dispose of unexploded WWII munitions

Inshore Patrol Force – During the reporting period, the IPF conducted a diverse range of planned and response tasks, primarily focused on support to other agencies. This included the following tasks:

- Operation Kauwae 5/12. HMNZS *Taupo* conducted a fishery patrol around the South Island in support of the Ministry for Primary Industries (MPI).
- Operation Multus 3/12. HMNZS *Taupo* deployed in support of multiple agencies. HMNZS *Taupo* sailed from Auckland and conducted maritime patrol tasking around the coast of the North Island commencing in the Hauraki Gulf, then around North Cape and down to Nelson.
- Operation Multus 4/12. HMNZS *Taupo* conducted a fisheries patrol off the West Coast of the South Island down to Stewart Island and then into the Foveaux Strait area. *Taupo* then conducted further patrols along the East Coast of both the South and North Islands enroute to Auckland.
- Operation Kauwae 6/12. HMNZS *Rotoiti* conducted an operation in support of MPI down the East Coast of the North Island and the top of the South Island.
- Operation Multus 6/12. HMNZS *Rotoiti* supported multiple agencies conducting patrols principally around Fiordland and the East Coast of the South Island.
- Operation Multus 7/12. HMNZS *Taupo* conducted a tasking in support of MPI and the New Zealand Customs Service (NZCS) in and around the Bay of Islands.
- Operation Multus 1/13. HMNZS *Rotoiti* conducted an operation primarily in support of MPI. The operating area for this patrol was extensive covering the East Coast of both the North and South Islands. While most of the operation related to MPI tasking, support was also provided for the NZCS and Maritime New Zealand tasking.
- Operation Multus 2/13. HMNZS *Taupo* conducted a patrol operating in the same region as that for HMNZS *Rotoiti's* Operation Multus 1/13. Although the ships covered different areas, the overall effect delivered was a regular presence in the area of operations with higher revisit times for patrol areas.

- Operation Rapanga 2/13 HMNZS *Taupo* conducted a patrol primarily in support of the NZCS in the Bay of Islands area.
- Operation Kauwae 1/13. HMNZS *Taupo* conducted a patrol along the East Coast of the North Island.
- Operation Kauwae 2/13. HMNZS *Taupo* conducted a patrol in the Cook Strait areas in support of multiple agencies.
- Operation Multus 6/13. HMNZS *Taupo* conducted a two week patrol along East Coast of the North Island in support of multiple agencies.
- Operation Rapanga 3/13. HMNZS *Taupo* conducted a patrol in support of the NZCS in the Bay of Islands area.
- Operation Rapanga 4/13. At the end of the reporting period, HMNZS *Hawea* commenced a patrol in support of the NZCS in the Bay of Islands area.

Output Performance Measures and Standards

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
<p>The OPVs, HMNZ Ships <i>Otago</i> and <i>Wellington</i>, with embarked <i>Seasprite</i> when ordered, available for military tasks and MAO&T.</p> <p>The OPVs will be capable of embarking <i>Seasprite</i> helicopters on completion of ship/aircraft integration and first of class flight trials. Details on the <i>Seasprite</i> helicopters are recorded under Output Expense 11 - Naval Helicopter Forces.</p> <p>Subject to availability and the Government's requirements, tasking of the OPVs may take place in ECs other than those listed below.</p>	<p>The OPVs were available for employment with the assigned ECs and in accordance with the constraints of the Interim Operating Capability Statement (IOCS). Some reduction in availability was experienced due to personnel and material issues, but this did not affect planned tasking.</p> <p>First of Class Flight Trails were completed in May 2012 and following evaluation of the results, operating parameters for the OPV-SH2G will be established and the final capability release requirements completed.</p>	Both vessels available	<p>The OPVs were available for employment with the assigned ECs and in accordance with the constraints of the Interim Operating Capability Statement.</p> <p>Crewing constraints saw HMNZS <i>Wellington</i> unavailable for the majority of FY 2012/13.</p>
<p>Deployment Impact:</p> <p>The OPVs will reach intended performance ratings once fully operationally released. This is a staged activity that will result in the planned performance being progressively achieved throughout 2011/12 and 2012/13.</p>	<p>Significant progress has been made in FY 11/12 in the areas of aviation and replenishment of fuel at sea capability release. Full capability release for Southern Ocean operations is planned for FY 12/13.</p>		<p>Full capability release for Southern Ocean operations planned for FY 2012/13 was postponed and will now be conducted in FY 2013/14.</p>
<p>The IPVs, HMNZ Ships <i>Rotoiti</i>, <i>Hawea</i>, <i>Pukaki</i> and <i>Taupo</i> available for MAO&T and associated military tasks.</p>	<p>Due to crewing constraints, changes to the IPV operating profile were necessary. From March - June 2012 this meant one IPV has been in a Reduced Availability Period due to personnel shortages</p>	All vessels available	<p>Due to a combination of personnel and maintenance issues, two IPVs have been unavailable for the period July 2012 - March 2013.</p>
<p>Undertake Multi-Agency Operations and Tasks (MAO&T) and contribute to a range of services in support of other government departments, the community, and foreign and defence policy objectives when not committed to operations.</p>	<p>Agency feedback on those operations conducted has been uniformly positive. The reduced levels of availability, whilst unavoidable, are a concern for the supported agencies.</p> <p>HMNZS <i>Wellington</i> provided transport and logistical support for the DOC work programme at the Auckland Islands during February 2012.</p> <p>DOC feedback on this task was as follows: "The Navy's support was first class and we completed all the proposed tasks. This is quite an achievement for any trip to the Sub Antarctic and would simply not have been possible without the full commitment of the Captain and crew. The OPVs (Offshore Patrol Vessels) are ideal for our work and we have had excellent service since they were commissioned."</p>	<p>Deliver to the satisfaction of supported department/agency</p>	<p>Delivered to the satisfaction of the supported department/agency.</p> <p>Agency feedback on those operations conducted has been uniformly positive. The reduced levels of availability, whilst unavoidable, continue to be a concern for the supported agencies.</p> <p>HMNZS <i>Otago</i> provided transport and logistical support for the DoC work programme at the Sub Antarctic Islands during February 2013.</p> <p>DoC feedback on this task was as follows: "Many of these jobs [re-supply and maintenance] simply could not have been completed without the <i>Otago</i> and her crew" and "...<i>Otago's</i> crew were outstanding, they were skilled at their jobs and extremely flexible which allowed us to maximise the outputs from the trip."</p> <p>For details of MAO&T support provided, see</p>

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
			the section on Services in Support of the Government and Community.
For the OPVs, undertake defence diplomacy tasks in accordance with NZDF and Government/MFAT requirements. This normally involves ship visits to foreign ports.	The OPV's have provided a range of support to MFAT both in the Southern Oceans and in the Pacific.	Deliver to the satisfaction of supported department/agency	Delivered to the satisfaction of the supported department / agency. The OPVs have provided a range of support to MFAT, both in the Southern Oceans and in the Pacific. HMNZS <i>Wellington</i> undertook defence diplomacy tasks in the Pacific, including port visits and the hosting of official functions.
Offshore Patrol Force total mission availability / Sea Days (range is target plus or minus 5%) [consolidates days by output rather than by individual vessel].	HMNZS <i>Otago</i> was Mission Available for 248 days (95%) and spent 123 days (90%) at sea. HMNZS <i>Wellington</i> was Mission Available for 211 days (87%) and spent 96 days (83%) at sea.	371 / 198 - 218	OPF were Mission Available for 341 days (92%) and spent 182 days (92%) at sea. OPF would have meet targets if it weren't for the cancellation of the second Sub-Antarctic patrol of the season; for reasons beyond the NZDF's control.
Planned OPV sea days available to the National Maritime Coordination Centre (included in total days). (New measure for 12/13).	Included in total sea days	95	244 days were made available to NMCC.
Planned South Pacific patrols. (New measure for 12/13).	Included in total sea days	1	2 patrols conducted.
Planned Southern Ocean patrols. (New measure for 12/13).	Included in total sea days	2	1 patrol conducted. OPF would have meet targets if it weren't for the cancellation of the second Sub-Antarctic patrol of the season; for reasons beyond the NZDF's control.
Planned offshore resupply operations in support of the Department of Conservation (principally Raoul Island and the Sub-Antarctic Islands). [May require support from HMNZS <i>Canterbury</i>]. (New measure for 12/13). Note: number of patrols and resupply operations are included in planned sea days.	Included in total sea days	2	2 patrols conducted.
Inshore Patrol Vessel mission availability / sea days range is target plus or minus 5%) [consolidates days by output rather than by individual vessel].	853 / 397	749 / 484 - 535	IPF were Mission Available for 660 days (88%) and spent 270 days (56%) at sea.
Planned Inshore Patrol Vessel sea days available to NMCC (included in total days). (New measure for 12/13).	Included in total sea days	455	466 days were made available to NMCC.
<i>Security Challenges and Defence Tasks in New Zealand and its environs</i>			
Illegal exploitation of marine resources within the New Zealand EEZ, and other low-level threats to New Zealand territorial sovereignty (EC 1A)			
Offshore Patrol Forces	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice.
Inshore Patrol Forces	Available at the appropriate degree of notice (Some reduction in the total number of IPVs simultaneously in operation)	Available at the appropriate degree of notice	Available at the appropriate degree of notice. (There was a reduction in the total number of IPVs simultaneously in operation).
Terrorist and Asymmetric Threats (EC 1D)			
Offshore Patrol Forces	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice.

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
Inshore Patrol Forces	Available at the appropriate degree of notice (Some reduction in the total number of IPV's simultaneously in operation)	Available at the appropriate degree of notice	Available at the appropriate degree of notice. (There was a reduction in the total number of IPV's simultaneously in operation).
<i>Security Challenges to New Zealand's Interests in the South Pacific</i>			
Natural and manmade disasters (EC 2B)			
Offshore Patrol Forces	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice.
State failure or fragility leading to internal conflict and/or humanitarian crisis (EC 2C)			
Offshore Patrol Forces	P3 (full operational release not yet achieved and some limitations on availability late in the reporting period)	P2	P2
Challenges to legitimate governments, including civil war and secessionist conflict (EC 2E)			
Offshore Patrol Forces	P3 (full operational release not yet achieved and some limitations on availability late in the reporting period)	P2	P2

Costs for Output Expense 5 (GST Exclusive)

Actual 2011/12 (\$ million)	Category	Main Estimates (\$ million)	Supplementary Estimates (\$ million)	Actual 2012/13 (\$ million)
	Expenditure			
43.490	Personnel	44.907	47.271	47.169
21.943	Operating	36.697	24.015	21.998
1.035	Losses on Foreign Exchange	-	-	0.946
19.043	Depreciation	21.043	20.437	20.419
41.434	Capital Charge	34.306	34.082	34.046
126.945	Total Expenses	136.953	126.805	124.578
	Income			
128.524	Revenue Crown	135.752	124.678	124.678
0.130	Revenue Department	0.637	0.637	0.021
0.350	Revenue Other	0.564	0.490	0.455
0.397	Gains on Foreign Exchange	-	-	0.839
129.401	Total Income	136.953	126.805	125.993
2.456	Net Surplus (Deficit)	-	-	1.415
	Cost by Output			
62.753	Output 5.1	72.044	66.009	64.233
63.157	Output 5.2	64.909	60.794	60.345

The NZDF is appropriated for expenditure excluding remeasurements. Remeasurements are foreign exchange gains and losses. The total approved appropriation in 2012/13 for this output expense was \$125.805 million and the total expenditure was \$123.633 million. There was no unappropriated expenditure for this output expense as the outputs were realigned under section 26A of the Public Finance Act.

OUTPUT EXPENSE 6:**Reserved (Previously MILITARY HYDROGRAPHY, AND HYDROGRAPHIC DATA COLLECTION AND PROCESSING FOR LINZ).**

This output was closed at the end of FY 2011/12 due to the cessation of the Land Information New Zealand contract for hydrographic data collection processing. The military hydrography component of this output was then transferred to Littoral Warfare Support Forces (Output Expense 4), commencing FY 2012/13.

The table below is provided for cost comparison purposes only between FY 2011/12 and 2012/13.

Costs for Output Expense 6 (GST Exclusive)

Actual 2011/12 (\$ million)	Category	Main Estimates (\$ million)	Supplementary Estimates (\$ million)	Actual 2012/13 (\$ million)
	Expenditure	-	-	-
5.752	Personnel	-	-	-
5.026	Operating	-	-	-
0.04	Losses on Foreign Exchange	-	-	-
0.627	Depreciation	-	-	-
1.709	Capital Charge	-	-	-
13.154	Total Expenses	-	-	-
	Income			
8.124	Revenue Crown	-	-	-
5.530	Revenue Department	-	-	-
0.197	Revenue Other	-	-	-
0.015	Gains on Foreign Exchange	-	-	-
13.866	Total Income	-	-	-
0.712	Net Surplus (Deficit)	-	-	-
	Cost by Output			
7.790	Output 5.1	-	-	-
5.324	Output 5.2	-	-	-

(This output was closed at the end FY 2011/12).

**OUTPUT EXPENSE 7:
LAND COMBAT FORCES
SERVICE PERFORMANCE**

Description

The provision of land combat force elements [command, control and intelligence, and manoeuvre elements (infantry – light, motorised or composite)] prepared for the conduct of land operations under Employment Contexts 1, 2, 3, 4 & 5, as applicable. This output expense also includes contributions to a range of services to government and the community.

Associated Outputs**Output 7.1 - Command, Control and Intelligence**

The provision of a deployable headquarters prepared to provide operational command, control and intelligence for deployed land forces. It also includes the requirement to provide elements for simulation and Command Post Exercise-based combined-arms training. This output also provides command of contributions, as required, to a range of services provided to government and the community.

Output 7.2 - Manoeuvre Elements

The provision of manoeuvre elements (infantry – light, motorised, or composite) prepared for the conduct of land operations. It includes the provision of these elements for a force of up to a combined arms task group. It also includes the requirement to provide infantry and reconnaissance elements for simulation and Command Post Exercise-based combined arms training, and the provision of some community support services.

Contributions to Outcomes

This Output Expense contributes primarily to Outcomes 1 and 2 (Secure New Zealand and Reduced Risks to New Zealand from regional and global insecurity).

Overview

In addition to sustaining a number of major Output Expense 16 operations, Land Combat Force elements, including Territorial Force (TF) soldiers, provided support to local government, NZ Police, and civil authorities in the aftermath of the Canterbury earthquakes. Small numbers of Land Combat Forces, mainly Territorial Force soldiers, remained employed in security cordon duties in Christchurch through to the end of the reporting period when cordon duties ceased.

Concentration of the NZ Army's Light Armoured Vehicle (NZLAV) cavalry capabilities in one Linton-based unit (Queen Alexandra's Mounted Rifles (QAMR)) has been completed.

Development of the Enhanced Infantry Company (EIC) capability progressed, with company group training being conducted throughout the year, culminating with Exercise Alam Halfa in May 2013.

The Headquarters of the Deployable Joint Task Force (Land) (HQ DJTF (L)) has moved to Trentham Military Camp and is developing into a joint multi-agency focussed command and control capability as the Headquarters Deployable Joint Inter-Agency Task Force (HQ DJIATF).

The six Territorial Force battalion groups under command of Headquarters Training and Doctrine Command have been amalgamated to form the three Battalions; 2/4 Battalion, 3/6 Battalion and 5/7 Battalion, Royal New Zealand Infantry Regiment.

Land Combat Forces remained prepared for a wide range of operational contingencies. Land Combat Force elements of the NZ Army continued to carry the main responsibility for sustaining current OE 16 operations and were also able to provide a high-readiness manoeuvre element for short-notice contingencies. These requirements fully committed the equivalent of three infantry company groups throughout the year.

The three major deployments to Timor Leste, Solomon Islands and the Provincial Reconstruction Team (PRT) in Afghanistan concluded successfully during the reporting period, bringing to a close a period of 10 years of continuous operations. In Afghanistan over the reporting period, five personnel were killed in action and six personnel were wounded in action.

Despite some personnel shortages in critical trades restricting sustainability, Land Combat Forces were able to meet all the requirements of the Output Plan.

Effective interoperability with key allies and partners was achieved with a number of operations and exercises throughout the South Pacific and South East Asia, including with the FPDA and American, British, Canadian, and Australian (ABCA) partners.

Munitions, stores and equipment standards were met for all current operations. In addition, a range of personal equipment, weapons, command and control equipment, and night vision equipment continued to transition into service to meet preparedness requirements for other events and contingencies. This included new combat uniforms. However, the effect of attrition on Intelligence Operators ranks and trades has seen an increase in the risk of Army's ability to sustain a deployed force.

Readiness Training Activities

Land Combat Force elements participated in these major readiness training activities in the reporting period:

- Exercise Suman Protector, held in October 2012 in Singapore. It was a command post exercise that exercised the FPDA nations in the conduct of joint operations in a multi-threat environment. The exercise enhanced interoperability and strengthened the professional relationships between FPDA nations.
- Exercise Cambrian Patrol 12, was held in Wales in October 2012. The event is the premier patrolling event of the British Army to develop and enhance operational capability at the section level. The New Zealand Army sent a section from 2nd/1st Battalion. The section did well producing a Silver Medal and narrowly missed out on the Gold Medal.
- Exercise Kiwi Koru was a 1 (NZ) Brigade exercise held over October and November 2012 in the Hawkes Bay in New Zealand. The exercise saw the deployment of a coalition Joint Battle Group to practice combined arms skills in an EC 2C/2E, mid-intensity insurgency, civil war scenario. The exercise involved forces from the NZ Navy, RNZAF, 35 personnel from the US Marine Corps, 41 US Army personnel, and personnel from the Australian Defence Force and the British Army.
- Exercise Alam Halfa was a joint and combined task force field training exercise based on a Combined Arms Task Group (CATG) drawn from 1 (NZ) Brigade, and involving US Marine Corps, US Army, British and Canadian Army personnel, in the North Island in May 2013. This exercise included live firing of NZLAV; infantry support weapons and artillery/mortars.

- Exercise Pae Tata was held in the North Island in November 2012 as part of Exercise Kiwi Koru. The exercise practised the Enhanced Infantry Company in the conduct of amphibious operations, further developing the amphibious capability of the NZDF.
- Exercise RIMPAC 12 was held in Hawaii in July to August 2012. RIMPAC is a predominantly maritime exercise that spans all maritime based warfare disciplines, including amphibious operations. It is high-end joint warfighting set in a coalition environment. The NZ Army contributed a rifle platoon, engineers and headquarters staff.
- Exercise Dawn Blitz 13, June 2013, was held in the Southern California in the USA. A rifle company from 2nd 1st Battalion, Royal New Zealand Infantry Regiment, exercised amphibious and air operations in the joint environment.
- Australian Army Skill at Arms Meeting 13 (AASSAM 13) was held in Puckapunyal, Australia in April 2013 and is an annual international small arms shooting competition conducted by the Australian Army. AASAM provides the forum where the NZ Army can develop core skills at an international level, and to gauge the standards of small arms shooting applicable to NZ Army operational roles. This year the NZ Army team came 6th in a field of 17 teams.
- Exercise Kiwi Sprit 12 was a biennial command post exercise conducted in Singapore in August 2012 involving personnel from DJTF (L) and 1 (NZ) Brigade. The exercise strengthened the bi-lateral ties between the NZDF and the Singapore Armed Forces, practiced command and staff procedures within a Combined Task Force scenario, and strengthened interoperability between the NZDF and the SAF.

Output Performance Measures and Standards

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
Army, drawing on Headquarters Deployable Joint Task Force (Land) (HQ DJTF(L), HQ 1 (NZ) Brigade, 1 RNZIR, QAMR and 1 NZ Military Intelligence Company, and with supplementation from the Territorial Force, as required, will provide the initial and rotation land combat force elements to constitute, generally:			
<ul style="list-style-type: none"> • One sustainable Light Task Group (LTG) for tasks under ECs 1 to 5 (inclusive). (See Note 1 for definition of a LTG). 	Available	Available	Available
<p><u>Or</u></p> <ul style="list-style-type: none"> • One non-sustainable Combined Arms Task Group (CATG) for tasks under ECs 2 to 5 (inclusive). (See Note 1 for definition of a CATG). 	Available, but could not be deployed concurrently with a LTG	Available	Available, but could not be deployed concurrently with a LTG
Army will also provide:			
<ul style="list-style-type: none"> • an appropriate headquarters for simulation and Command Post Exercise-based combined-arms training. 	Available	Available	Available
<ul style="list-style-type: none"> • an appropriate headquarters (including intelligence and communications support) for command and control of a deployed force 	Available	Available	Available
Undertake Multi-Agency Operations and Tasks (MAO&T) and contribute to a range of services in support of other government departments, the community, and foreign and defence policy objectives when not committed to operations, using the capabilities developed for the operational role.	Delivered to the satisfaction of supported department/agency. General support was a conservation related task organised by the Mistletoe Bay Trust utilising Royal NZ Army	Deliver to the satisfaction of supported department/agency	Delivered to the satisfaction of the supported department/agency. Land Combat Force elements, including Territorial Force soldiers, provided support to local government, the NZ Police, and civil authorities in the aftermath of the Canterbury earthquakes. Small numbers of Land Combat Forces, mainly Territorial Force soldiers, remained employed in

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
	Number 2 Regiment from Linton, "who contributed a massive number of hours building two large education related building at Mistletoe Bay Eco Village. Trust members and the DOC representative on the Trust were "blown away" by the work of this team who showed a high level of commitment, skill and good character to complete the job."		security cordon duties in Christchurch through to the end of the reporting period when cordon duties ceased. Canterbury Earthquake Recovery Minister the Hon Gerry Brownlie and Defence Minister, the Hon Dr Jonathan Coleman, paid tribute to members of the NZDF on 29 June 2013 for their dedicated service to Christchurch on the eve of their longest ever domestic deployment. For details of MAO&T support provided, see the section on Services in Support of the Government and Community.
Preparedness - Land Combat Forces: Employment Context (see the preparedness rating scale earlier in this section for "P" ratings)			
<i>Security Challenges and Defence Tasks in New Zealand and its environs</i>			
Terrorist and Asymmetric Threats (EC 1D)			
Command, Control and Intelligence	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice
Manoeuvre Elements (Light infantry and motorised):			
• Up to a LTG (for Cordon duties)	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice
<i>Security Challenges to New Zealand's Interests in the South Pacific</i>			
Natural and manmade disasters (EC 2B)			
Command, Control and Intelligence	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice
Manoeuvre Elements (Light infantry and motorised):			
• Up to a LTG	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice
State failure or fragility leading to internal conflict and/or humanitarian crisis (EC 2C)			
Command, Control and Intelligence	P2	P2	P3, due to personnel availability
Manoeuvre Elements (Light infantry and motorised):			
• Up to a LTG, or	P2	P2	P2
• Up to a CATG	P2	P2	P2
Challenges to legitimate governments, including civil war and secessionist conflict (EC 2E)			
Command, Control and Intelligence	P2	P2	P3, due to personnel availability
Manoeuvre Elements (Light infantry and motorised):			
• Up to a LTG, or	P2	P2	P2

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
• Up to a CATG	P2	P2	P2
<i>Security Challenges to New Zealand's Interests in the Asia-Pacific Region</i>			
Inter-State conflict (EC 4F)			
Command, Control and Intelligence	P3	P3	P3
Manoeuvre Elements (Light infantry and motorised):			
• Up to a CATG	P2	P3	P3
<i>Security Challenges to New Zealand's Interests in Global peace and Security</i>			
Terrorist Threats (EC 5D)			
Command, Control and Intelligence	P2	P2	P3, due to personnel availability
Manoeuvre Elements (Light infantry and motorised):			
• Up to a CATG.	P2	P2	P2

Notes:

1. Definitions of Light Task Group (LTG) and Combined Arms Task Group (CATG):

- A LTG is designed to have a deployed strength of up to 260 personnel to conduct primarily humanitarian and disaster relief and stability and support tasks. It can include combat, combat service support (CSS) and limited combat support (CS) elements. If manoeuvre based, it may be light infantry, motorised or composite. The LTG is supported by Information Operations and enhanced communications, intelligence and Geospatial Information Systems capabilities.
- The LTG will be available for operations across Employment Contexts 1 to 5 (inclusive), however, it is designed primarily for the EC 1 and 2 environments. This TG is based around a single sub-unit sized element.
- A CATG allows for a scaleable group of up to 560 personnel providing a range of combined arms capabilities, including combat, CS and CSS; it may be light, motorised or composite based. The scale of the deployed force will be dependent on the amount of local, coalition or contractor resources available in theatre to support the force. In a worst case the CATG must be largely self-sufficient for independent operations. The CATG is based around two or more sub-unit sized elements. The CATG will be available for operations across Employment Contexts 1 to 5 (inclusive). This TG is based around two or more sub-unit sized elements.

2. The provision of a sustainable LTG or a non-sustainable CATG is in addition to current operational deployments to Solomon Islands, Timor-Leste and Afghanistan.

3. An Enhanced Infantry Company is designed to be a standing, combat capable, combined arms task unit ready to respond to security contingencies. It is to be held at higher readiness to provide a conventional land force contingency response and to support Special Operations Forces.

Costs for Output Expense 7 (GST Exclusive)

Actual 2011/12 (\$ million)	Category Expenditure	Main Estimates (\$ million)	Supplementary Estimates (\$ million)	Actual 2012/13 (\$ million)
159.773	Personnel	152.728	149.082	149.304
85.247	Operating	111.494	90.925	91.16
3.403	Losses on Foreign Exchange	-	-	2.273
43.366	Depreciation	44.434	40.906	40.955
75.902	Capital Charge	54.741	54.213	54.127
367.691	Total Expenses	363.397	335.126	337.819
	Income			
362.464	Revenue Crown	361.146	332.699	332.699
0.778	Revenue Department	1.257	1.519	0.050
0.426	Revenue Other	0.994	0.908	0.790
1.305	Gains on Foreign Exchange	-	-	1.999
364.973	Total Income	363.397	335.126	333.539
(2.718)	Net Surplus (Deficit)	-	-	(4.280)
	Cost by Output			
28.397	Output 7.1	33.020	31.903	31.742
335.891	Output 7.2	330.377	305.601	306.077

The NZDF is appropriated for expenditure excluding remeasurements. Remeasurements are foreign exchange gains and losses. The total approved appropriation in 2012/13 for this output expense was \$335.626 million and the total expenditure was \$335.546 million. There was no unappropriated expenditure for this output expense as the outputs were realigned under section 26A of the Public Finance Act.

OUTPUT EXPENSE 8:
LAND COMBAT SUPPORT FORCES
SERVICE PERFORMANCE

Description

The provision of land combat support force elements (artillery, engineers, communications and military police) prepared for the conduct of land operations under Employment Contexts 1, 2, 3, 4 & 5, as applicable. This output expense also includes contributions to a range of services to government and the community.

Associated Outputs**Output 8.1 – Artillery**

The provision of artillery elements prepared for the support of land operations, coordination of joint fires including terminal guidance, and capable of supporting up to a combined arms task group. It also includes the requirement to provide artillery elements for simulation and Command Post Exercise-based combined arms training, and the provision of some community support services.

Output 8.2 – Engineers

The provision of engineer elements prepared for the support of land operations and capable of supporting up to a combined arms task group. It also includes the requirement to provide engineer elements for simulation and Command Post Exercise-based combined arms training, and the provision of some community support services.

Output 8.3 – Communications

The provision of communications elements (including Electronic Warfare elements) prepared for the support of land operations and capable of supporting up to a combined arms group. It also includes the requirement to provide communications elements for simulation and Command Post Exercise-based combined arms training, and the provision of some community support services.

Output 8.4 – Military Police

The provision of military police elements prepared for the support of land operations and capable of supporting up to a combined arms group. It also includes the requirement to provide military police elements for simulation and Command Post Exercise-based combined arms training, and the provision of some community support services.

Contributions to Outcomes

This Output Expense contributes primarily to Outcomes 1 and 2 (Secure New Zealand and Reduced Risks to New Zealand from regional and global insecurity).

Overview

In addition to providing personnel to sustain OE 16 operations, Land Combat Support Force elements had the ability to provide communications and engineering to our Pacific Island neighbours in support of humanitarian assistance and disaster relief (HADR) deployments.

Land Combat Support Forces improved their trained state in combat operations over the reporting period, demonstrated through participation in complex combined arms exercises. Personnel were available for reinforcement and rotation of the deployed forces during the reporting period.

Equipment met the required standards for support to current operations, including the upgrade of metrological equipment for the Artillery. Munitions, stores and equipment were available for OLOC generation.

Readiness Training Activities

- Exercise Tropic Castor, conducted in Vanuatu in July to August 2012 to develop individual DLOC skills within a tropical environment. The exercise involved soldiers from the French Armed Forces of New Caledonia (FANC) and the Vanuatu Mobile Force (VMF). The activity assisted the FANC to rebuild the Melsisi Medical centre, demonstrated interoperability between the NZDF, VMF and FANC; and strengthened ties between the three forces.
- Exercise Croix De Sud held in October 2012 saw the deployment of Army Engineers to New Caledonia that trained multinational forces in the conduct of small sized joint and combined Non-Combatant Evacuation Operations (NEO) and HADR operations. This exercise enables the NZDF to generate a capacity to provide military aid to civilian authorities as part of a regionalised coalition.
- Exercise Suman Protector held in October 2012 in Singapore. It was a command post exercise that exercised the FPDA nations in the conduct of joint operations in a multi-threat environment. The exercise enhanced interoperability and strengthened the professional relationships between FPDA nations.
- Exercise Galvanic Kiwi, a reciprocal combined exercise with the US Marine Corps Combat Engineers in California in June 2013. A 35-strong Combat Engineer Troop from 2nd Engineer Regiment practised basic infantry skills, counter-improvised explosive device (C-IED) drills, gap crossing, and armoured breaching activities. The troop was also exposed to the robotic Explosive Ordnance Disposal (EOD) capability.
- Exercise Alam Halfa, a joint and combined task force field training exercise based on a CATG drawn from 1 (NZ) Brigade, and involving US Marine Corps, US Army British, and Canadian Army personnel, in the North Island in April and May 2013. This exercise included live firing of NZLAV, and infantry support weapons supported by land combat support capabilities, including artillery/mortars.
- Combat support force elements, particularly engineers, supported the New Zealand Antarctic Programme in the summer season.
- Exercise Thunder Warrior was held in Waiouru in January 2013 and provided support to artillery elements of the Singapore Armed Forces (SAF). The exercise enhanced the interoperability between the NZ Army and the SAF and further strengthened the close relationship that exists.
- Exercise Kiwi Spirit 12, a biennial command post exercise conducted in Singapore in August 2012 involving personnel from DJTF (L) and 1 (NZ) Brigade. The exercise strengthened the bi-lateral ties between the NZDF and the SAF and practiced command and staff procedures within a Combined Task Force scenario; and strengthened interoperability between the NZDF and the SAF.

Output Performance Measures and Standards

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
Army, drawing on 1 (NZ0 Bde, Regular Force artillery, engineer, communications, and military police units [16 Field Regiment, 2 Engineer Regiment, 1 (NZ) Signals Regiment – including an Electronic Warfare element, and 1 (NZ) Military Police Company], and with supplementation from the Territorial Force, as required, will provide the initial and rotation land combat support force elements to support, generally, as applicable:			
<ul style="list-style-type: none"> Up to a LTG for tasks under ECs 1 to 5 (inclusive). or	Available	Available	Available
<ul style="list-style-type: none"> Up to a CATG for tasks under ECs 2 to 5 (inclusive). 	Available	Available	Available
Army will also provide artillery, engineer, communications and military police force elements for simulation and Command Post Exercise-based combined-arms training; this will require supplementation from the Territorial Force.	Available	Available	Available
Undertake Multi-Agency Operations and Tasks (MAO&T) and contribute to a range of services in support of other government departments, the community, and foreign and defence policy objectives when not committed to operations, using the capabilities developed for the operational role.	Delivered to the satisfaction of supported department/agency. The Army removed the remains of an old wharf on Motuora Island in the Hauraki Gulf. A demolition team worked with Department of Conservation staff and The Motuora Restoration Society. Feedback provided was that the planning and execution of this support was "first rate."	Deliver to the satisfaction of supported department/agency	Delivered to the satisfaction of the supported department/agency. Combat support force elements, particularly engineers, supported the NZ Antarctic Programme in the summer season. For details of MAO&T support provided, see the section on Services in Support of the Government and Community
Preparedness - Land Combat Support Forces: Employment Context (see the preparedness rating scale earlier in this section for "P" ratings)			
<i>Security Challenges and Defence Tasks in New Zealand and its environs</i>			
Terrorist and Asymmetric Threats (EC 1D)			
Field Artillery (personnel only) - in support of a LTG for Cordon duties	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice
Engineers in support of a LTG	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice
Communications in support of a LTG	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice
Military Police in support of a LTG	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice
<i>Security Challenges to New Zealand's Interests in the South Pacific</i>			
Natural and manmade disasters (EC 2B)			
Field Artillery (personnel only) - in support of a LTG for Cordon Duties	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice

Engineers in support of a LTG	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice
Communications in support of a LTG	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice
Military Police in support of a LTG	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice
State failure or fragility leading to internal conflict and/or humanitarian crisis (EC 2C)			
Field Artillery (personnel only) in support of a LTG	P2	P2	P2
Field Artillery (personnel only) in support of a CATG	P2	P2	P2
Engineers in support of a LTG	P2	P2	P2
Engineers in support of a CATG	P2	P2	P2
Communications in support of a LTG	P2	P2	P2
Communications in support of a CATG	P2	P2	P2
Military Police in support of a LTG	P2	P2	P1
Military Police in support of a CATG	P2	P2	P1
Challenges to legitimate governments, including civil war and secessionist conflict (EC 2E)			
Field Artillery (personnel only) in support of a LTG	P2	P2	P2
Field Artillery in support of a CATG	P2	P2	P2
Engineers in support of a LTG	P2	P2	P2
Engineers in support of a CATG	P2	P2	P2
Communications in support of a LTG	P2	P2	P2
Communications in support of a CATG	P2	P2	P2
Military Police in support of a LTG	P2	P2	P1
Military Police in support of a CATG	P2	P2	P1
<i>Security Challenges to New Zealand's Interests in the Asia-Pacific Region</i>			
Inter-State conflict (EC 4F)			
Field Artillery in support of a CATG	P2	P3	P3
Engineers in support of a CATG	P2	P3	P3
Communications in support of a CATG	P2	P3	P3
Military Police in support of a CATG	P2	P3	P1
<i>Security Challenges to New Zealand's Interests in Global Peace and Security</i>			
Terrorist Threats (EC 5D)			
Field Artillery in support of a CATG	P2	P2	P2
Engineers in support of a CATG	P3	P2	P2
Communications in support of a CATG	P3	P2	P2
Military Police in support of a CATG	P1	P2	P1

Costs for Output Expense 8 (GST Exclusive)

Actual 2011/12 (\$ million)	Category	Main Estimates (\$ million)	Supplementary Estimates (\$ million)	Actual 2012/13 (\$ million)
	Expenditure			
104.339	Personnel	102.629	103.991	103.618
46.998	Operating	63.554	55.691	55.352
1.849	Losses on Foreign Exchange	-	-	1.539
23.753	Depreciation	26.374	22.339	22.33
35.142	Capital Charge	30.498	30.129	30.071
212.081	Total Expenses	223.055	212.150	212.910
	Income			
211.463	Revenue Crown	221.529	210.513	210.513
0.232	Revenue Department	0.852	1.028	0.034
0.423	Revenue Other	0.674	0.609	0.529
0.709	Gains on Foreign Exchange	-	-	1.354
212.827	Total Income	223.055	212.150	212.430
0.746	Net Surplus (Deficit)	-	-	(0.480)
	Cost by Output			
63.638	Output 8.1	72.044	63.550	63.594
85.870	Output 8.2	83.453	85.189	86.66
46.897	Output 8.3	51.830	49.944	49.469
13.827	Output 8.4	15.728	15.077	13.187

The NZDF is appropriated for expenditure excluding remeasurements. Remeasurements are foreign exchange gains and losses. The total approved appropriation in 2012/13 for this output expense was \$212.650 million and the total expenditure was \$211.371 million. There was no unappropriated expenditure for this output expense as the outputs were realigned under section 26A of the Public Finance Act.

OUTPUT EXPENSE 9:**LAND COMBAT SERVICE SUPPORT FORCES****SERVICE PERFORMANCE**

Description

The provision of land combat service support force elements (transport, medical, supply, maintenance support and movements) prepared for the support of land operations under Employment Contexts 1, 2, 3, 4 & 5, as applicable. This output expense also includes contributions to a range of services to government and the community.

Associated Outputs**Output 9.1 - Transport**

The provision of transport elements prepared for the support of land operations and capable of supporting up to a combined arms task group. It also includes the requirement to provide transport elements for simulation and Command Post Exercise-based combined arms training, and the provision of some community support services.

Output 9.2 - Medical

The provision of medical elements, including dental elements, prepared for the support of land operations and capable of supporting up to a combined arms task group. It also includes the requirement to provide medical elements for simulation and Command Post Exercise-based combined arms training, and the provision of some community support services.

Output 9.3 - Supply

The provision of supply elements prepared for the support of land operations and capable of supporting up to a combined arms task group. It also includes the requirement to provide supply elements for simulation and Command Post Exercise-based combined arms training, and the provision of some community support services.

Output 9.4 – Maintenance Support

The provision of maintenance support elements prepared for the support of land operations and capable of supporting up to a combined arms task group. It also includes the requirement to provide maintenance support elements for simulation and Command Post Exercise-based combined arms training, and the provision of some community support services. This output includes the provision of recovery assets.

Output 9.5 - Movements

The provision of movements elements (including strategic movements, air dispatch and terminal operations staff) prepared for the support of land operations and capable of supporting up to a combined arms task group. It also includes the requirement to provide movements elements for simulation and Command Post Exercise-based combined arms training, and the provision of some community support services.

Contributions to Outcomes

This Output Expense contributes primarily to Outcomes 1 and 2 (Secure New Zealand and Reduced Risks to New Zealand from regional and global insecurity).

Overview

Land Combat Service Support (CSS) Forces improved their trained state in combat operations over the reporting period, demonstrated through participation in complex combined arms exercises. Effort was also placed on the reconstitution of CSS assets following the withdrawal from the three major missions.

One-off combat service support could have been provided to support up to a Battalion Group Deployment. Sustaining this support would only have been possible if resources had been redeployed from Army's raise, train and maintain functions. Personnel were available for reinforcement and rotation of the current and ongoing missions during the reporting period.

Equipment met the required standards for support to current operations. Munitions, stores and equipment were available for OLOC generation. In addition, significant progress was made to remediate the Forward Surgical Team (FST) that was declared non-operational in the last reporting period. The FST was also renamed the Role Two (Enhanced). However, the effect of attrition on combat Supply, Maintenance Support and Movements ranks and trades, and shortages in specialist Medical appointments, has seen an increase in the risk of Army's ability to sustain a deployed force.

Readiness Training Activities

Combat Service Support Force elements took part in:

- Exercise Pacific Partnership 12 in July 2012. Four Army and four other NZDF medical personnel deployed on the USS *Mercy* to take part in a joint inter-agency multi-national (JIM) activity in Vietnam. The exercise saw the provision of humanitarian support as part of a Humanitarian Assistance and Disaster Relief (HADR) scenario.
- Exercise Tropic Twilight 12 (TT 12), was a JIM humanitarian assistance operation held in Samoa in July and August 2012. The exercise provided the NZDF with the opportunity to conduct HADR training. The NZ Army deployed the Role 2 (Enhanced) (formerly the FST) medical facility, supported by CSS and Engineer elements.
- Exercise Suman Protector, held in October 2012 in Singapore. It was a command post exercise that exercised the FPDA nations in the conduct of joint operations in a multi-threat environment. The exercise enhanced interoperability and strengthened the professional relationships between FPDA nations.
- Exercise Straight Ligatures was held in February 2013 onboard HMNZS *Canterbury*. The exercise allowed the medical staff of 2nd Health Services Battalion to familiarise themselves with the upgraded medical capabilities installed into HMNZS *Canterbury* as a result of recent remediation work.
- Exercise Alam Halfa was a joint and combined task force field training exercise based on a CATG drawn from 1 (NZ) Brigade, and involving US Marine Corps, US Army, British and Canadian Army personnel, in the North Island in April and May 2013. This exercise included live firing of NZLAV, infantry support weapons and artillery/mortars, and was supported by CSS and Health Service Support (HSS) elements from 1(NZ) Brigade.
- Exercise Asean Assist 13, was a joint exercise held in Brunei Darussalam in Jun 2013. The exercise was a table top activity that practiced a Multi National Coordination Centre and its components in the planning and conduct of a combined HADR and Military Medicine operation.

The exercise focused on military to military co-operation and served to enhance and further build New Zealand’s relationship with participating nations.

- Exercise Kiwi Spirit 12, a biennial command post exercise conducted in Singapore in August 2012 involving personnel from DJTF (L) and 1 (NZ) Brigade. The exercise strengthened the bi-lateral ties between the NZDF and the Singapore Armed Forces (SAF), practiced command and staff procedures within a Combined Task Force scenario, and strengthened interoperability between the NZDF and the SAF.
- Combat Service Support force elements, particularly Movement Operators and Drivers, supported the NZ Antarctic Programme in the summer season.

Output Performance Measures and Standards

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
Army, drawing on 2 Combat Service Support Brigade (2 CSSB), 3 CSSB, 2 Health Support Battalion and Logistic Command, as part of, respectively, 1 (NZ) Bde and the NZDF, with supplementation from the Territorial Force, as required, will provide the initial and rotation combat service support force elements to support, generally, as applicable:			
<ul style="list-style-type: none"> • Up to a LTG for tasks under ECs 1 to 5 (inclusive) or	Available	Available	Available
<ul style="list-style-type: none"> • Up to a CATG for tasks under ECs 2 to 5 (inclusive) 	Available	Available	Available
Army will also provide combat service support elements for simulation and Command Post Exercise-based combined-arms training; this will require supplementation by TF Battalion Groups.	Available	Available	Available
Undertake Multi-Agency Operations and Tasks (MAO&T) and contribute to a range of services in support of other government departments, the community, and foreign and defence policy objectives when not committed to operations, using the capabilities developed for the operational role.	Delivered to the satisfaction of supported department/agency	Deliver to the satisfaction of supported department/agency	Delivered to the satisfaction of the supported department/agency. Combat Service Support force elements, particularly Movement Operators and Drivers, supported the NZ Antarctic Programme in the summer season. For details of MAO&T support provided, see the section on Services in Support of the Government and Community
Preparedness - Land Combat Service Support Forces: Employment Context (see the preparedness rating scale earlier in this section for "P" ratings)			
<i>Security Challenges and Defence Tasks in New Zealand and its environs</i>			
Terrorist and Asymmetric Threats (EC 1D)			
Transport Elements in support of a LTG	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice
Medical Elements in support of a LTG	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice
Supply Elements in support of a LTG	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice
Maintenance Support Elements in support of a LTG	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
Movements Elements in support of a LTG	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice
<i>Security Challenges to New Zealand's Interests in the South Pacific</i>			
Natural and manmade disasters (EC 2B)			
Transport Elements in support of a LTG	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice
Medical Elements in support of a LTG	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice
Supply Elements in support of a LTG	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice
Maintenance Support Elements in support of a LTG	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice
Movements Elements in support of a LTG	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice
State failure or fragility leading to internal conflict and/or humanitarian crisis (EC 2C)			
Transport Elements in support of a LTG	P2	P2	P2
Transport Elements in support of a CATG	P2	P2	P2
Medical Elements in support of a LTG	P2	P2	P2
Medical Elements in support of a CATG	P2	P2	P2
Supply Elements in support of a LTG	P2	P2	P3, due to availability of personnel
Supply Elements in support of a CATG	P2	P2	P3, due to availability of personnel
Maintenance Support Elements in support of a LTG	P2	P2	P3, due to availability of personnel
Maintenance Support Elements in support of a CATG	P2	P2	P3, due to availability of personnel
Movements Elements in support of a LTG	P2	P2	P3, due to availability of personnel
Movements Elements in support of a CATG	P2	P2	P3, due to availability of personnel
Challenges to legitimate governments, including civil war and secessionist conflict (EC 2E)			
Transport Elements in support of a LTG	P2	P2	P2
Transport Elements in support of a CATG	P2	P2	P2
Medical Elements in support of a LTG	P2	P2	P2
Medical Elements in support of a CATG	P2	P2	P2
Supply Elements in support of a LTG	P2	P2	P3, due to availability of personnel
Supply Elements in support of a CATG	P2	P2	P3, due to availability of personnel
Maintenance Support Elements in support of a LTG	P2	P2	P3, due to availability of personnel
Maintenance Support Elements in support of a CATG	P2	P2	P3, due to availability of personnel
Movements Elements in support of a LTG	P2	P2	P3, due to availability of personnel
Movements Elements in support of a CATG	P2	P2	P3, due to availability of personnel

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
<i>Security Challenges to New Zealand's Interests in the Asia-Pacific Region</i>			
Inter-State conflict (EC 4F)			
Transport Elements in support of a CATG	P3	P3	P3
Medical Elements in support of a CATG	P3	P3	P3
Supply Elements in support of a CATG	P3	P3	P3
Maintenance Support Elements in support of a CATG	P3	P3	P3
Movements Elements in support of a CATG	P3	P3	P3
<i>Security Challenges to New Zealand's Interests in Global Peace and Security</i>			
Terrorist Threats (EC 5D)			
Transport Elements in support of a CATG	P3	P2	P2
Medical Elements in support of a CATG	P3	P2	P2
Supply Elements in support of a CATG	P3	P2	P3, due to availability of personnel
Maintenance Support Elements in support of a CATG	P3	P2	P2
Movements Elements in support of a CATG	P3	P2	P3, due to availability of personnel

Costs for Output Expense 9 (GST Exclusive)

Actual 2011/12 (\$ million)	Category	Main Estimates (\$ million)	Supplementary Estimates (\$ million)	Actual 2012/13 (\$ million)
	Expenditure			
74.193	Personnel	76.002	78.684	79.277
38.485	Operating	49.922	45.222	44.884
1.380	Losses on Foreign Exchange	-	-	1.231
19.012	Depreciation	19.789	18.047	18.075
26.383	Capital Charge	24.838	24.549	24.503
159.453	Total Expenses	170.551	166.502	167.970
	Income			
159.562	Revenue Crown	169.335	165.189	165.189
0.173	Revenue Department	0.679	0.821	0.027
0.320	Revenue Other	0.537	0.492	0.430
0.529	Gains on Foreign Exchange	-	-	1.082
160.584	Total Income	170.551	166.502	165.646
1.131	Net Surplus (Deficit)	-	-	(2.324)
	Cost by Output			
28.598	Output 9.1	28.958	28.040	30.859
34.371	Output 9.2	44.370	41.847	41.379
45.489	Output 9.3	44.799	48.306	46.746
35.372	Output 9.4	38.184	36.230	35.385
14.243	Output 9.5	14.240	13.365	13.601

The NZDF is appropriated for expenditure excluding remeasurements. Remeasurements are foreign exchange gains and losses. The total approved appropriation in 2012/13 for this output expense was \$166.902 million and the total expenditure was \$166.739 million. There was no unappropriated expenditure for this output expense as the outputs were realigned under section 26A of the Public Finance Act.

OUTPUT EXPENSE 10:**SPECIAL OPERATIONS FORCES****SERVICE PERFORMANCE**

Description

The provision of Special Operations Forces, for the conduct of Special and Counter-Terrorist Operations, and the provision of a New Zealand national response for Chemical, Biological, Radiological, Explosive, Improvised Explosive Device Disposal (CBRE IEDD) that threaten public safety or national interests. These forces will not usually be available for other community support services.

This output expense provides Special Operations Forces prepared for:

- Special Operations [NZ Special Air Service (NZ SAS) “green role”] under Employment Contexts 1 to 5.
- Counter-Terrorist (CT) Operations (NZ SAS “black role”) under Employment Contexts 1D and 2D.
- National Response for Chemical, Biological, Radiological, Explosive, Improvised Explosive Device Disposal (CBRE IEDD).⁹

Associated Outputs**Output 10.1 - Special Forces**

The provision of Special Forces prepared for the conduct of special operations in support of land operations. It also includes the requirement to provide Special Forces elements for simulation and Command Post Exercise-based combined arms training.

Output 10.2 - Counter-Terrorist Forces

The provision of forces at the operational level of capability prepared to conduct counter-terrorist operations within specified response times, either in New Zealand, or in South Pacific countries when requested.

Output 10.3 - Chemical, Biological, Radiological, Explosive, Improvised Explosive Device Disposal

The provision of a dedicated military organisation of specialised teams at the operational level of capability in support of the NZ Police prepared for Chemical, Biological, Radiological, Explosive and Improvised Explosive Device Disposal (CBRE IEDD) incidents that threaten public safety or national interests.

⁹ The NZ Police has overall responsibility for CBRE/IEDD emergency response in New Zealand and Output 10.3 exists to provide support to the Police, when requested.

Contributions to Outcomes

This Output Expense contributes primarily to Outcomes 1 and 2 (Secure New Zealand and Reduced Risks to New Zealand from regional and global insecurity).

Overview

Special Operations Forces were maintained at a high state of readiness. When deployed during the reporting period they were able to meet the requirement to provide rotation elements in support of their deployment, thereby demonstrating their ability to support combat operations across ECs 1 to 5.

The Counter-Terrorist (CT) Group was available to assist the NZ Police with EC 1 tasks in NZ. In addition, three response teams were available in Auckland, Wellington and Christchurch to respond to Explosive Ordnance Disposal / Improvised Explosive Device Disposal (EOD / IEDD) threats and a specialised response team was available to respond to Chemical Biological Radiological Explosive (CBRE) threats.

Personnel met training standards, experience levels and qualification requirements. Supplementation from Navy and Air Force, lateral recruitment and retention strategies continue to address shortfalls in the CBRE IEDD capability.

All preparedness targets were met for available forces, and Special Forces carried out a range of training activities and exercises to maintain and enhance readiness.

Readiness Training Activities

1 NZ Special Air Service (1 NZSAS) Regiment maintained OLOC through its ability to raise and train new Special Forces (SF) and Special Operating Force (SOF) personnel, including SOF enablers posted to the Regiment. This was achieved through formal individual training, advanced training and currency/compliance training conducted domestically or offshore. Collective training activities in New Zealand were primarily Counter Terrorism (CT) based; however the Regiment did contribute to 1 (NZ) Brigade activities in the second quarter. The Regiment's overseas training, engagements and exercises focussed primarily on enablers preparing them to support SF on operations. The training year culminated for the Regiment with a deployment to Papua New Guinea.

The capability to neutralise CBRE devices continued to be developed. 1 NZ EOD Squadron conducted weekly IEDD training to maintain specialist skills. Regular collective training was conducted to maintain a CBRE team capability.

SOF elements participated in the following major readiness training activities in the reporting period:

- Participated in Exercise Dawn Blitz. This activity was held in June 2013 and ensured that the Regiment Joint Tactical Air Controller (JTAC) capability remained current.
- Conducted Exercise Saracen in the Upper North Island during October 2012. This covered the spectrum of CT contingencies.
- Conducted Exercise Back Bencher, a CT exercise in Wellington in June 2013.
- Exercise Hard Hit was held in November 2012. The activity practiced SF and their enablers in special force operations.
- Deployed selected personnel to a Counter Improvised Explosive Devices conference in India in February 2013.
- Deployed selected personnel to the United States of America on a military free fall parachuting course in February to March 2013.

- Provided medics to St Johns Ambulance and other ambulance services in order to maintain this capability throughout the year.
- 1 NZSAS Regiment maintained OLOC through continuation and currency training both offshore and domestically through basic courses for reinforcement personnel and specialised advanced courses.

Output Performance Measures and Standards

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
Army, drawing on 1st NZ Special Air Service Regiment (1 NZ SAS Regt) will provide:			
<ul style="list-style-type: none"> • The initial and rotation elements of up to a SAS Squadron to conduct special operations in support of land combat operations under Employment Contexts 1 - 5, and to provide elements, as appropriate, in support of a LTG or CATG. 	Available	Available	Available
<ul style="list-style-type: none"> • A Counter-Terrorist Group to assist the NZ Police in Counter-Terrorist operations, including Maritime CT, under Employment Contexts 1D and 2D. 	Available	Available	Available
<ul style="list-style-type: none"> • A CBRE IEDD/EOD organisation of squadron strength which has the ability to provide three IEDD Response Teams (one each based at Auckland, Wellington and Christchurch) and a specialist CBR Response Team to undertake emergency national IEDD/CBRE tasks in support of the NZ Police. 	Available	Available	Available
Deployment Impacts:			
<ul style="list-style-type: none"> • If a high proportion of the <i>Special Forces</i> capability was deployed on actual operations, any other concurrent contribution from this output would be very limited. This does not, however, affect the ability of the NZDF to continue to fully deliver force elements for the <i>Counter-Terrorist</i> capability. 			
<ul style="list-style-type: none"> • The number of personnel qualified and available to deliver CBRE is currently limited. The deployment of any personnel from this output to Output Expense <i>Operationally Deployed Forces</i> would have a major impact on training and the ability of the NZDF to deliver CBRE. 			
Preparedness - Special Operations Forces: Employment Context (see the preparedness rating scale earlier in this section for "P" ratings)			
<i>Security Challenges and Defence Tasks in New Zealand and its environs</i>			
Terrorist and Asymmetric Threats (EC 1D)			
Special Forces	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice
Counter-Terrorist Forces	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
CBRE / IEDD	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice
<i>Security Challenges to New Zealand's Interests in the South Pacific</i>			
State failure or fragility leading to internal conflict and/or humanitarian crisis (EC 2C)			
Special Forces	P2 (but limited capacity until completion of Afghanistan deployment)	P1	P1
Challenges to legitimate governments, including civil war and secessionist conflict (EC 2E)			
Special Forces	P2 (but limited capacity until completion of Afghanistan deployment)	P1	P1
<i>Security Challenges to New Zealand's Interests in the Asia-Pacific Region</i>			
Interstate Conflict (EC 4F)			
Special Forces	P1 (but limited capacity until completion of Afghanistan deployment)	P1	P1
<i>Security Challenges to New Zealand's Interests in Global Peace and Security</i>			
Terrorist Threats (EC 5D)			
Special Forces	P1 (for future rotations to Afghanistan)	P1	P1

Costs for Output Expense 10 (GST Exclusive)

Actual 2011/12 (\$ million)	Category	Main Estimates (\$ million)	Supplementary Estimates (\$ million)	Actual 2012/13 (\$ million)
	Expenditure			
40.409	Personnel	41.981	42.283	42.75
18.683	Operating	29.935	23.524	23.429
0.888	Losses on Foreign Exchange	-	-	0.877
6.641	Depreciation	8.400	6.760	6.44
8.533	Capital Charge	7.853	7.647	7.613
75.154	Total Expenses	88.169	80.214	81.109
	Income			
75.963	Revenue Crown	87.300	79.281	79.281
0.111	Revenue Department	0.485	0.586	0.019
0.203	Revenue Other	0.384	0.347	0.301
0.340	Gains on Foreign Exchange	-	-	0.772
76.617	Total Income	88.169	80.214	80.373
1.463	Net Surplus (Deficit)	-	-	(0.736)
	Cost by Output			
30.416	Output 10.1	35.487	32.399	32.762
30.371	Output 10.2	35.425	32.364	32.729
13.479	Output 10.3	17.257	16.369	15.618

The NZDF is appropriated for expenditure excluding remeasurements. Remeasurements are foreign exchange gains and losses. The total approved appropriation in 2012/13 for this output expense was \$80.464 million and the total expenditure was \$80.232 million. There was no unappropriated expenditure for this output expense as the outputs were realigned under section 26A of the Public Finance Act.

OUTPUT EXPENSE 11:**NAVAL HELICOPTER FORCES****SERVICE PERFORMANCE**

Description

The provision of No 6 Squadron RNZAF, prepared for the conduct of naval helicopter operations under Employment Contexts 1, 2, 3, 4, and 5. These operations range from support to the Naval Combat Forces, the Naval Support Forces and the Naval Patrol Forces, to the conduct of limited independent operations. This output expense also includes the provision of Naval Helicopter Forces (NHF) for a range of support services to government and the community, when required.

Contributions to Outcomes

This Output Expense contributes primarily to Outcomes 1 and 2 (Secure New Zealand and Reduced Risks to New Zealand from regional and global insecurity).

Overview

Five SH-2G(NZ) Seasprites are supported by the RNZAF and operated by the RNZN. The Seasprites have primarily been employed as integrated air assets from the two ANZAC frigates and, when ordered, the Multi Role Vessel (MRV) HMNZS *Canterbury* in order to provide a range of capabilities from logistic support to combat operations.

During the reporting period, a single flight provided the continual supply of an embarked aviation capability to RNZN frigates. On numerous occasions, a second flight was deployed either domestically within New Zealand or on the MRV. Although still not achieving planned flying hours targets, the flying rate was higher than previous years, predominantly due to increased airframe availability generated by transferring intermediate level maintenance from No 6 Squadron to the newly formed Aircraft Maintenance Squadron.

The current inability to meet all expected outputs and readiness measures is driven by the combination of a limited number of trained crews, and equipment obsolescence and deficiencies. Sustaining the current flying rate will assist in maintaining core competencies during the transition and introduction into service of the replacement Seasprite (SH-2G(I)) model. NHF outputs will be reduced as resources are diverted to the SH-2G(I) project.

Readiness Training Activities

No 6 Squadron:

- Exercise Bluebird – South Island
- Exercise Ambuscade – Multi Agency Operations & Tasking (MAO&T) South Island
- Exercise Overload – MAO&T Northland
- Operation Barrier Assist – Great Barrier Island
- Whenuapai Tornado response
- Wings over Wairarapa airshow
- Observer Conversion Course
- Pilot Conversion Course
- Helicopter Crewman Selection Course
- Winch Person Course (x2)

HMNZS *Te Kaha*:

- Exercise RIMPAC – Pacific
- Exercise Pacific Bridge – Pacific
- Exercise Kakadu – Australia
- Exercise Lion Zeal

HMNZS *Te Mana*:

- Exercise Bersama Shield - South East Asia
- Operation Crucible – South East Asia

HMNZS *Canterbury*:

- Operation HAVRE - Raoul Island Re-supply

Training Support:

- Aviation training to facilitate Safety and Readiness Checks aboard HMNZ Ships *Rotoiti*, *Hawea*, *Te Mana*, *Canterbury*, *Otago*, *Manawanui*, *Endeavour* and *Wellington*.

Output Performance Measures and Standards

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
<p>Number of SH-2G(NZ) Seasprite helicopters available for military tasks – embarked on a frigate, multi-role vessel and an offshore patrol vessel when ordered, from a total fleet of five Seasprite helicopters. When allocating flights to ships, a frigate is to be given priority.</p> <p>There may be occasional short periods when up to three helicopters are available for embarkation.</p>	<p>2 helicopters were available for military tasks.</p>	<p>2 helicopters</p>	<p>Achieved.</p> <p>Two helicopters were available for military tasks with the capability of a third aircraft available to deploy for very short periods. There was no occasion that three aircraft were available to embark concurrently due to a lack of appropriately experienced personnel.</p>
<p>Undertake Multi-Agency Operations and Tasks (MAO&T) and contribute to a range of services in support of other government departments, the community, and foreign and defence policy objectives when not committed to operations, using the capabilities developed for the operational role.</p>	<p>From the Operation Havre (Raoul Island re-supply) post activity report</p> <p>“Support from the ship, her ships company, the flight and embarked forces was above expectations and objectives of all stakeholders were completed.”</p> <p>From MFISH report following Northland patrol 6-8 September 2011</p> <p>“Overall, the use of the Seasprite allowed the MFish Northland District to cover a lot of ground and make observations that would otherwise have been extremely difficult.”</p> <p>From MFISH report following South Island patrol 2 & 10-11 April 2012.</p> <p>“Fishery officers embarked for all patrols commented that the Seasprite platform was excellent to work from. All crew involved were very accommodating in relation to making all attempts to complete all taskings from the Fisheries Officers on board within the allowed flight time. The Seasprite continues to be an excellent platform from which to carry out close inshore patrolling and specific district requirements. Its size, range and flexibility continues to add value to fisheries monitoring and surveillance for the Ministry for Primary Industries.”</p>	<p>Deliver to the satisfaction of supported department/agency</p>	<p>Delivered to the satisfaction of the supported department/agency.</p> <p>Fifty six hours of MAO&T support were delivered throughout the reporting period from ashore. Tasking was also undertaken on an opportunity basis during warfare training serials and by aircraft transiting the country in support of other events and tasking.</p> <p>OP HAVRE: The use of the Seasprite allowed the Department of Conservation to transfer the payload of stores to the island in a quick and efficient manner. Typically, the aircraft can transfer items in a third of the time that it takes a boat to transfer items ashore.</p> <p>Fishery officers embark on the Seasprite for all dedicated fisheries patrols. This is to ensure that the Seasprite continues to be an excellent platform from which to carry out surveillance of our coastal waters. The aircraft’s size, range and flexibility continues to add value to fisheries monitoring and surveillance for the Ministry for Primary Industries (MPI).</p> <p>Feedback from MPI (patrol 22 Mar 13)</p> <p>‘The platform was a stable one to carry out aerial imagery of the forest with and the crew were professional to work with. They got a good look at the forest, some good footage and great observation that hadn’t previously been able to occur.’</p> <p>Feedback from MPI (patrol 24 Mar 13)</p> <p>‘Overall MPI really does benefit from the use of a flexible and close coastal platform for fisheries type work and the emerging opportunities for forestry surveillance that have previously been extremely difficult to achieve.’</p> <p>For details of MAO&T support provided, see the section on Services in Support of the Government and Community</p>
<p>In conjunction with the Naval Combat Forces, undertake Defence diplomacy tasks in accordance with NZDF and Government/MFAT requirements. This normally involves ship visits to foreign ports.</p>	<p>Delivered when embarked on HMNZ Ships <i>Te Kaha</i> and <i>Te Mana</i>.</p>	<p>Deliver to the satisfaction of supported department/agency</p>	<p>Delivered when embarked on HMNZ Ships <i>Te Kaha</i> and <i>Te Mana</i>.</p>
<p>Total Seasprite Air Flying Hours (range is target plus or minus 5%)</p>	<p>The NHF flew 1,138 hours. This represented 81% achieved against the mid-point of 1,400</p>	<p>1,140 – 1,260</p>	<p>The NHF flew 1,136 hours. This represented 95% achieved against the mid-point of 1,200 hours.</p>

	2011/12		2012/13
Performance Measures	Actual	Budget Standard	Performance Achieved
	hours. The variance was due to limited crew numbers.		
Preparedness - Naval Support Forces: Employment Context (see the preparedness rating scale earlier in this section for "P" ratings)			
<i>Security Challenges and Defence Tasks in New Zealand and its environs</i>			
Illegal exploitation of marine resources within the New Zealand EEZ, and other low-level threats to New Zealand territorial sovereignty (EC 1A)	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice. There were short periods where DON requirements were not met due to personnel and equipment shortfalls.
Terrorist and Asymmetric Threats (EC 1D)	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice. There were short periods where DON requirements were not met due to personnel and equipment shortfalls.
<i>Security Challenges to New Zealand's Interests in the South Pacific</i>			
Natural and manmade disasters (EC 2B)	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice. There were short periods where DON requirements were not met due to personnel and equipment shortfalls.
State failure or fragility leading to internal conflict and/or humanitarian crisis (EC 2C)	Partially prepared due to shortages of trained aircrew and serviceable aircraft.	P2	P2
Challenges to legitimate governments, including civil war and secessionist conflict (EC 2E)	Partially prepared due to shortages of trained aircrew and serviceable aircraft.	P2	P2
<i>Security Challenges to New Zealand's Interests in the Asia-Pacific Region</i>			
Aggression to alter maritime boundaries or seize resources, or threats to freedom of navigation (EC 4A)	P3	P3	P3
Inter-State conflict (EC 4F)	P3	P3	P3
<i>Security Challenges to New Zealand's Interests in Global Peace and Security</i>			
Terrorist Threats (EC 5D)	P3	P3	P3

Costs for Output Expense 11 (GST Exclusive)

Actual 2011/12 (\$ million)	Category	Main Estimates (\$ million)	Supplementary Estimates (\$ million)	Actual 2012/13 (\$ million)
	Expenditure			
22.958	Personnel	23.518	25.784	25.675
19.891	Operating	31.043	21.680	21.852
0.553	Losses on Foreign Exchange	-	-	0.509
17.629	Depreciation	18.556	17.531	17.525
25.021	Capital Charge	21.636	21.516	21.520
86.052	Total Expenses	94.753	86.511	87.081
	Income			
87.408	Revenue Crown	94.050	85.695	85.695
0.069	Revenue Department	0.283	0.343	0.011
0.425	Revenue Other	0.420	0.473	0.438
0.212	Gains on Foreign Exchange	-	-	0.451
88.114	Total Income	94.753	86.511	86.595
2.062	Net Surplus (Deficit)	-	-	(0.486)

The NZDF is appropriated for expenditure excluding remeasurements. Remeasurements are foreign exchange gains and losses. The total approved appropriation in 2012/13 for this output expense was \$87.861 million and the total expenditure was \$86.572 million. There was no unappropriated expenditure for this output expense as the outputs were realigned under section 26A of the Public Finance Act.

OUTPUT EXPENSE 12:**AIRBORNE SURVEILLANCE AND RESPONSE FORCES****SERVICE PERFORMANCE**

Description

The provision of No 5 Squadron RNZAF, prepared for the conduct of airborne surveillance of New Zealand's Exclusive Economic Zone (EEZ), the Pacific region and the Southern Ocean, search and rescue missions, and to conduct maritime and land air operations, under Employments Contexts 1, 2, 3, 4 and 5. This output expense also includes the provision of Orion aircraft for a range of services to Government and the community.

Contributions to Outcomes

This Output Expense contributes primarily to Outcomes 1 and 2 (Secure New Zealand and Reduced Risks to New Zealand from regional and global insecurity).

Overview

Throughout the reporting period, the Airborne Surveillance and Response Force (ASRF) achieved the standards, apart from occasional periods where no Orion aircraft were available to support operational, Multi-Agency Operations and Tasks (MAO&T), and maritime Search and Rescue (SAR) tasks within the required degree of notice. Where it was possible, alternative arrangements were made to provide coverage during these periods. The unavailability was due to the Mission Systems Upgrade project progressively removing Orion's from service during the reporting period; for over five months only one aircraft was left to deliver outputs. Additionally, as aircrew transitioned to the upgraded aircraft, only a single crew was available for over four months. Nevertheless, availability for SAR and emergency tasks was improved in comparison to FY 2011/12.

The ASRF did not achieve its planned flying hours due to the effect of the upgrade project, which significantly reduced the number of aircraft available to fly.

The ASRF capability is expected to improve as the capabilities of the upgraded P-3K2 Orion are approved for service and more aircraft complete the upgrade process. Note: upgraded aircraft were not available for military tasking as they were conducting Operational Testing and Evaluation.

Readiness Training Activities

The ASRF conducted the following readiness training activities:

- One deployment to the USA for a large-scale multi-national maritime exercise (RIMPAC).
- One NZ based amphibious operations exercise.
- One deployment to the Republic of Korea for a bi-lateral training exercise, including Operation Iron Sea based out of Malaysia.

Output Performance Measures and Standards

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
<p>Number of Orion aircraft available for military tasks - from a total fleet of six aircraft.</p> <p>The number of Orion aircraft available during 2012/13 will be affected by the rolling programme to upgrade the Orion fleet and will reduce the full capacity of this output expense¹⁰. By the end of FY 2012/13, it is expected that two aircraft will have been upgraded, with the remainder expected to be completed by the end of FY 2013/14. The reduced fleet size will have an impact on the duration of any operational deployments and the ability to rotate any such deployments. The requirement to sustain core and directed level of capability training will also affect the nature and extent of tasking that can be undertaken by the fleet during the period.</p>	<p>Two aircraft were available for military tasks, apart from a week of unscheduled maintenance, and within the limitations of the upgrade programme. (During this week, a SAR aircraft was available).</p>	<p>1 Aircraft (either a legacy P-3K or upgraded P-3K2)¹¹</p>	<p>One aircraft (a legacy P-3K) for the first half of the year. There were no aircraft available for routine military tasking in the second half due to the upgraded P-3K2 not having yet received certification.</p>
<p>Number of additional Orion aircraft available for maritime Search and Rescue and other emergency tasks, as required.</p>	<p>One aircraft was available for maritime search and rescue and emergency tasks, for all but 42 days. For 31 days a Hercules aircraft was made available in the event of a tasking. For the remaining 11 days alternative arrangements were made to provide coverage. In addition, there were short periods when the degree of notice was extended due to maintenance requirements.</p>	<p>1 Aircraft (either a legacy P-3K or upgraded P-3K2)¹¹</p>	<p>One Aircraft (either a legacy P-3K or upgraded P-3K2) for all but 19 days. For 15 days, a Hercules aircraft was made available and for four days alternative arrangements were made to provide coverage. In addition, there were short periods when the degree of notice was extended due to maintenance requirements.</p>

¹⁰ The number and type of Orion aircraft available for tasking is based on Transition Plan 5.3

¹¹ There will be a period between September 2012 and February 2013 where there will be only one legacy Orion aircraft available for tasking. Priority will be given to domestic surveillance and search and rescue over this period.

	2011/12		2012/13
Performance Measures	Actual	Budget Standard	Performance Achieved
Undertake Multi-Agency Operations and Tasks (MAO&T) and contribute to a range of services in support of other government departments, the community, and foreign and defence policy objectives when not committed to operations, using the capabilities developed for the operational role.	<p>13 search and rescue missions (involving 226 hours) were provided in response to requests for support from the Rescue Coordination Centre, New Zealand.</p> <p>19 surveillance missions for the National Maritime Coordination Centre. These flights involved surveillance patrols in support of a number of New Zealand government agencies including Fisheries, NZ Customs, Maritime NZ, GNS Science, Department of Conservation and NZ Police.</p> <p>Feedback from Fisheries suggests that an Orion flying in advance of a surface patrol has a deterrence effect.</p> <p>Three deployments for Southern Ocean fisheries surveillance. These deployments were in support of the Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR).</p> <p>Eight deployments throughout the South Pacific to conduct fisheries surveillance missions in the EEZs of NZ's constitutional dependencies and other sovereign states. These deployments were in support of the Forum Fisheries Agency</p>	Deliver to the satisfaction of supported department/agency	<p>Delivered to the satisfaction of the supported department/agency.</p> <p>13 search and rescue missions (involving 214 hours) were provided in response to requests for support from the Rescue Coordination Centre New Zealand.</p> <p>28 surveillance missions for the National Maritime Coordination Centre. These flights involved surveillance patrols in support of a number of New Zealand government agencies including Fisheries, NZ Customs, Maritime NZ, GNS Science, Department of Conservation and NZ Police.</p> <p>Three deployments for Southern Ocean fisheries surveillance. These deployments were in support of the Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR).</p> <p>For details of MAO&T support provided, see the section on Services in Support of the Government and Community</p>
Total Orion Flying Hours (target range in hours plus or minus 5%) The total Orion annual flying hour's allocation has been adjusted to reflect the reduction in the number of aircraft available and the total number of hours that can be generated and supported by the Orion fleet during FY 2011/12.	The ASRF flew 1,553 hours. This represented 69% of the mid point of 2,250 hours. The variation was due to delays due to the introduction into service of the Mission Systems Upgrade.	1,691 – 1,869	The ASRF flew 1,333 hours. This represents 75% of the mid point of 1,780 hours. The variation was due to delays in certification of the upgraded aircraft.
Planned flying hours available to NMCC (New measure for 12/13)	Included in total hours	530	176 hours were flown in support of NMCC. This reflects demand and certification of P-3K2.
Planned flying hours in support of MFAT for the purpose of South Pacific disaster relief. (Included in available hours for NMCC). (New measure for 12/13).	Included in total hours	15	21
Planned flying hours in support of search and rescue. (Not included in available hours for NMCC). (New measure for 12/13).	Included in total hours	85	214
Number of Mawsoni (Southern Ocean and CCAMLR) patrols. ¹² (New measure for 12/13).	Included in total hours	2	3
Number of Tapestry (NZ EEZ) patrols. (New measure for 12/13).	Included in total hours	31	28
Number of NORPAT (South Pacific EEZ) patrols. (New measure for 12/13).	Included in total hours	5	The P-3K2 was not certified for these patrols, however, one patrol was conducted under Operational Testing and Evaluation.

12 Mawsoni tasking is likely to coincide with a critical period in P-3K2 introduction into service, which includes the transition of the surveillance capability from the P-3K to the P-3K2. As a result, aircraft availability is likely to be at its most limited. Additional Mawsoni tasking may be achievable still, but will impact any NORPAT and Tapestry tasks scheduled for the period.

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
Preparedness – Airborne Surveillance and Response Forces: Employment Context (see the preparedness rating scale earlier in this section for “P” ratings)			
<i>Security Challenges and Defence Tasks in New Zealand and its environs</i>			
Illegal exploitation of marine resources within the New Zealand EEZ, and other low-level threats to New Zealand territorial sovereignty (EC 1A)	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice
Terrorist and Asymmetric Threats (EC 1D)	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice for the first half of the year. The P-3K2 was not certified for these operations in the second half of the year.
<i>Security Challenges to New Zealand's Interests in the South Pacific</i>			
Natural and manmade disasters (EC 2B)	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice
State failure or fragility leading to internal conflict and/or humanitarian crisis (EC 2C)	P2	P3	P3 for the first half of the year. P5 for the second half due to upgrade. P-3K2 not yet certified for these operations.
Challenges to legitimate governments, including civil war and secessionist conflict (EC 2E)	P2	P3	P3 for the first half of the year. P5 for the second half due to upgrade. P-3K2 not yet certified for these operations.
<i>Security Challenges to New Zealand's Interests in the Asia-Pacific Region</i>			
Aggression to alter maritime boundaries or seize resources, or threats to freedom of navigation (EC 4A)	P2	P3	P3 for the first half of the year. P5 for the second half due to upgrade. P-3K2 not yet certified for these operations.
Inter-State conflict (EC 4F)	P3	P3	P3 for the first half of the year. P5 for the second half due to upgrade. P-3K2 not yet certified for these operations.
<i>Security Challenges to New Zealand's Interests in Global Peace and Security</i>			
Terrorist Threats (EC 5D)	P3	P3	P3 for the first half of the year. P5 for the second half due to upgrade. P-3K2 not yet certified for these operations.

Costs for Output Expense 12 (GST Exclusive)

Actual 2011/12 (\$ million)	Category	Main Estimates (\$ million)	Supplementary Estimates (\$ million)	Actual 2012/13 (\$ million)
	Expenditure			
62.013	Personnel	57.591	60.405	60.67
52.169	Operating	59.741	56.631	52.051
1.134	Losses on Foreign Exchange	-	-	0.893
24.751	Depreciation	28.923	33.085	32.392
25.579	Capital Charge	32.272	32.063	32.054
165.646	Total Expenses	178.527	182.184	178.060
	Income			
163.151	Revenue Crown	177.121	180.639	180.639
0.142	Revenue Department	0.498	0.601	0.020
0.907	Revenue Other	0.908	0.944	0.872
0.435	Gains on Foreign Exchange	-	-	0.792
164.635	Total Income	178.527	182.184	181.531
(1.011)	Net Surplus (Deficit)	-	-	3.471

The NZDF is appropriated for expenditure excluding remeasurements. Remeasurements are foreign exchange gains and losses. The total approved appropriation in 2012/13 for this output expense was \$180.864 million and the total expenditure was \$177.167 million. There was no unappropriated expenditure for this output expense as the outputs were realigned under section 26A of the Public Finance Act.

OUTPUT EXPENSE 13:
FIXED WING TRANSPORT FORCES
SERVICE PERFORMANCE

Description

The provision of No 40 Squadron RNZAF, prepared for the conduct of strategic and tactical air transport operations, including Aeromedical Evacuation (AME), under Employment Contexts 1, 2, 3, 4 and 5. This output expense also includes the provision of air transport aircraft for a range of support services to government and the community.

Associated Outputs**Output 13.1 - B757-200 Transport Force**

The provision of Boeing 757-200 aircraft prepared for strategic air transport tasks and to provide some support services for Government and the community.

Output 13.2 - C-130 Transport Force

The provision of C-130 Hercules aircraft prepared for both strategic and tactical air transport operations and for some support services for Government and the community.

Contributions to Outcomes

This Output Expense contributes primarily to Outcomes 1 and 2 (Secure New Zealand and Reduced Risks to New Zealand from regional and global insecurity).

Overview

Preparedness targets were achieved for the B757 Transport Force. Support was provided for troop rotations and withdrawals from three major international operations in Afghanistan (included repatriation of NZDF personnel to New Zealand), Timor-Leste and the Solomon Islands. Tasks also included support to Operation Antarctica with four flights to McMurdo, and support to the NZ Fire Service and various global diplomatic visits including the visit by HRH the Prince of Wales.

The Life Extension Programme (LEP) continued to impact planned C-130 tasking and preparedness targets. A major milestone was achieved, however, in the approval of an Interim Supplemental Type Certificate for the upgraded C-130H(NZ), allowing the conduct of Air Logistic Support tasks. The C-130 Transport Force provided support for troop rotations and the withdrawal from Afghanistan. Support was also provided to Operation Antarctica; cyclone disaster relief aid to Samoa and various NZDF exercises.

The C-130 Transport Force achieved readiness targets in all areas but EC1D. EC1D requirements were met for 98% of the period. Unavailability was caused by delays to the C-130 LEP and maintenance issues for the remaining aircraft. LEP delays also caused the cancellation of a major military readiness training activity, Joint Readiness Training Course (JRTC). While this did not directly impact tasking during this period, it leaves the C-130 element of the Transport Force less prepared for higher end military roles than planned and delays DLOC regeneration schedules.

Tactical operational testing and evaluation for the C-130H(NZ) continues with planned full utility expected in the coming months. The LEP continues to progress with three C-130H(NZ) aircraft delivered. Upgrade completion for the remaining two aircraft is planned for next year.

Readiness Training Activities

During the reporting period the Boeing Transport Force supported the following training activities:

- Support to Exercise Hamel (Australia), Tropic Twilight (Samoa), Pitch Black (Australia), RIMPAC (Hawaii), Kiwi Spirit (Singapore), Suman Protector (Singapore), Croix De Sud (New Caledonia), Dark Raven (NZ), Alam Halfa (NZ), Dawn Blitz (US) and Tropic Wing (PNG).

During the reporting period the Hercules Transport Force supported the following training activities:

- Support to Exercise Tropic Twilight (Samoa), RIMPAC (Hawaii), Wise Owl (NZ), Saracen (NZ), Pae Tata (NZ), Bluebird (NZ), Alam Halfa (NZ), Tropic Wing (PNG), Dawn Blitz (US), and ROKKIWI (Republic of Korea).

Output Performance Measures and Standards

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
Number of B757-200 available for strategic military transport tasks – (from a total fleet of two aircraft.)	Two aircraft were available for strategic military tasks.	2 Aircraft	Two aircraft were available for strategic military tasks
Number of C-130 aircraft available for deployed military tasks (from a total fleet of five aircraft).	Two aircraft were available for deployed military tasks within the limitations of the life extension programme.	2 Aircraft	Two aircraft were available for deployed military tasks within the limitations of the life extension programme
Number of additional C-130 aircraft available for EC 1D and emergency tasks, as required.	1 Aircraft	1 Aircraft	One Aircraft
The number of C-130 Hercules aircraft available during 2012/13 will be affected by the on-going life extension programme to upgrade the fleet and will reduce the full capacity of this output. By the end of FY 2012/13 it is expected that two aircraft will have been upgraded, with the remainder scheduled for completion by the end of FY 2013/14. The reduced fleet size will have an impact on the duration of any operational deployments and the ability to rotate any such deployments. The requirement to sustain core and DLOC training will also affect the nature and extent of tasking that can be undertaken by the C-130 fleet during the period.			
Undertake Multi-Agency Operations and Tasks (MAO&T) and contribute to a range of services in support of other government departments, the community, and foreign and defence policy objectives when not committed to operations, using the capabilities developed for the operational role.	<p>Boeing</p> <p>Numerous VIP missions including NZ Prime Minister and Ministers (foreign and NZ) to India, Singapore, Indonesia, UK, Australia, Vietnam and Pacific Islands.</p> <p>Multiple flights in support of the Australian Defence Force, Royal Air Force, Tongan Defence Force and NZ Police also took place as well as generic Rugby World Cup (RWC) support over the RWC period.</p> <p>Transport veterans to Bomber Command Memorial in UK.</p> <p>Hercules</p> <p>Flights in support of ANZAC Exchange (Aus), Command Staff Course (Aus), Tauranga Airshow and Wanaka Airshow.</p> <p>VIP Missions in support of Minister of Defence and Governor-General.</p> <p>Support to Rugby World Cup 2011.</p>	Deliver to the satisfaction of supported department/agency	<p>Delivered to the satisfaction of the supported department/agency.</p> <p>MFAT has reported that the crew of the C-130 Hercules aircraft did an excellent job in supporting the Prime Minister, the Rt Hon John Key and his party's visit to Antarctica in January 2013.</p> <p>The Prime Minister, the Rt Hon John Key, wrote to CDF on 3 April 2013 expressing his thanks for support to his mission to Latin America.</p> <p>Other MAO&T included support to the Prince of Wales Tour, MFAT missions and Antarctic support.</p> <p>For details of MAO&T support provided, see the section on Services in Support of the Government and Community</p>

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
Total Air Flying Hours:			
Boeing 757 (target range in hours plus or minus 5%)	The Boeing element flew 1,130 hours. This represents an 81% achievement of the mid point of 1,400 hours. The variance was due to stand by periods for Rugby World Cup 2011, two extended maintenance checks and low tasking.	1,330 – 1,470	The Boeing element flew 1,400 hours. This represents 100% of the mid point of planned hours.
Hercules C-130 (target range in hours plus or minus 5%)	The Hercules element flew 1,686 hours. This represents an 85% achievement of the mid point of 1,988 hours. The reason for the variance was a delay of the Life Extension Programme introduction into service.	1,567 – 1,732	The Hercules element flew 1,303 hours. This represents 79% of the mid point of 1,650 hours.
The total C-130 annual flying hours' allocation has been adjusted to reflect the reduction in the number of C-130 aircraft available and the total number of hours that can be generated and supported by the fleet during the period.			
Planned flying hours to support search and rescue, MAO&T and government (all included in total hours). (New measure for 12/13). These consist of the following:	Included in total hours	136	321
Flying hours in support of search and rescue – Hercules C-130. (New measure for 12/13).	Included in total hours	16	0
Planned flying hours in support of MFAT for the purpose of South Pacific disaster relief – C-130 Hercules. (New measure for 12/13).	Included in total hours	50	11
Planned flying hours in support of the Department of Prime Minister and Cabinet (VIP flying) – Boeing 757. (New measure for 12/13).	Included in total hours	70	310 (includes support to Royal Tour)
Preparedness - Fixed Wing Transport Forces: Employment Context (see the preparedness rating scale earlier in this section for "P" ratings)			
<i>Security Challenges and Defence Tasks in New Zealand and its environs</i>			
Terrorist and Asymmetric Threats (EC 1D)			
B757 Transport Force	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice. There were short periods where DON requirements were not met due to personnel and equipment shortfalls.
C-130 Transport Force	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice. There were short periods where DON requirements were not met due to personnel and equipment shortfalls.
<i>Security Challenges to New Zealand's Interests in the South Pacific</i>			
Natural and manmade disasters (EC 2B)			
B757 Transport Force	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice. There were short periods where DON requirements were not met due to personnel and equipment shortfalls.
C-130 Transport Force	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice. There were short periods where DON requirements were not met due to personnel and equipment shortfalls.

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
State failure or fragility leading to internal conflict and/or humanitarian crisis (EC 2C)			
B757 Transport Force	P2 to support current operations. P2 for additional operations	P1 to support current operations. P2 for additional operations	P2 to support current operations. P2 for additional operations.
C-130 Transport Force	P2 to support current operations. P2 for additional operations	P1 to support current operations. P2 for additional operations	P2 to support current operations. P2 for additional operations.
Challenges to legitimate governments, including civil war and secessionist conflict (EC 2E)			
B757 Transport Force	P2 to support current operations. P2 for additional operations	P1 to support current operations. P2 for additional operations	P2 to support current operations. P2 for additional operations.
C-130 Transport Force	P2 to support current operations. P3 for additional operations due to delays in operational certification of the upgraded Hercules aircraft	P1 to support current operations. P2 for additional operations	P2 to support current operations. P3 for additional operations due to delays in operational certification of the upgraded Hercules aircraft.
<i>Security Challenges to New Zealand's Interests in the Asia-Pacific Region</i>			
Aggression to alter maritime boundaries or seize resources, or threats to freedom of navigation (EC 4A)			
B757 Transport Force	P2	P2	P2
C-130 Transport Force	P3 due to delays in operational certification of the upgraded Hercules aircraft	P2	P3, due to delays in operational certification of the upgraded Hercules aircraft.
Inter-State conflict (EC 4F)			
B757 Transport Force	P2	P2	P2
C-130 Transport Force	P3 due to delays in operational certification of the upgraded Hercules aircraft	P2	P3, due to delays in operational certification of the upgraded Hercules aircraft.
<i>Security Challenges to New Zealand's Interests in Global Peace and Security</i>			
Terrorist Threats (EC 5D)			
B757 Transport Force	P2	P2	P2
C-130 Transport Force	P2	P2	P2

Costs for Output Expense 13 (GST Exclusive)

Actual 2011/12 (\$ million)	Category	Main Estimates (\$ million)	Supplementary Estimates (\$ million)	Actual 2012/13 (\$ million)
	Expenditure			
77.349	Personnel	75.377	80.172	80.182
73.397	Operating	97.169	79.105	78.441
1.754	Losses on Foreign Exchange	-	-	1.515
40.636	Depreciation	51.455	47.697	47.399
48.507	Capital Charge	46.198	45.843	45.798
241.643	Total Expenses	270.199	252.817	253.335
	Income			
241.603	Revenue Crown	268.125	250.483	250.483
0.220	Revenue Department	0.844	1.020	0.034
1.521	Revenue Other	1.230	1.314	1.214
0.672	Gains on Foreign Exchange	-	-	1.343
244.016	Total Income	270.199	252.817	253.074
2.373	Net Surplus (Deficit)	-	-	(0.261)
	Cost by Output			
113.320	Output 13.1	122.126	116.441	116.478
126.569	Output 13.2	148.073	137.973	136.857

The NZDF is appropriated for expenditure excluding remeasurements. Remeasurements are foreign exchange gains and losses. The total approved appropriation in 2012/13 for this output expense was \$253.317 million and the total expenditure was \$251.820 million. There was no unappropriated expenditure for this output expense as the outputs were realigned under section 26A of the Public Finance Act.

OUTPUT EXPENSE 14:
ROTARY WING TRANSPORT FORCES
SERVICE PERFORMANCE

Description

The provision of No 3 Squadron RNZAF, prepared for the conduct of tactical air transport operations, including Aeromedical Evacuation (AME), and counter-terrorist operations, under Employment Contexts 1, 2, 3, 4 and 5. This output expense also includes the provision of helicopters for a range of support services to government and the community.

Output 14.1 – NH-90 Medium Utility Helicopter Force

The provision of NH-90 medium utility helicopters prepared for the conduct of tactical air transport operations, including AME and counter-terrorist operations.

Output 14.2 – A-109 Light Utility Helicopter Force

The provision of A-109 training and light utility helicopters prepared for helicopter training and providing command and control, transport and tactical support to the NZ Police, NZ SAS and EOD/IEDD teams.

Output 14.3 – UH-1H (Iroquois) Utility Helicopter Force

The provision of UH-1H utility helicopters prepared for the conduct of tactical air transport operations, including AME and counter-terrorist operations.

Contributions to Outcomes

This Output Expense contributes primarily to Outcomes 1 and 2 (Secure New Zealand and Reduced Risks to New Zealand from regional and global insecurity).

Overview

The introduction into service (IIS) of the NH90 medium and A109 light utility helicopters continues with the completion period forecasted in mid 2014. The IIS progress has been good with the following significant milestones achieved:

NH90 aircraft NZ3301 and NZ3302 conducted their first flight trials at Ohakea over 8-10 February 2012.

A NZDF permit to operate the NH90 Part Task Trainer (desk top trainer) was issued on 24 July 2012.

NH90 conducted successful trials on HMNZS *Canterbury* in July 2012 to initiate the interface trials (to be concluded in 2014).

NH90's NZ3303 and NZ3304 arrived at Ohakea on 1 October 2012 (four of eight aircraft received).

A109 Interim Type Certificate 003 issued 7 December 2012 to certify airworthiness and ready to be released into service for some roles (carriage of passengers in non tactical day/night, Instrument Flight Rules (IFR) / Visual Flight Rules (VFR) environments includes VIP and display flying).

NH90 Interim Type Certificate issued 7 February 2013 to certify airworthiness and ready to be released into service for some roles (carriage of passengers and internal loads in non tactical day/night, IFR/VFR environments includes VIP and display flying).

As more resources have gone to the IIS at HTU, the effect on the drawdown of No. 3 Squadron has become more pronounced, manifesting as reduced aircraft availability for tasking throughout the year. In particular, maintenance and aircrew personnel have been transferred both directly to the HTU and to filling those vacancies created by other base personnel moving to the HTU. As a credit to the remaining staff at 3 Squadron, they have continued to meet the directed outputs required of the RWTF.

No. 3 Squadron conducted a number of exercises during the year and was able to respond rapidly to domestic and international operations including support to the visit of HRH the Prince of Wales and Operation KUMUL (support to Papa New Guinea elections). Of note, 3 Squadron returned from Ex Tropic Astra (Samoa) on 7 June 2012 and redeployed on OP Kumul seven days later returning to New Zealand in late July 2012.

The RWTF remains fully prepared for EC 1D, substantially prepared for EC 2 and not prepared for ECs 4 and 5. These ratings are reflective of the limitations of the Helicopter Transition Unit during its IIS and of the limitations of 3 Squadron's drawdown.

Readiness Training Activities

Readiness training activities conducted by RWTF in 2012-13 included:

- Exercise Pekapeka Black (night tactical flying, September 2012).
- Exercise Blackbird (mountain flying, December 2012) for both A109 and UH-1.
- Exercise Steel Talon (battlefield airmobile, April 2013).
- Exercise Alam Halfa (combined arms exercise, May 2013).

Additional activities of significance conducted include:

- OP Kumul (support to Papa New Guinea elections, June - July 2012).
- Ex Great Escape and Ex Saracen (NZSAS training exercise, September – October 2012).
- Prince of Wales SAR support (November 2012).
- OP Ruth (NZ Police cannabis recovery operation, March - April 2013).
- Eight Search & Rescue Exercises (SAREX) for NZ regions over the course of the reporting period.
- Numerous Multi-Agency Operations & Tasks (MAO&T) for MPI (Fisheries, Forestry, Agriculture) and Department of Conservation, and VIPs over the course of the reporting period.

Output Performance Measures and Standards

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
<p>Number of UH-1H Iroquois helicopters available for military tasks - from an available fleet of 10 helicopters.¹³</p> <p>The introduction into service of the NH-90 and A-109 helicopter fleets continues in FY 2012/13. The introduction into service process will incrementally release capability as each operational test and evaluation (OT&E) phase is completed. That process is expected to be completed in mid-2013 for the A-109 and mid-2014 for the NH-90.</p>	<p>Six helicopters were available for military tasks.</p>	Six Helicopters	<p>Two UH-1H Iroquois helicopters were available for military tasks.</p> <p>The reduced availability was to release enough resources to meet the requirements of the introduction into service of the NH-90 and A-109 helicopters.</p>
<p>Number of additional UH-1H Iroquois helicopters on standby for rapid response tasks in New Zealand (under EC 1), such as Counter-Terrorist Operations and for Search and Rescue Missions.</p>	<p>Two additional UH-1H helicopters were available for rapid response tasks in New Zealand.</p> <p>There was one occasion during an exercise overseas when crews were being rotated this instance, No. 6 Squadron (Naval Helicopter Forces) provided cover.</p>	Two Helicopters	Two additional UH-1H Iroquois helicopters were available for rapid response tasks in New Zealand.
<p>Number of A109 helicopters available for limited light utility tasks. (New measure for 12/13).</p>		One Helicopter	One A109 helicopter was available for limited light utility tasks.
<p>Undertake Multi-Agency Operations and Tasks (MAO&T) and contribute to a range of services in support of other government departments, the community, and foreign and defence policy objectives when not committed to operations, using the capabilities developed for the operational role.</p>	<p>This includes SAR flying and support provided to NZ Police.</p> <p>3 Squadron assisted the Department of Conservation (DOC) with the rowi (kiwi) translocation to Mana Island. DOC have reported that all aspects of the operation involving the RNZAF were undertaken to an excellent standard</p>	Deliver to the satisfaction of supported department/agency	<p>Delivered to the satisfaction of the supported agency.</p> <p>Numerous support operations were provided for the Ministry for Primary Industries (Fisheries, Forestry, and Agriculture) and Department of Conservation, and VIPs over the course of the reporting period.</p> <p>Support was also provided to the NZ Police for cannabis recovery operations.</p> <p>For details of MAO&T support provided, see the section on Services in Support of the Government and Community</p>
<p>Total NH-90 flying hours (target range in hours plus or minus 5%)</p>	<p>Total NH-90 flying hours for OT&E were 140. This represents a 26% achievement against the midpoint of 543 hours. The variance is due to a delay in the delivery of the new helicopters.</p>	777 – 859	<p>Total NH90 hours flown were 583. This represents 71% of the mid point of 818 hours.</p> <p>The further delay in delivery of all the aircraft was a major cause of this shortfall.</p>
<p>Total A-109 flying hours (target range in hours plus or minus 5%)</p>	<p>Total A-109 flying hours for OT&E were 296. This represents a 54% achievement against the midpoint of 545 hours. This variance is due to insufficient crew numbers.</p>	864 - 954	<p>Total A109 hours flown were 587. This represents 65% of the mid point of 909 hours.</p> <p>The shortfall was due to a lack of instructor pilots.</p>
(Flying hours for NH-90 and A-109 helicopters are for OT&E only)			

¹³ The number of UH-1H Iroquois helicopters available for tasking is based on Transition Plan 3.0

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
Total Iroquois Air Flying Hours (target range in hours plus or minus 5%)	3,515	2,442 – 2,699	Iroquois hours flown were 1,560. This represents 61% of the mid point of the budget standard of 2,570 hours. The reduced hours were to release enough resources to meet the requirements of the introduction into service of the NH-90 and A-109 helicopters. The final hours flown (1,560) represents 97% of the revised Helicopter Transition Plan hours of 1,625.
Planned Iroquois flying hours to support MAO&T (all hours included in total flying hours). (New measure for 12/13). These hours consist of the following:	Included in total flying hours	505	332 hours were flown. Hours are dependent on demand from the agencies. This includes hours for DOC and MPI not specified in the subtotals below. 8.5 hours were flown for other agencies.
Planned flying hours in support of NZ Police (excluding search and rescue)	Included in total flying hours	400	268 hours were flown in support of NZ Police.
Planned flying hours in support of search and rescue	Included in total flying hours	60	23 hours were flown in support of search and rescue.
Planned flying hours in support of NZ Fire Service and National Rural Fire Authority	Included in total flying hours	20	Nil hours were required.
Planned flying hours in support of Department of Prime Minister and Cabinet (VIP flying)	Included in total flying hours	25	32 hours (includes 23 hours in support to Prince of Wales visit. Note: much VIP flying is now done by A109 or NH90 and does not appear here, although it is included in total hours.
Preparedness - Rotary Wing Helicopter Forces (Iroquois only): Employment Context (see the preparedness rating scale earlier in this section for "P" ratings)			
<i>Security Challenges and Defence Tasks in New Zealand and its environs</i>			
Terrorist and Asymmetric Threats (EC 1D)	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice. There were short periods where DON requirements were not met due to personnel and equipment shortfalls.
<i>Security Challenges to New Zealand's Interests in the South Pacific</i>			
Natural and manmade disasters (EC 2B)	Available at the appropriate degree of notice	Available at the appropriate degree of notice	Available at the appropriate degree of notice. There were short periods where DON requirements were not met due to personnel and equipment shortfalls.
State failure or fragility leading to internal conflict and/or humanitarian crisis (EC 2C)	P2	P2	P2
Challenges to legitimate governments, including civil war and secessionist conflict (EC 2E)	P2	P2	P2
<i>Security Challenges to New Zealand's Interests in the Asia-Pacific Region</i>			
Inter-State conflict (EC 4F)	P4 (See Note below)	P4 (See Note below)	P4
<i>Security Challenges to New Zealand's Interests in Global Peace and Security</i>			

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
Terrorist Threats (EC 5D)	P4 (See Note below)	P4 (See Note below)	P4

Note

Operational tasks in high threat environments, which may be encountered under ECs 4 - 5, are beyond the current capabilities of the Iroquois helicopter. This situation will not improve until the NH-90 helicopters have been fully introduced into service. The Iroquois retains a limited level of capability for low-level operational tasks within these ECs.

Costs for Output Expense 14 (GST Exclusive)

Actual 2011/12 (\$ million)	Category	Main Estimates (\$ million)	Supplementary Estimates (\$ million)	Actual 2012/13 (\$ million)
	Expenditure			
53.833	Personnel	58.975	61.554	61.861
33.529	Operating	62.141	42.583	38.247
0.462	Losses on Foreign Exchange	-	-	0.971
30.211	Depreciation	46.631	38.758	38.488
21.017	Capital Charge	78.541	78.305	78.206
139.052	Total Expenses	246.288	221.200	217.773
	Income			
139.193	Revenue Crown	244.688	219.138	219.138
0.058	Revenue Department	0.541	0.654	0.022
1.246	Revenue Other	1.059	1.408	1.339
0.177	Gains on Foreign Exchange	-	-	0.861
140.674	Total Income	246.288	221.400	221.360
1.622	Net Surplus (Deficit)	-	-	3.587

The NZDF is appropriated for expenditure excluding remeasurements. Remeasurements are foreign exchange gains and losses. The total approved appropriation in 2012/13 for this output expense was \$219.650 million and the total expenditure was \$216.802 million. There was no unappropriated expenditure for this output expense as the outputs were realigned under section 26A of the Public Finance Act.

OUTPUT EXPENSE / MCOA 15:**(A Multi-Class Output Appropriation)****MISCELLANEOUS SUPPORT ACTIVITIES****SERVICE PERFORMANCE**

This Multi-Class Output Appropriation (MCOA) reflects the disparate nature of four NZDF outputs that do not individually justify separate departmental output expense recognition.

Output Classes**Output Class 15.1 – Support to Mutual Assistance Programme (MAP)**

This output class is limited to the provision of training, technical advice and resource support to the defence forces of MAP partner countries, both in New Zealand and in the partner countries. Specialist niche training is also provided to the law enforcement agencies of South Pacific MAP partner countries.

Output Class 15.2 – 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 Forces (NZCF) units.

Output Class 15.3 – Support to Service Military Museums

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

Output Class 15.4 – Support to Youth Development

This output class is limited to NZDF 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.)

Contributions to Outcomes

This Output Expense contributes primarily to Outcomes 1 and 2 (Secure New Zealand and Reduced Risks to New Zealand from regional and global insecurity). There is also some relationship to Outcome 4 (New Zealand able to meet future national security challenges) through any requirement for restructured or new outputs.

Output Performance Measures and Standards

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
Generally for this MCOA:			
Training and administrative support will be provided in accordance with NZDF training quality standards as modified with senior staff from the requesting organisation:			
<ul style="list-style-type: none"> The degree of satisfaction expressed by the authorities requesting assistance - in accordance with their annual programmes. 	Satisfied	Satisfied	See below under each output
<ul style="list-style-type: none"> Regular evaluation of significant issues, the capacity to react to requests for assistance and the provision of adequate support from the limited resources available. 	Deliver	Delivered	See below under each output
Support to Mutual Assistance Programme (MAP):			
<p>Range of anticipated training and technical assistance for the MAP. Each activity could include formal training, on-the-job training, specialist advice, attachments, in-country Technical Advisers, Mutual Assistance Training Teams, and exchanges - both in New Zealand and in MAP countries overseas, as applicable.</p>	<p>The MAP delivered 122 activities, which included assistance to MAP partner countries via Mutual Assistance Training Teams (MATTs), technical advisors, NZDF courses, limited resource provision, exchanges and attachments. This compares favourably with last year's output despite fiscal constraints that affected the MAP and the NZDF as a whole as it moves towards its planned Joint Amphibious Taskforce structure of 2015. This coincides with the general global fiscal environment that has affected our MAP partner countries. As a result of a range of agreed initiatives between the NZDF and partner countries, the MAP has managed to maintain this consistent level of activity for FY 11/12. The full effect of fiscal measures will impact in out years.</p> <p>Of the total activities completed, 76 were undertaken with South Pacific MAP partners while the rest were conducted with South East Asian MAP partners. Approximately 95% of the MAP operating and personnel expenditure of \$2.45m was spent on South Pacific MAP activities.</p> <p>In general, the success rate of MAP students attending training was very high. Of the 83 related training activities only four were unsuccessful, one due to discipline, two to language difficulties and one to a misunderstanding of the course requested.</p> <p>The ongoing issue of English language standards continue to restrict the ability of several MAP partner countries, especially from South East Asia, to provide suitable candidates. Although this is a larger issue that the countries themselves are addressing, MAP for the first time trialed a specific English language training course at the intermediate level. Nine Vietnamese Peoples Army (VPA) personnel attended this course. This served a two fold purpose, firstly the VPA specifically requested such training as their main MAP engagement for FY 11/12 and secondly it allowed the MAP to test the concept. Although successful, resource constraints mean it can not be a recurring activity at this time. Another highlight for the VPA was a cadet graduating from RNZN Junior Officer Common Training (Commissioning course).</p> <p>A table of MAP activities by country for the reporting period is shown at the end of this section.</p>	110 - 140	<p>The MAP delivered 98 activities which included assistance to MAP partner countries via Mutual Assistance Training Teams (MATTs), technical advisors, NZDF courses, limited resource provision, exchanges and attachments. This number is below the forecast output range of 110 – 140, but reflects a revised budget. This issue was highlighted in last year's report noting that any fiscal reduction measures would have an impact on the level of activities for this and subsequent fiscal years.</p> <p>Of the total activities completed 82 were undertaken with South Pacific MAP partners and Timor Leste, with the remainder being conducted with South East Asian MAP partners. Approximately 95 per cent of the MAP operating and personnel expenditure of \$4.14m was spent on South Pacific and Timor Leste MAP activities.</p> <p>Due to the lower number of training activities, the comparative success rate of the MAP students attending training was very high. Only one trainee was removed from training during the reporting period. While only two nominations were not accepted due to the English language requirement not being met, this barrier reduces the pool of suitable candidates.</p> <p>Notwithstanding this, English language training remains a focus for many MAP partner countries. Several requests were received during annual MAP talks. As a result one option being pursued is the MAP sponsoring attendance of up to six students to receive advanced English language training from the ADF Defence International Training Centre.</p>

	2011/12		2012/13
Performance Measures	Actual	Budget Standard	Performance Achieved
Complete the MAP country programmes and activities - consistent with the MAP policy objectives and outcomes agreed with the participant defence forces or law enforcement agencies (where appropriate), and that are also consistent with NZDF practices.	<p>The Papua New Guinea Defence Force (PNGDF) and Tonga Defence Service (TDS) remain a primary focus for the MAP and the high level of activity continued in this reporting period. Highlights were three PNGDF cadets graduating from the NZ Army Officer Cadet School 2011 commissioning course and both a PNGDF and TDS officer graduating from the 2011 Joint Command and Staff Course. The embedded NZDF officer at the PNGDF HQ played a key role in the planning at the strategic level that saw the PNGDF deploy personnel for the first time on a UN peace operation.</p> <p>The MAP continues to sponsor Technical Advisers within the programme, one in Papua New Guinea, two in Vanuatu, one in Tonga and two in the Cook Islands. In this FY, New Zealand has assumed the role of Maritime Surveillance Adviser in the Cook Islands. This position runs the Australian Defence Cooperation Programme Pacific Patrol Boat programme. It is a clear example of cooperation between the NZDF and ADF within the Pacific.</p> <p>HQNZDF continues to provide strategic policy overview of the five technical advisers assisting the F-FDTL (Armed Forces of Timor-Leste) under Task Group Kaihanga (OE 16). Timor-Leste is another of the MAP partner countries where English levels limit their ability to submit nominations for NZDF courses. Despite this, F-FDTL students - although limited in number - continue to excel. An officer graduated from the Joint Junior Staff Course and a F-FDTL cadet graduated from RNZN Junior Officer Common Training (Commissioning course). F-FDTL soldiers continue to attend the NZ Army School of Music MAP Musician courses.</p> <p>Five MATTs were successfully completed as follows:</p> <p>Papua New Guinea</p> <p>A NZ Army officer assisted the PNGDF to conduct an Officer Selection Board.</p> <p>Tonga</p> <p>A NZDF legal officer conducted Law of Armed Conflict (LOAC) training. Two visits were undertaken.</p> <p>A NZDF team conducted 1st aid training for the TDS. Two visits were undertaken.</p> <p>MAP talks were conducted with the Cook Islands, Malaysia, Thailand, Indonesia, Samoa, Papua New Guinea, Brunei, Timor-Leste, Tonga, Vanuatu and Vietnam. The first formal MAP talks were held with Indonesia. As in recent years, MAP engagement is currently confined to attendance on Command and Staff College courses. An officer is attending the 2012 Joint Command and Staff Course.</p> <p>Planning continues to transition Malaysia out of the MAP. The most recent MAP talks were held in May 2012 and a submission will be made to the Malaysia New Zealand Defence Co-ordinating Group (MNZDCG) to progress this matter.</p> <p>Annual talks were conducted with the Australian Defence Cooperation Programme. This provides a good avenue for co-operating and synchronisation of the two programmes in accordance with joint Ministerial direction.</p> <p>Collaboration continues with NZ Police on the provision of training assistance to disciplined forces in the South Pacific. Police personnel from Samoa, Kiribati and Solomon Islands received training from the NZ Army School of Music. A police officer from the Cook Islands received armourer training.</p>	Deliver	<p>One MAP activity of note was a Vietnamese People's Army (VPA) cadet graduating from the NZ Army Officer Cadet School 2012 commissioning course. The Governor-General was the reviewing officer and the ceremony was attended by a VPA delegation which was in New Zealand for annual MAP talks. A key factor in this graduation was the cadet had received advanced English language training at the DITC under a previous arrangement.</p> <p>The Papua New Guinea Defence Force (PNGDF) and Tonga Defence Service (TDS) remain a primary focus for the MAP in line with the requirements of the 2010 White Paper. The high level of activity has continued in this reporting period. A significant activity for both countries was the deployment of NZ Army Engineer elements to conduct partnership construction activities. In Papua New Guinea the focus was assessing how the NZDF can assist the PNGDF with road construction, in particular a highway of national significance and in Tonga assisting the TDS with construction of a new barrack building. Additional funding has been allocated to these activities and further deployments will occur in the next FY. Of note, the project in Tonga is being conducted in partnership with the Australian Defence Cooperation Programme which is providing the project funding.</p> <p>PNGDF personnel have had a particularly good year at the Command and Staff College with successful graduations from the 2012 Joint Command and Staff Course, the 2013 Joint Junior Staff Course and the 2012 Joint Warrant Officer Advanced Course.</p> <p>On 1 January 2013 the MAP assumed full responsibility for the five NZDF personnel filling Technical Adviser roles in Timor-Leste. A transfer of funding from OE16 to OE15 was approved by Cabinet to ensure the NZDF continues to assist the Timor Leste Defence Force (F-FDTL) for at least the next 4 years. In parallel to this a range of other normal MAP activities continued, including the sole F-FDTL padre receiving training with the NZDF.</p> <p>The MAP continues to sponsor six other Technical Advisers, one in Papua New Guinea, two in Vanuatu, one in Tonga and two in the Cook Islands.</p> <p>During the reporting period seven MATTs were successfully completed as follows:</p> <p>Papua New Guinea</p> <p>A NZ Army Engineer element to assess possible NZDF assistance to the PNGDF with construction of a road of national significance.</p> <p>Timor-Leste</p> <p>Provide band training to the F-FDTL and assess possible future assistance and development</p> <p>Tonga</p> <p>A NZDF legal officer conducted Law of Armed Conflict training. Two visits were undertaken.</p> <p>A NZDF team conducted 1st aid training for the Tonga Defence Service. Two visits were undertaken.</p> <p>A NZ Army Engineer element assisted with the construction of new camp buildings.</p> <p>MAP talks were conducted with the Cook Islands, Malaysia, Thailand, Indonesia, Samoa, Papua New</p>

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
			<p>Guinea, Timor Leste, Tonga, Vanuatu and Vietnam. The talks with the Cook Islands, Samoa and Vanuatu were held in conjunction with the NZ Police. The talks with Malaysia and Thailand were conducted by the NZ DA accredited to the respective country.</p> <p>Collaboration continues with the NZ Police on the provision of specialised niche training to disciplined forces in the South Pacific. Three police personnel from Samoa received training from the NZ Army School of Music and one attended the NZ Army Junior Armourer course. A police officer from the Cook Islands attended the Assistant Physical Training Instructor course and another officer received sea rider experience with the RNZN.</p> <p>Annual talks were conducted with the Australian Defence Cooperation Programme (DCP). This provides a good avenue for co-operating and synchronisation of the two programmes in accordance with joint Ministerial direction.</p> <p>It has been agreed that Malaysia will transition out of the MAP with effect 31 December 2014.</p> <p>Another key decision made this reporting period is the withdrawal of one of the two Technical Advisers from Vanuatu which will occur during FY 2013/14. Vanuatu has identified a replacement to transition the post of Officer Commanding Vanuatu Mobile Engineer Platoon to a local Vanuatu Mobile Force Officer. The NZDF has agreed to provide a period of mentoring, any specific training if required and a transition plan to assist in the transition process.</p>
Monitor and analyse MAP activities within each country programme through various processes, including post-activity reports, evaluation of the training outcomes against identified need and feedback from annual talks.	MAP activities within each country programme were monitored and analysed at meetings held with partner nations and organisations, as identified above and from information provided in post activity reports and analysis of training outcomes.	Monitor and Analyse	<p>MAP activities within each country programme were monitored and analysed at meetings held with partner nations and organisations, as identified above and from information provided in post activity reports and analysis of training outcomes.</p> <p>MFAT has reported that the five remaining MAP Advisers in Timor-Leste continue to do excellent work in their respective fields; some have received excellent feedback from Timor's Secretary of State for Defence. NZDF MAP personnel are respected by F-FDTL interlocutors and providing useful and valued advisory roles.</p>
Support to New Zealand Cadet Forces (NZCF):			
<i>General.</i> The NZCF comprises 421 NZCF officers and 3,864 cadets within 101 Cadet Force Units across New Zealand. The personnel figures fluctuate from month to month, especially at the end of the school year. Permanent staff includes 27 Tri-Service, Regular Force training and support staff, and five civilian administrative staff.			
Number of courses conducted for NZCF officers / (representing the number of officer training days).	25 (2,004)	35 (2,907)	21 (2,092)
Number of courses conducted for NZCF cadets / (representing the number of cadet training days).	33 (5,785)	39 (10,115)	31 (8,876)

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
(Training days do not include community projects completed at the local level).			
All courses conducted will meet the requirements of the NZ Qualifications Authority (NZQA) framework, where appropriate.	Met. Three hundred and sixty nine NZQA Credits and nine Certificates in NZCF Training and Management were awarded.	Meet	Met. 1,660 NZQA Credits issued to date with 160 total certificates from a previous NZQA provider. A new stream of officer National Certificates has been initiated for the 2013/14 training year.
Meet the training, course and exercise objectives of the NZ Cadet Forces	Of the courses completed, training, course and exercise objectives were met.	Meet	Of the activities completed, training, course and exercise objectives were met. Seven activities were cancelled due to nil nominations and one activity postponed due to extreme weather.
Positive feedback/reports from Area Coordinators, Cadet Unit Commanders and the public and overall evaluation by the Commandant NZCF.	Positive comments from the Presidents of National Support Organisations, Rear Admiral Hunter (Rtd), Air-Vice Marshal Adamson (Rtd), Major General Gardiner (Rtd), and Lieutenant General Mclvor (Rtd) on the support provided by NZCF.	Positive Feedback	Positive feedback provided by annual reports from national support organisations and community feedback provided to NZCF via individual units.
Support to Youth Development: (Note: The NZDF is funded for this support on a calendar year, rather than a financial year).			
Number of Limited Service Volunteer (LSV) Scheme training courses (Auckland, Wellington and Burnham) conducted per year for unemployed and/or disadvantaged youth, each course of six weeks duration, and conducted on behalf of the Ministry of Social Development (MSD).	Twelve fully conducted within the FY and six conducted across FYs.	18 courses	Twelve fully conducted within the FY and six conducted across FYs.
Number of trainees (selected by the MSD and between the ages of 17 and 25 years) trained on LSV courses.	<p><u>Fully conducted within FY</u></p> <p>Started: 1,159 Finished: 923</p> <p><u>Rolling Over FYs</u></p> <p>Start FY 10/11: 362 Finish FY11/12: 265</p> <p>Following are estimated numbers due courses yet to start and/or finish</p> <p>Start FY 11/12: 320 Finish FY12/13: 235</p>	Up to 1,500	<p>1,500 places are made available to LSV trainees over a calendar year. Over the 2012/13 FY, the following numbers are relevant.</p> <p><u>Fully conducted within FY</u></p> <p>Started: 1151 Finished: 932</p> <p><u>Rolling Over FYs</u></p> <p>Start FY 12/13: 324 Finish FY12/13: 264</p> <p>Following are estimated numbers due courses yet to finish</p> <p>Start FY 12/13: 274 Finish FY13/14: 220</p>
Number of Service Academies in high schools supported per year in support of the Ministry of Education.	From July 2011 to June 2012, the NZDF Youth Development Unit (YDU) supported an average of 20 Ministry of Education Service Academies (16 Academies from June to December 2011, which increased by eight to 24 Academies in January 2012)	24 Service Academies	Actual number supported during the reporting year was 24 from 1 Jul 12 to 30 March 2013, which increased to 26 from 31 March to 30 June 2013.
Number of youth passing through the Service Academies per year.	Each Service Academy had an average of 20 students with statistics on exact numbers at each Academy being held by the Ministry of Education. In support of these Academies, the YDU ran the following five different types of courses during 11/12: Induction (5 courses), Basic Leadership (5 courses), Advanced Leadership (2 courses), Bush Craft/Mil Skills (4 courses) and Adventure Race/Endurance Event (4 courses). Across these courses there were a combined total of 1,317 places filled by Service Academy students. Some Service Academy students attended all five courses, while some only attended the Induction course. On average, each student attended three of the five courses	Up to 520	<p>Each Service Academy had an average of 20 students with statistics on exact numbers at each Academy being held by the Ministry of Education or school. In support of these Academies, the YDU ran the following five different types of courses during 12/13: Induction (6 courses), Basic Leadership (5 courses), Advanced Leadership (3 courses), Bush Craft (5 courses) and Adventure Race Event (5 courses).</p> <p>Across these courses in 2012 there were a potential 480 places made available on the Induction courses (mandatory for further courses) and 429 students completed these Induction courses, allowing them to do further events that calendar year.</p> <p>On the 2013 Induction course, of a potential 520 places, 425 students completed the courses. As 2013 continues, of these 425 students, on average, each student will have attended three of the five remaining courses</p>

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
Number of Military-style Activity Camps supported per year in support of the MSD (Child, Youth and Family) under the Government's Fresh Start for Young People programme.	Four camps supported	Four camps will be supported	Four Camps were supported.
Number of youth passing through the Military-style Activity Camps per year.	36 started Military-style Activity Camps	Up to 40 youths per year	40 places offered over FY 12-13, with 30 youths passing.
Total number of NZDF staff (military and civilian) involved in direct support of all Youth Development Schemes over the year.	114 26 Civilian 88 Military	17 ¹⁴	Operating on average at 85% manning over FY-2012/13, with an average staff total of 110. As at 1 July 2013: 21 civilian staff and 95 military a total of 116 staff.
Support to Service Military Museums:			
Maintain current Service Museums at Devonport (Navy), Waiouru (Army), and Wigram (Air Force).	Service Museums were provided at Devonport (Navy), Waiouru (Army) and Wigram (Air Force). The ongoing earthquakes in Canterbury have provided challenges for the Air Force Museum, which has continued to suffer minor damage in each major event but no major structural issues. Despite this, the Museum was able to remain open to the public on all but a few days.	Maintain	Service Museums were provided at Devonport (Navy), Waiouru (Army) and Wigram (Air Force).
Provide staff, infrastructure and resources to Service Museums to ensure the collection, development, collection management and exhibits of New Zealand's significant military history to the people of New Zealand, the Armed Forces and visitors to our nation, to sector best practice. ("Collection Management" includes 'preservation').	<p>Staff, infrastructure and resources were provided to Service Museums to manage collections and preserve exhibits.</p> <p>An adequate level of support has been provided in support the operation of the Navy Museum. The Navy Museum remains staffed with NZDF civilian personnel, Trust Board casual employees and volunteers. Overall staffing levels continue to be lower than desirable, especially in the Front of House and Collections Management area of operations. This has been partly resolved by the Museum Trust Board hiring casual staff to cover for shortages and to implement important initiatives.</p> <p>While adequate staff levels were maintained for the National Army Museum (NAM) at Waiouru for the first half of the reporting period, for the remainder of the reporting period the Museum was understaffed.</p> <p>In November 2011 the Air Force Museum Trust Board commenced construction of a long planned \$14.3 million redevelopment of the Museum. The project aims to expand the Museum with a 6,200m² extension to the existing public buildings. The Museum Trust Board is partnering with organisations such as the Earthquake Appeal Trust, Te Papa, and the Ministry for Culture and Heritage to use the completed building as a cultural collections recovery centre for the next three years to assist other organisations, instead of immediately occupying the facility itself. The Museum Trust Board has amassed nearly all the funds required for the project, which is on schedule to be completed in November 2012.</p>	Provide	<p>All Service museum services were provided in accordance with respective Museum Board of Trustees Trust Deed and Memorandum of Understanding.</p> <p>Navy</p> <p>An adequate level of support has been provided in support the operation of the Navy Museum. The Navy Museum remains staffed with NZDF civilian personnel, Trust Board casual employees and volunteers. Overall staffing levels continue to be lower than desirable, especially in the Front of House and Collections Management area of operations. This has been partly resolved by the Museum Trust Board hiring casual staff to cover for shortages and to implement important initiatives.</p> <p>Army</p> <p>The NAM remains staffed with NZDF military and civilian personnel, Trust Board employees and volunteers. The Museum was 100% staffed for the last half of FY 12/13.</p> <p>Air Force</p> <p>Preliminary engineering reports rated all but one of the buildings occupied by the Museum as below 33% of the New Building Standard (NBS) due to their age and therefore earthquake prone. More detailed qualitative surveys subsequently rated most buildings as at or above 100% NBS and none below the 34% minimum. Some structural strengthening on two buildings will be required within the next 10 years and some minor crack repair will be undertaken immediately. All buildings have been cleared for general occupation and public use.</p> <p>Additional support was provided by NZDF IT specialists to assist with the installation of telecommunications services into the new building</p>

¹⁴ This number reflects the approximate numbers of staff of the Youth Development Unit whose personnel costs are met by NZDF funding. This figure should have reflected the total number of NZDF staff directly involved in all youth development schemes over the year, which are mostly funded by MSD.

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
			After some 16 years and just over 22,000 man-hours of staff and volunteer effort restoration of the Museum's P-40 Kittyhawk type example has been finished and made ready for display.
Museum services provided in accordance with the relevant Trust Deeds and the Memorandums of Understanding between each of the Services and the individual museum trust boards.	<p>Museum services were provided in accordance with the minimum requirements of the Memorandums of Understanding and individual Museum Trust Boards.</p> <p>Exhibitions at the NAM included: "Khaki and Black" – an exhibition centred on the King's Cup; 'Bamiyan: The Heart of Afghanistan' a travelling photographic display from Pateka, Porirua (Oct 11); Opening of the new Medal Repository (Dec 11); "The Black Islands: Spirit and War in Melanesia" – a photographic exhibition by the Australian photo journalist Ben Bohane (Mar 12); and "Fragments" – an exhibition that revealed some of the Treasures and Taonga that have been recently donated to the Museum.</p> <p>New display cases were provided on Korea, Malaya/Borneo and Vietnam in conjunction with opening of the Medal Repository.</p>	Meet	Museum services were provided in accordance with the minimum requirements of the Memorandums of Understanding and individual Museum Trust Boards.
Each museum is subject to an annual review against Service Museum benchmarks and periodic reviews against the New Zealand Museum Standards Scheme.	<p>The Navy Museum monitors 24 key performance indicators against annual targets and national and international benchmarks. The Museum has performed well against the targets set and benchmark measurements.</p> <p>During the period the Navy Museum achieved a score of 525 points (Silver level) in an internal business excellence review.</p> <p>The NAM retained its Qualmark accreditation.</p> <p>The Air Force Museum was peer reviewed by National Services Te Paerangi (Te Papa) against the New Zealand Museum Standards Scheme in April 2011. The final report has still not been issued. The Air Force Museum also retained Qualmark accreditation with a 100% pass and an Enviro Gold Award for responsible tourism.</p>	Review	<p>Navy</p> <p>The Navy Museum monitors 24 Key Performance Indicators against annual targets and national and international benchmarks. The Museum has performed well against the targets set and benchmark measurements.</p> <p>Army</p> <p>The NAM retained its Qualmark accreditation with its Environment Qualmark being raised to silver.</p> <p>Air Force</p> <p>National Services Te Paerangi (Te Papa) review of the Museum against the New Zealand Museum Standards Scheme was issued in November 2012. The Museum has met and exceeded all standards across the five modules. The reviewers noted : "The peer reviewers were particularly impressed by the calibre of policy documentation and leadership across the organisation which ensures clear direction for the museum's development and operation moving forward.</p>
Performance assessment will be based on feedback from the individual museum trust boards and NZDF command, 'public satisfaction' surveys, annual and periodic reviews, and the number of military and civilian visitors per financial year.	<p>All three museums met the expectations of their respective commands and boards.</p> <p>Navy</p> <p>Visitors to the Navy Museum, which include casual visitors, visitor groups, school groups and service groups, for the period 1 July 2011 to 30 June 2012 totalled 105,097. With an operating cost of less than \$14 per visitor the cost per visitor compares extremely favourably to the benchmark museums monitored.</p> <p>The museum has proven popular with all age groups. During the reporting period, the Museum delivered an extensive range of educational programmes to school groups and naval personnel as well as other public support programmes including holiday programmes, research, collection enquiries, outreach and publications.</p> <p>Seven exhibitions were delivered during the period - most notably the Kids Curate, WRNZNS 70th Anniversary Exhibition, HMS Neptune memorial Exhibition and the USMC 70th anniversary display.</p> <p>Visitor feedback was gathered daily with the Visitor Satisfaction Index (VSI) indicating 95% of visitors rated their visit as either 'excellent' or 'very good'. Visitor recommendation Index was 98% while the % of repeat visitors was 27%. The results compared</p>	Yes	<p>All three museums met the expectations of their respective commands and boards.</p> <p>Navy</p> <p>Visitors to the Museum, which include casual visitors, visitor groups, school groups and service groups, for the reporting period totalled 91,784.</p> <p>The museum has proven popular with all age groups and during the reporting period the Museum delivered an extensive range of educational programmes to school groups and naval personnel as well as other public support programmes including holiday programmes, research, collection enquiries, outreach and publications.</p> <p>Six exhibitions were delivered during the period most notably Mates and Mascots, Solomons Campaign, Bomb Gone, HMS Neptune memorial Exhibition and the "My Photo My Navy" Photographic exhibition.</p> <p>During the period the Museum responded to 921 research enquiries during the year. This represents a significant increase from last FY.</p>

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
	<p>very favourably against benchmarks.</p> <p>Army</p> <p>Overall visitor numbers for the NAM totalled 37,679; a decrease of 6,457 (14.6%) on the previous year. Although significant, this decrease in visitor numbers is on par this year with that experienced by other major tourism operators in the Central North Island region. The increased cost of fuel has been a major factor in the decrease over this period. An in-house survey conducted over the reporting period resulted in 98% visitor satisfaction.</p> <p>Air Force</p> <p>Despite the significant reduction in tourist numbers to Christchurch, total general visitors to the Air Force Museum were 100,262, which was an increase of 25% on target (80,000) and 17% on 2010/11. A further 7,720 visitors attended corporate events at the Air Force Museum.</p> <p>Visitor surveys taken during the year have recorded an average 97% satisfaction rating for education groups and an average 95% rating for general visitors.</p> <p>On 22 February 2012, the Air Force Museum received an Earthquake Award from the Christchurch City Council for service in the aftermath of the earthquakes.</p> <p>On 19 April 2012, the Air Force Museum received an Extraordinary Achievement Award at the NZ Museum Awards to acknowledge the support given to the museum community following the Christchurch earthquakes.</p>		<p>The revitalised website proved to be popular with 60% increased visitation over the last financial year.</p> <p>Visitor feedback was gathered daily with the Visitor Satisfaction Index (VSI) indicating 93% of visitors rated their visit as either 'excellent' or 'very good'. Visitor recommendation Index was 95% while the % of repeat visitors was 26%. The results compared very favourably against benchmarks.</p> <p>Army</p> <p>Overall visitor numbers of 39,055 represented a small increase of 1,376 (3.7%) from the previous year. An additional 60,000 people visited the Museum Café and Shop without entering the Museum Exhibition Area – alterations to the entrance will be made during FY 13/14; these will be of a nature that encourages all visitors to enter the Exhibition Area.</p> <p>Exhibitions at the national Army Museum during the year included: 'Eyes Front: The Kiwi Soldier', 'A Peek at the Peculiar: Strange Stuff from the Backroom', 'Harnessed: New Zealand's War Horses', the major exhibition for the year telling the story of the horse in battle from a New Zealand perspective from 1840 to 1945; 'Peas and Onions for Tea' and 'Stag Spooner: Wild Man from the Bush'. In addition, the Medal Repository was officially opened by the Minister of Defence – this secure repository is now the home to the largest medal collection in New Zealand – and the Memorial Alcove was refurbished with the addition of newly approved Army Battle Honours.</p> <p>Surveys administered on behalf of the Museum by Museums Aotearoa established that 95% of visitors were 'satisfied' to 'extremely satisfied' with their experience at the National Army Museum. 96% noted they would recommend visits to others.</p> <p>Air Force</p> <p>Visitor numbers were marginally higher than the 100,000 target at 100,599. A further 56,440 visitors attended corporate and community events at the Museum. The Museum Trust Board implemented a new policy introducing free admission for education groups from Term One 2013. Education numbers for the year were 5,065, which is up 26% on target.</p> <p>Visitor feedback has been positive and the Museum achieved a Certificate of Excellence from international feedback web-site Trip Advisor. The Museum attained an average of 4.5 out of 5 on Trip Advisor, which is considered a top achievement. The Museum ranked 11th out of 150 visitor attractions in Christchurch.</p> <p>The Museum was a finalist in the Champion Canterbury Business Awards which are the largest and most prestigious business awards in New Zealand and recognise innovation, resilience and excellence.</p> <p>The Museum was a finalist in the Champion Profession or Service (medium to large enterprise) category along with Leighs Construction and MYOB New Zealand.</p>

Summary of MAP Activities by Country for 2012/13

	South Pacific						South-East Asia								Other	Grand Total
	Cook Is	PNG	Samoa	Tonga	Vanuatu	Sub-Total	Brunei	Indonesia	Malaysia	Philippines	Thailand	Timor-Leste	Vietnam	Sub-Total		
NZDF Defence College ⁽¹⁾	1	3		2	1	7			1			1	2	4		11
Command and Staff College (all courses)		3		1		4		1	1				1	3		7
Training (RNZN – both sea and shore based)						0								0		0
Training in NZ (NZ Army)		7	4	10		21	1					2		3		24
Training in NZ (RNZAF)						0								0		0
Attachments in NZ		2		3		5						3	2	5		10
NZDF Technical Advisers (TA)	2	1		1	2	6						5 ⁽³⁾		5		11
Mutual Assistance Training Teams visiting ⁽²⁾		1		5		6						1		1		7
Sponsored Activities ⁽²⁾	1	1		3	1	6						2		2	1	9
Resource Provision ⁽²⁾	1			4	2	7								0		7
MAP Talks	1	1	1	1	1	5		1	1		1	1	1	5	2	12
TOTAL	6	19	5	30	7	67	1	2	3	0	1	15	6	28	3	98

- Notes:
1. Incorporates tri-service training schools and the Command and Staff College
 2. Denotes number of NZDF teams, activities or occurrences, not people.
 3. Output Expense 16 activity, but under the MAP for strategic and policy direction. With effect 1 Jan 13 transferred to Output 15.1 (MAP) on withdrawal of NZDF operational forces from Timor-Leste.

Cost for Output Expense 15 (GST Exclusive)

Actual 2011/12 (\$ million)	Category	Main Estimates (\$ million)	Supplementary Estimates (\$ million)	Actual 2012/13 (\$ million)
	Expenditure			
13.915	Personnel	14.360	15.707	15.499
6.541	Operating	9.051	9.162	8.127
0.586	Depreciation	0.452	0.396	0.379
0.997	Capital Charge	0.757	0.756	0.756
22.039	Total Expenses	24.620	26.021	24.761
	Income			
12.933	Revenue Crown	15.074	16.722	16.722
9.793	Revenue Department	9.541	9.152	9.228
0.408	Revenue Other	0.005	0.147	0.000
23.134	Total Income	24.620	26.021	25.950
1.095	Net Surplus (Deficit)	-	-	1.189
	Cost by Output			
2.456	Output 15.1	2.363	4.695	3.831
3.056	Output 15.2	3.355	3.355	3.234
5.044	Output 15.3	5.538	6.168	6.136
11.483	Output 15.4	13.364	11.803	11.560

The NZDF is appropriated for expenditure excluding remeasurements. Remeasurements are foreign exchange gains and losses. The total approved appropriation in 2012/13 for this output expense was \$26.371 million and the total expenditure was \$24.761 million. There was no unappropriated expenditure for this output expense as the outputs were realigned under section 26A of the Public Finance Act.

**OUTPUT EXPENSE 16:
OPERATIONALLY DEPLOYED FORCES
SERVICE PERFORMANCE**

Description

The provision of deployed force elements at the Operational Level of Capability for military operations, including the commitments agreed by the Government under which the NZDF contributes to peace support and other operations conducted in support of the United Nations and other international agencies. This includes the provision of individuals, observers, advisers, instructors, headquarters staff, and complete force elements and contingents, when necessary, to operational missions, and the conduct of any additional training required to meet any special conditions or the higher threat levels anticipated.

Contribution to Outcomes

Output Expense 16 contributes primarily to Outcomes 1 and 2 (Secure New Zealand and Reduced Risks to New Zealand from regional and global insecurity).

Overview

Operational deployments directed by the Government require input from all three Services. Operational command of these forces is assigned to Commander Joint Forces New Zealand for military operations and for mutually agreed Joint (more than one Service) and Combined (more than one nation) training. New Zealand currently contributes to a wide range of peace support activities and military operations under Output Expense 16 (as described in the following table). HQ JFNZ facilitates the planning, command and conduct of these operations, along with the provision of operational support to other government departments such as the Ministry of Civil Defence and Emergency Management, New Zealand Customs Service, the Department of Conservation, NZ Police, and the Ministry for Primary Industries.

Operations

The 2012/13 reporting period has witnessed the draw down of missions in Timor-Leste returning home after six years in November 2012, and in Afghanistan in April 2013 after 12 years in theatre. The year also saw the reduction of the NZDF's Solomon Islands commitment in preparation for a complete withdrawal in the second half of 2013.

In August 2012, the NZDF suffered five fatalities and six wounded in action in Bamyán Province, bringing the total number of fatalities in Afghanistan to 10. With the return of our largest overseas contingent, the Provincial Reconstruction Team and Theatre Extraction Team, the NZDF is mandated for a maximum of 27 personnel in Afghanistan. Currently, the NZDF has staff officers based at the International Security Assistance Force (ISAF) Headquarters, an Intelligence Support Group, a National Support Element and one officer serving with the United Nations Assistance Mission in Afghanistan (UNAMA), all in Kabul.

It should be noted that, at the time of writing, NZDF forces in Afghanistan are in transition, with residual elements returning to New Zealand and additional elements transiting through Task Group Troy into and out of theatre on a regular basis. This creates temporary variations to mandated numbers.

The NZDF contributed to the United Nations Supervision Mission in Syria (UNSMIS) in April 2012. The team returned to New Zealand in August 2012, when the UN withdrew its observers from the Syrian conflict.

Output Performance Measures and Standards

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
The performance of NZDF Force Elements deployed on government-approved operational missions is assessed against the following:			
<ul style="list-style-type: none"> Individuals and the Force Element, as applicable, to meet the Operational Level of Capability (OLOC) requirements for the applicable operational mission prior to deployment. 	Individual appointees and formed contingents all underwent pre-deployment training to achieve the OLOC requirements prior to deployment with a small percentage requiring formal waivers to achieve OLOC. On occasion, reinforcements and surge deployments were required to deploy earlier than the required response time and were unable to achieve OLOC in the time available. These risks were known and managed.	Meet	Force elements met the mandated OLOC requirements for applicable operational missions prior to deployment. On occasions, it was necessary to complete the full suite of OLOC training through in theatre training due to operating environment requirements. Waivers have been granted, on occasions, with respect to individual readiness requirements, but only when those posed a low risk to the individual and the mission.
<ul style="list-style-type: none"> Mission tasks, however generated (assigned or implied), are met to the satisfaction of the force commander. 	Mission tasks were met to the satisfaction of the force commanders.	Meet	All Mission tasks met the required standard set by COMJFNZ. Note that the UNSMIS early withdrawal from Syria was a UN jurisdictional matter.
<ul style="list-style-type: none"> Degree of satisfaction of performance on mission is expressed both formally and informally by the Force Commander (United Nations, Coalition, or other), to the New Zealand senior officer on the mission, to visiting NZ politicians (such as the Minister of Defence), to visiting senior NZ officers (such as CDF, Service Chiefs or COMJFNZ), and others. 	<p>On 1 April 2012, the Minister of Defence, the Hon Dr Jonathan Coleman, formally acknowledged the contribution of the New Zealand Special Air Service Regiment (NZSAS) in Afghanistan. Dr Coleman said the NZSAS has won accolades for the way it has carried out its mission, noting the former NATO-ISAF Commander General Petraeus's praise of the NZSAS task group, in co-operation with the Ministry of Interior Police Crisis Response Group, in disrupting a "fairly constant stream of threat to the security of Kabul."</p> <p>"The SAS have served New Zealand with distinction over the course of their deployments in Afghanistan. It's been a job well done," said Dr Coleman.</p> <p>In addition, Dr Coleman told the Foreign Affairs, Defence and Trade Committee of Parliament (in their report on the 2012/13 Estimates for Vote Defence and Vote Defence Force) that "the NZDF has made a positive contribution to security and good governance in Afghanistan, and its service has been very well regarded internationally."</p> <p>Lt Gen Caldwell, US Army, (NATO Training Mission Afghanistan) visited the New Zealand Provincial Reconstruction Team (NZPRT) in Afghanistan in late 2011 and complimented the NZPRT on their achievements in Bamyán Province.</p>	Satisfy	<p>NZDF deployed elements continue to meet or exceed mission tasks, standards of professionalism and expectations, which were notable for New Zealander's empathy for host nations populations and their demonstrable ability to seamlessly integrate with coalition and host nation partners.</p> <p>Post deployment reports from senior UN and other Multi-National mission commanders continue to highlight the exemplary levels of personal and professional performance displayed by NZDF personnel.</p> <p>An activity report for OP FARAD (MFO Sinai) quotes the following: "The high level of performance across the Contingent was officially recognised by the Force Commander. The Contingent was awarded seven Force Commander's Certificate's of Appreciation as well as a number of other awards."</p> <p>In his Bamyán Memorial Speech on 4 April 2013, the Minister of Defence, the Hon Dr Jonathan Coleman, said "New Zealand may be a small country, but our contribution in Afghanistan is recognised internationally. New Zealanders should be very proud of the work we have achieved here. It is the right time for the PRT to return home as the Afghan National Security Forces and the Provincial government in Bamyán get on with the job themselves."</p> <p>In confirming the departure of the NZDF platoon from the Regional Assistance Mission to the Solomon Islands (RAMSI), Foreign Affairs Minister, the Hon Murray McCully, said that "as well as stopping conflict in the Solomon Islands, RAMSI helped restore unity, rebuild institutions and strengthen the nation's economy. RAMSI's presence has also provided the space for development work, allowing the Solomon Islands and New Zealand to focus on economic growth and education.</p> <p>In relation to the end of the NZDF's contribution to the United Nations Supervision Mission in Syria, the Minister of Foreign Affairs, the Hon Murray McCully, along with the Minister of Defence, the Hon Dr Jonathan Coleman, said on 22 August 2012, "we acknowledge the bravery and commitment of the NZDF officers who have served in a dangerously volatile situation. Unfortunately, the worsening violence in Syria has made it impossible for the mission to carry out its mandated task."</p>

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
<ul style="list-style-type: none"> Timely replacement of individuals, force elements or units when requested, as specified, and as approved by the NZ Government. 	Personnel, force elements and units were replaced or deployed in a timely manner, as specified and approved by the New Zealand Government.	Meet	Personnel, force elements and units were replaced or deployed in a timely manner as specified and approved by the New Zealand Government.
<ul style="list-style-type: none"> Maintain the ability to sustain the contributions to deployments in accordance with the government's requirements. 	Current commitments are being met; however, difficulty is being experienced in sustaining specialist employment trades e.g. medical, intelligence, communications and particularly in the area of logistics personnel.	Maintain	Despite significant pressure on communications personnel numbers and logistic staff (undertaking parallel theatre extractions), contributions to sustain deployments in accordance with New Zealand Government's requirements were maintained.
<ul style="list-style-type: none"> Financial and logistic controls and accountabilities meet the standards required for reliable reporting. 	Financial and logistic controls and accountabilities met the standards required for reliable reporting.	Meet	Financial and logistic controls and accountabilities met the standards required for reliable reporting. At the time of writing, the just completed extraction of theatre equipment from Afghanistan and the pending extraction of the remaining New Zealand heavy equipment from RAMSI (Solomon Islands) were still subject to final accounting action.
Operational Commitments:			
<p>Maintain the Government-approved deployments / operational commitments (number of personnel deployed), as at 1 April 2012, as shown below.</p> <p>The numbers of personnel operationally deployed fluctuate from month to month during the year. These fluctuations result from missions closing and opening, short term deployments, seasonal variations to the numbers involved in specific missions, and so on. It is therefore not particularly relevant to compare the budgeted numbers at the start of the financial year with the estimated numbers at the end of the financial year. However, a year on year comparison provides an indicator of the trend of personnel deployed (more or less), but still does not capture short-term deployments that at the start of the year were not known, nor exact deployment / withdrawal dates during the year.</p>			
<ul style="list-style-type: none"> OP KORU (Timor-Leste) All Task Groups 	<p>The NZDF has 80 personnel deployed to Timor-Leste, primarily undertaking security and logistical tasks. They are, in the main, under the command of an ADF- led Combined Joint Task Force (CJTF). The breakdown is as follows:</p> <p>Senior National Officer (SNO) as the Deputy Commander of CJTF 631.</p> <p>OP GYRO (73), providing fourth line security support to the Government of Timor-Leste, in accordance with the UN Technical Agreement including a National Support Element (NSE) of four personnel based in Darwin, Australia.</p> <p>OP KAIHANGA. Five NZDF personnel are employed as Military Advisers (two Logistics, one Personnel, one Small Arms Instructor and one English as a Second Language Instructor) as part of the Office of Defence Force Development in Timor-Leste,</p>	5	This mission was successfully achieved. Following the return to New Zealand of the last New Zealand contingent in November 2012, five NZDF personnel remain in Timor-Leste in a capacity building role. These personnel now operate under the Mutual Assistance Programme. Mission success and withdrawal achieved.

Performance Measures	2011/12	2012/13	
	Actual	Budget Standard	Performance Achieved
	embedded within the F-FDTL. OP TOA. One NZDF officer is deployed to Dili as a UN Military Liaison Officer (UNMLO), as part of the UN Integrated Mission in Timor-Leste (UNMIT).		
• UNTSO (Middle East) [OP SCORIA]	Seven personnel are committed to this mission located in UNTSO HQ, Jerusalem; Observer Group Golan – Damascus and Tiberias (OGG-D and OGG-T); and Observer Group Lebanon (OGL).	8	Eight personnel are committed to this mission. Operating restrictions have been imposed due to escalation of tensions and activities in the vicinity of the Syrian border with Israel. The Damascus based Observers are currently located in Tiberias.
• MFO (Sinai) [OP FARAD]	The NZDF contribution consisted of a 28 person contingent. The contingent provides Force driver and operational instructors, a driver section, engineer staff officers, liaison staff and operational planning staff as well as a direct staff support team to the Force Commander who is a New Zealander (MAJGEN Warren Whiting).	26	Twenty eight personnel are currently deployed to MFO Sinai, including two additional personnel assigned to the Force Commander. NZDF has key responsibilities for planning, training, engineering and driving, all of which are essential tasks. New Zealand celebrated 30 years service in the Sinai in 2012, which was marked by the release of a book, NZCMFO 1982-2012.
• UNAMI (Iraq) [OP HAVEN, Task Group IRON]	One Military Advisor/Liaison Officer is based in Baghdad.	1	One Military Advisor/Liaison Officer continues to be based in Baghdad.
• OP ARIKI (Afghanistan) [Task Group CRIB]	NZDF had deployed a total of 143 at the end of the reporting period in Afghanistan for OP CRIB based in Bamyán Province as part of the NZPRT. A National Support Element of nine personnel is located at Bagram under the command of OP TROY. Twice a year a RNZAF C-130 Hercules and approximately 30 NZDF personnel deploy to the Middle East in support of TG CRIB rotations in Afghanistan. A RNZAF Boeing 757 (12 personnel) conducts the strategic movement of personnel between NZ and the Middle East.	140	This deployment withdrew in April 2013 with all performance standards met. This element has reduced to three persons and relocated to Kabul having supported the return to New Zealand of Task Group CRIB 21, the theatre extraction team mission and subsequent return to New Zealand of their personnel and equipment.
• OP ARIKI (Afghanistan) [Task Group KEA]	Four NZDF personnel were employed with the International Security Assistance Force (ISAF) HQ.	5	A new mission has been established in Kabul which includes three personnel in ISAF HQ, three in the National Support Element and 12 personnel providing planning support.
• OP ARIKI (Tampa, Florida, USA) [Task Group SPEAK]	Two NZDF personnel are based at HQ Central Command to provide liaison.	2	Two personnel are based at HQ Central Command to provide liaison.
• OP ARIKI (Afghanistan) [Task Group AFFIRM]	One officer is deployed as a Military Advisor in the Military Advisory Unit (MAU) of the UN Assistance Mission Afghanistan (UNAMA).	1	One officer remains deployed under the auspices of the UN, within UNAMA.
• OP ARIKI (Afghanistan) [Task Group RUA]	Two Army Senior Non-Commissioned Officers were attached to a British battalion as part of the United Kingdom Leadership Training Team (UKLTT-A) with the Office of Military Cooperation in Afghanistan (OMC-A). This mission ceased in June 2012 in accordance with New Zealand government direction.	2	These personnel have returned to New Zealand to be replaced by a training element contributing to the Officer Academy of the Afghanistan National Army from September 2013.
• OP ARIKI (Arabian Sea area) [Task	Five personnel are deployed to the	5	Five personnel are deployed, including continuing

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
Group TROY]	UAE to support NZDF operations in Afghanistan and elsewhere in the Middle East as required.		logistics support to NZDF elements based in Kabul. This organisation also now supports all NZDF deployments in the Middle East and African region.
• UNMIS [OP SUDDEN] (Sudan)	Three officers deployed to UNMISS as staff officers and observers.	3	Three officers are deployed with one staff planner and two Military Liaison Officers with the United Nations Mission in South Sudan (UNMISS) ¹⁵ .
• UNPOS [MILAD] (Kenya/Somalia) (new mission for 12/13)	N/A	1	One officer is seconded to UNPOS as a Senior Military Advisor in Mogadishu, Somalia.
• OP TIKI IV (Gulf of Aden) (new mission for 12/13)	N/A	2	OP TIKI IV was successfully completed with two officers serving as staff officers in Dubai and three RNZN personnel deployed aboard HMAS <i>Melbourne</i> as part of the NZDF contribution to Combined Task Force 150. At the time of writing, three NZDF personnel are undergoing Pre-Deployment Training in Australia, ahead of a planned deployment in August 2013 on HMAS <i>Melbourne</i> as part of OP TIKI V.
• OP RATA II (Solomon Islands)	Forty five personnel are deployed under an ADF-led Combined Task Force. A NZDF Officer is the Deputy Commander of CTF 635.	50	This mission was achieved. The main body returned to New Zealand in November 2012 following a continuous presence since 2003. A National Support Element of eight personnel will return to New Zealand in August 2013 following the theatre extraction of heavy equipment from RAMSI to Australia and New Zealand. This will complete the NZDF withdrawal from this area of operations.
• UNCMAC (Republic of Korea) [OP MONITOR]	Three NZDF officers are deployed to the United Nations Command Military Armistice Commission (UNCMAC) in South Korea.	3	Three officers continue to be deployed.
• USCENCOM Staff Officer	This function was merged with Task Group Speak in October 2011.	2	Nil. (Merged with OP ARIKI above).
• UNMAC (Libya) [Subject to NZ Govt approval]	N/A	1	Not deployed due to UN request being withdrawn.
Total NZDF personnel deployed:	324	257	78 (personnel deployed as at 30 June 2013)

¹⁵ United Nations Mission in Sudan (UNMIS) was replaced with United Nations Mission in South Sudan (UNMISS).

Costs for Output Expense 16 (GST Exclusive)

Actual 2011/12 (\$ million)	Category	Main Estimates (\$ million)	Supplementary Estimates (\$ million)	Actual 2012/13 (\$ million)
	Expenditure			
16.256	Personnel	15.923	14.257	14.380
41.531	Operating	49.982	48.819	26.891
0.473	Depreciation	0.822	1.253	0.039
1.032	Capital Charge	0.927	1.032	1.032
59.292	Total Expenses	67.654	65.361	42.342
	Income			
60.501	Revenue Crown	67.069	65.053	65.053
-	Revenue Other	0.585	0.308	0.296
-	Other Gains	-	-	7.969
60.501	Total Income	67.654	65.361	65.349
1.209	Net Surplus (Deficit)	-	-	23.007

The NZDF is appropriated for expenditure excluding remeasurements. Remeasurements are foreign exchange gains and losses. The total approved appropriation in 2012/13 for this output expense was \$65.361 million and the total expenditure was \$42.341 million. There was no unappropriated expenditure for this output expense as the outputs were realigned under section 26A of the Public Finance Act.

Services in Support of the Government and Community - including Multi-Agency Operations and Tasks (MAO&T)

General

Conducting the training activities needed to maintain the Directed Level of Capability (DLOC) for operational employment also produces within the NZDF the capacity to deliver a range of services in support of other government departments, the community, and foreign and defence policy objectives.

Approval levels for the provision of these services range from Cabinet/Ministerial level for significant events to unit commanders for minor local support tasks. Generally, however, tasks will be approved on the direction of the Chief of Defence Force, a Service Chief (Navy/Army/Air Force), or the Commander Joint Forces NZ.

Some general services are pre-planned or are, at least, reasonably predictable. Such tasks include ceremonial support, and planned assistance to the NZ Antarctica Programme, the Department of Conservation, Ministry for Primary Industries, New Zealand Customs Service and the NZ Police. The frequency of other tasks, primarily of an emergency nature such as search and rescue, assistance to civil defence and fire fighting, are less predictable. The NZDF maintains elements at specified degrees of notice (DON) for response to such emergencies, as shown in the table below.

Performance

The quality of general services provided by the NZDF to other government departments, the community, and foreign and defence policy objectives is that the services be provided to the satisfaction of the requesting authority. For MAO&T, the quality of assistance will be in accordance with the details of formal agreements and Memorandum of Understandings with departments.

NZDF Elements Available for Emergency Tasks

Service	Performance	Achieved – Elements Available [with Degree of Notice (DON) where applicable]
Navy	One frigate (or alternative vessel) at eight hours' Degree of Notice (DON) for emergency tasks, including Search and Rescue (SAR) and Medical Assistance/Evacuation.	One frigate or alternative vessel was available throughout the period for tasking at eight hours' DON
	One Inshore Patrol Vessel (IPV) at eight hours' DON for emergency tasks, including SAR.	One IPV was available throughout the period for tasking at eight hours' DON.
	One Diving Team at 6 hours' DON for emergency tasks, including under-water search and Explosive Ordnance Disposal (EOD) and 12 hours' DON when embarked.	A Diving Team capability was available within the designated DON throughout the period for tasking.
	One 25-person Civil Defence Response Group.	One 25-person Civil Defence Response Group was available throughout the period at Devonport Naval Base.
	On-shore personnel for fire fighting, as available.	Personnel were available throughout the period for fire fighting tasking.
Army	Personnel in the North Island and South Island at 48 hours' DON for emergency tasks, including SAR, Fire Fighting, and Casualty/Medical Evacuation.	Personnel based at Waiouru, Linton, Trentham and Burnham were available at the designated DON throughout the period.
	Personnel On Call for Civil Defence: <ul style="list-style-type: none"> – HQ elements in the North Island and South Island to support a Civil Defence HQ. – Four 25-person Civil Defence Response Groups. – Two 100-person National Reserve Groups. – One 500-person Reserve 	HQ elements were on call and available for tasking through HQ JFNZ. Designated personnel (both RF and TF) making up Civil Defence Response Groups were available in Waiouru, Linton, Trentham, Burnham and regional locations (TF). Designated personnel and equipment were available from 1 Bde (Linton and Burnham).
	EOD Teams in North Island and South Island at 12 hours' DON.	EOD teams were available throughout the reporting period at the designated DON in both the North and South Islands.
	In-camp personnel for fire fighting, as available.	Personnel were available as required throughout the period.
Air Force	One Iroquois helicopter at two hours' DON for emergency tasks, including SAR, Fire Fighting and Casualty Evacuation.	One Iroquois helicopter was available for tasking at two hours' DON for the entire period.
	One Orion (or one Hercules if an Orion is not available) at two hours' DON for emergency tasks, including SAR and Aeromedical Evacuation.	An aircraft (Orion/Hercules) was available as required at the designated DON for the majority of the period. However, there were three occasions, totalling four days, where an Orion or Hercules was not available due to unscheduled maintenance. On some occasions the DON was extended for short periods due to maintenance requirements.
	One Hercules at 14 hours' DON for emergency tasks.	A Hercules was available at the designated DON for the majority of the period. There were two periods, totalling nine days, when the Hercules was not available due to unscheduled maintenance and delayed aircraft release from upgrade. Coverage was provided during these periods by a Boeing 757.
	One 25-person Civil Defence Response Group at each Air Base, and elements to support a Civil Defence HQ.	A 25-person Civil Defence response group was maintained at Whenuapai, Ohakea and Woodbourne. Staff Officers to support National Civil Defence Headquarters were available from HQ JFNZ.
	On-base personnel for fire fighting, as available.	Personnel were available throughout the period.

Multi-Agency Operations and Tasks (MAO&T)

The term Multi-Agency Operations and Tasks (MAO&T) is used in many of the NZDF output performance tables contained in this document. The term is used within the relevant tables to draw a clear distinction between “general support” to the community and the more formal, pre-planned support to specific government departments and agencies, under the whole of government approach to, for example, protection of the New Zealand EEZ and border security. MAO&T refers to the formal operational support and training for such operations and tasks that the NZDF (Navy, Army and Air Force) provides, and that are being developed, with other government departments and agencies - such as the Ministry for Primary Industries, NZ Customs Service, NZ Police, Ministry of Foreign Affairs and Trade, Department of Conservation, Maritime New Zealand (MNZ), and related agencies. MAO&T includes both planned and unplanned domestic tasks.

The Navy and Air Force, in particular, work closely, individually and/or collectively, with such agencies. The Government has emphasised the general direction and increased importance of the civilian/military requirements associated with the NZ EEZ and border control.

The NZDF will continue to work closely with other government departments and agencies to plan formal arrangements for these requirements. It needs to be noted that, while existing formal support to other government departments and agencies will continue, a significant increase in this support cannot be guaranteed until new/replacement/upgraded vessels and aircraft are fully introduced into service.

During the reporting period, the NZDF provided a wide range of services in support of foreign and defence objectives, other government departments and the community. In accordance with NZDF sources, a summary of actual support provided is shown in the following table:

NZDF Support Provided to Government Departments and Agencies¹⁶

NZDF Support to:	Support Provided
NZ Police (excluding Search and Rescue)	<p>RNZAF 3, 5, and 6 Squadrons (UH-1H Iroquois, SH2G helicopters and Orion P-3K aircraft respectively) contributed 273 flying hours in support of the NZ Police for both training and operations during which 84 passengers were carried.</p> <p>RNZN, NZ Army and RNZAF units provided a variety of military support to the NZ Police for both training and operations, which included seven body searches and recoveries. This involved 133 personnel for a total of 658 personnel days travelling 8,100 km.</p> <p>HMNZS <i>Manawanui</i> and the Operational Diving Team contributed seven days supporting the recovery of an aircraft off the Raglan coast. The MCM team also contributed three days to locate the aircraft on the seabed.</p> <p>RNZAF 3 Squadron provided assistance to the Transport Accident Investigation Commission in the recovery of crashed helicopters in Oamaru Valley near Turangi and in the Kaweka Forest Park, Hawkes Bay.</p>
Land, Sea and Air SAR (in support of NZ Police, Rescue Coordination Centre New Zealand (RCCNZ), NadiRCC, SuvaMCC, or other requesting agency)	<p>RNZAF 3, 5 and 6 Squadron (UH-1H Iroquois, SH2G helicopters and Orion P-3K aircraft respectively) contributed 238 flying hours in support of SAR exercises and operations.</p> <p>The RNZN provided three sea days (HMNZS <i>Otago</i>) for the return to New Zealand of the crew from the sailing vessel <i>Windigo</i> sunk in the South West Pacific.</p>
Ministry of Civil Defence and Emergency Management	<p>The NZDF provided 16 personnel for a total of 5,840 personnel days in support of cordon duties for Operation Christchurch Quake.</p>
Department of Conservation (DoC)	<p>HMNZ Ships <i>Canterbury</i>, <i>Endeavour</i>, <i>Otago</i>, <i>Wellington</i>, <i>Rotoiti</i>, and <i>Taupo</i> conducted 127 maritime patrol sea days, including transit time to/from directed patrol areas, in support of DoC activities as part of Operations Hopeke, Endurance and Multus. This included HMNZS <i>Otago</i> providing fire fighting support to DoC for bush fires on Great Barrier Island.</p> <p>RNZAF 3 and 40 Squadron aircraft contributed 10 flying hours in the resupply of Raoul Island airdropping 8,900 kg of supplies, and transporting members from Pohangina Valley Field Centre to the Mid Pohangina and Ngamoko huts to conduct hut maintenance.</p>
Department of Corrections	<p>Nil.</p>
Environmental Risk Management Authority	<p>Nil.</p>
NZ Fire Service and National Rural Fire Authority	<p>NZ Army and RNZAF personnel attended 355 callouts covering motor vehicle accidents, rural, domestic and structural fires, supply of fire fighting water, training, hazardous substances, collapsed buildings and alarm activations totalling 188 personnel days and 7,000 km driven.</p>
Ministry of Fisheries (now the Ministry for Primary Industries)	<p>HMNZ Ships <i>Canterbury</i>, <i>Endeavour</i>, <i>Otago</i>, <i>Wellington</i>, <i>Taupo</i> and <i>Rotoiti</i> conducted a total of 198 sea days of patrols off the NZ coast, including transit time to/from directed patrol areas.</p> <p>RNZAF 3, 5, 6 Squadrons aircraft contributed 61 flying hours on Operations Tapestry and Mawsoni patrols and surveillance flights.</p>
Ministry of Foreign Affairs and Trade (MFAT)	<p>HMNZ Ships <i>Te Kaha</i>, <i>Te Mana</i>, <i>Endeavour</i>, <i>Otago</i>, and <i>Wellington</i> conducted good will/diplomacy visits to foreign ports totalling 128 days during the reporting period.</p> <p>HMNZ Ships <i>Otago</i>, <i>Wellington</i> and <i>Manawanui</i> provided 53 sea days in support of Operations Calypso and Pukarua in the South West Pacific.</p> <p>RNZAF 5 Squadron P-3K aircraft conducted patrols in the Southern Ocean totalling 12 flying hours.</p> <p>Disaster Relief (South Pacific): RNZAF P3K and B757 aircraft provided 20 flying hours and carried 26,750 kg of freight for Disaster Relief to Samoa after Cyclone Evan.</p> <p>RNZAF 40 Squadron B757 and C-130 aircraft transported a total of 319 passengers and 29,000 kg of freight totalling 88 flying hours in support of MFAT activities.</p> <p>RNZAF Band and Cultural Group supported the NZ / US Partnership Forum tour to Washington DC, which included concerts and school visits.</p>
Support to Antarctica New Zealand [for the NZ Antarctic Programme (NZAP)]	<p>RNZAF 40 Squadron B757 provided 42 hours and C-130 96 hours in support of Antarctica New Zealand with a total of 413 passengers and 176,800kg of freight carried.</p>
Government House	<p>RNZAF 42 Squadron B200 aircraft contributed 25 flying hours in support of the Governor-General carrying 18 passengers.</p>

¹⁶ HMNZS Ships and RNZAF aircraft routinely support more than one agency concurrently.

NZDF Support to:	Support Provided
Ministry of Health	Nil.
Department of Internal Affairs	<p>NZDF personnel provided ceremonial and logistical support (guards, wreath layers, bands, door openers, transport, crowd control, saluting batteries etc.) for foreign royalty, dignitaries and state occasions.</p> <p>This included ceremonial support for the following State Visits by: HRH the Prince of Wales & the Duchess of Cornwall, Philippines President Benigno S Aquino III, the President of the Republic of the Union of Myanmar His Excellency U Thein Sein, His Majesty King Tupou VI and Queen Nanasipau'u Tuku'aho Kingdom of Tonga, Her Excellency Yingluck Shinawata, the Prime Minister of the Kingdom of Thailand, Sultan of Brunei Darussalam, His Majesty Hassanah Bolkiah, His Excellency General Phung Quang Thanh Minister of Defence Vietnam and the President of the Democratic Republic of Timor-Leste, HE Taur Matan Ruak.</p> <p>Other support was accorded to Waitangi and ANZAC Day celebrations, overseas commemorations and Commonwealth Day ceremonies. A total of 3,133 personnel provided a total of 2,781 personnel days with 13,600 kms driven with RNZAF aircraft contributing 152 flying hours carrying 538 passengers and 68,500 kg of freight.</p>
Maritime New Zealand (MNZ)	HMNZ Ships <i>Canterbury</i> , <i>Endeavour</i> , <i>Taupo</i> and <i>Rotoiti</i> conducted 35 sea days in support of Operation Multus.
New Zealand Customs Service	<p>HMNZ Ships <i>Endeavour</i> and <i>Taupo</i> conducted 45 sea days of patrols, including transit time to/from directed patrol areas.</p> <p>RNZAF 5 Squadron P-3K aircraft contributed 16 flying hours of standard patrols and surveillance.</p>
Department of the Prime Minister and Cabinet (DPMC)	<p>NZDF units provided 85 personnel for a total of 105 personnel days in support of DPMC activities (including the Tangi for Parekura Horomia).</p> <p>RNZAF 3, 6, 40, 42 Squadrons and the Helicopter Transition Unit (HTU) aircraft contributed 196 flying hours carrying 521 passengers in support of DPMC activities, including trips to China, Latin America, Russia, and Pacific Forum Meeting.</p>
General Medical Assistance/Support	The RNZN Hyperbaric Chamber and the associated medical staff treated nine civilian divers and 106 elective patient treatments. These treatments involved 1,836 personnel for a total of 668 personnel days.
General Community Support	<p>The NZDF continued to provide a wide range of support throughout the year to communities and organisations across New Zealand such as Rotary, Lions, Red Cross, NZ Cancer Society, Sir Peter Blake Trust, NZSO, RSA's and other service clubs, schools, Mayoral receptions, parades, concerts, youth organisations, expos, displays, marae etc. Activities included ceremonial, band performances, logistics support, Base visits, provision of personnel, transport and facilities, funeral support for ex-service personnel and training. 2,860 personnel provided a total of 3,275 personnel days and travelled 62,000km.</p> <p>RNZAF 3, 6, 40 Squadrons and the HTU provided 60 flying hours in support of community organisations, which included flypasts, air shows, school visits and photographic taskings.</p>
General Training Courses	The RNZN, NZ Army and RNZAF provided facilities, personnel, aircraft and vehicles for training a Red Cross National Disaster Response Team Height Training course, an Emergency Services Conference in Burnham, a Ministry for Primary Industries Honorary Fisheries Officer conference, and logistical support to the New Zealand Customs Service and Ministry of Justice.
Other Support	<p>P-3K2 aircraft provided 100 flying hours of situational awareness to the NMCC as part of Operational Testing and Evaluation.</p> <p>HMNZS <i>Rotoiti</i> provided 16 sea days in support to Environment Southland.</p>

MAO&T – Acknowledgements

The Minister of Defence, the Hon Dr Jonathan Coleman, commended the efforts of the NZDF for assisting with the recovery operation of a crashed aircraft off the Kawhia coast in April 2013. “This has been a truly multi-agency operation, the training and professionalism of Navy personnel has been evident as they operate alongside NZ Police, Coastguard, CAA, and local authorities. I commend the Defence Force for its excellent work under challenging conditions” said Dr Coleman. A letter from the Assistant Commissioner of Operations NZ Police, Nick Perry, was also received acknowledging the professional and unstinting support provided by the NZDF in relation to the recovery of this aircraft.

The Offshore Patrol Vessel, HMNZS *Otago*, successfully completed its first patrol of the Southern Ocean during December 2012. The deployment of HMNZS *Otago* to the Southern Ocean meant that New Zealand designated Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR) inspectors could conduct compliance checks at sea. The Minister of Foreign Affairs, the Hon Murray McCully, said “this is a significant contribution from New Zealand. Combining marine and aerial surveillance enables New Zealand to have a sustained presence in the area, which makes our patrols more effective at both detecting and deterring would-be illegal fishers.”

Defence Minister, the Hon Dr Jonathan Coleman, said the season’s operation went well, with HMNZS *Otago* helping New Zealand CCAMLR inspectors carry out a number of boardings and inspections. RNZAF P3-K Orion surveillance patrols supported HMNZS *Otago* during the two-week operation.

The then Minister for Primary Industries, the Hon David Carter, said the inspections enforce fishing rules, but also check that those fishing in the Southern Ocean are not damaging the environment.

Canterbury Earthquake Recovery Minister the Hon Gerry Brownlie and Defence Minister, the Hon Dr Jonathan Coleman, paid tribute to members of the NZDF on 29 June 2013, for their dedicated service to Christchurch on the eve of their longest ever domestic deployment.

The Minister of Māori Affairs, the Hon Dr Pita Sharples, wrote to the Minister of Defence expressing his sincere thanks for, and appreciation of, the support provided by the NZ Army at the tangihanga of Parekura Horomia.

Costs for the Delivery of Support to MAO&T

The NZDF costs its outputs on the basis of maintaining training activities needed to maintain DLOC for operational employment, and pre-planned support to other government departments and agencies under MAO&T. As a consequence of the DLOC training activities, the NZDF also has the capacity to deliver a range of services to respond to emergencies and other tasks. No direct attribution of cost has been made for these services. All costs for these activities are budgeted within Output Expenses 2 to 14.

SECTION FOUR: VETERANS' AFFAIRS NEW ZEALAND

Information and Management

Veterans' Affairs New Zealand is the Government's principal adviser on veterans' issues. Veterans' Affairs New Zealand is responsible for providing advice on, and facilitating the delivery of, a range of services to individual veterans and their families, in recognition of the needs generated as a result of the veteran's service. To achieve this intent, Veterans' Affairs New Zealand is responsible for the delivery of a wide range of services.

Veterans' Affairs New Zealand does this by:

- providing advice to the Minister of Veterans' Affairs and other Ministers, as well as departments and agencies on aspects of policy relating to veterans;
- managing the Government's relationship with veterans and their representative organisations;
- ensuring that the assessment of veterans' entitlements is undertaken fairly and accurately;
- facilitating and co-ordinating the services provided to veterans and their families by other government departments and agencies; and
- facilitating veterans' access to services within the broader community.

Accountability Arrangements

The Chief of Defence Force, as 'Chief Executive', is responsible to the Minister of Veterans' Affairs for the financial management of Veterans' Affairs New Zealand under the Public Finance Act 1989. Veterans' Affairs New Zealand is subject to the accountability and monitoring frameworks under that Act.

The Minister of Veterans' Affairs is the responsible Minister for the former Vote Veterans' Affairs – Defence Force appropriations established within Vote Defence Force from 1 July 2013.

The New Zealand Defence Force is not a Department of the Public Service under the First Schedule of the State Sector Act 1988 and Veterans' Affairs New Zealand does not come under the auspices of the State Sector Act 1988. Veterans' Affairs New Zealand is not, therefore, subject to the accountability and monitoring frameworks and processes under the State Sector Act 1988.

Primary Legislation

The primary legislation associated with Veterans' Affairs New Zealand is contained in:

- The War Pensions Act 1954
- The Burial and Cremation Act 1954
- The Patriotic and Canteen Funds Act 1947
- The Veterans' Affairs Act 1999
- The Defence Act 1990

Links with the Government's Policy and Themes

The Government's stated intent underpinning policy related to veterans is 'Respecting Veterans, Honouring Service'. This is substantiated by the broader principles of:

- Respecting Veterans
- Strengthening Communities
- Dignity for Older New Zealanders

The services provided to veterans support these principles and are focused on respecting the contribution made by veterans and honouring the service that they have given to the community.

Outcomes

Outcome One

Veterans are acknowledged and recognised for their service and sacrifice and the community is aware of the role veterans have played and continue to play in developing New Zealand as a nation.

The specific initiatives addressed within the Veterans' Affairs New Zealand outcomes for 2012/13 are reported below.

The management and administration of the commemorations programme, which includes:

- The co-ordination of the yearly participation in the Anzac Day commemorations at Gallipoli.
- Planning for the centennial commemoration of the Anzac Gallipoli Landings in 2015.
- Planning for attendance by veterans at key Second World War 70th Anniversary Commemorations in partnership with the NZDF.
- Planning for the 60th anniversary of the Korean War Armistice in 2013.
- The provision of grants to veterans to enable them to attend commemorations or revisit battlefield sites where they served, through the Minister's Commemorations Discretionary Fund.
- The initiation of an annual multi-media competition for Year 13 students focused on the Battle of Passchendaele, leading to the 100th anniversary of the battle in 2017.
- The ongoing provision of veterans' certificates of appreciation.

The management of the 2013 Gallipoli commemoration was very successful. The New Zealand service at Chunuk Bair reflects the New Zealand approach to commemorations and it is important that the solemnity is maintained.

The involvement of an increasing number of Turks reflects the fact that the events on the Gallipoli Peninsula are as significant to Turkey's development as a nation as it is to New Zealand and Australia. This increased involvement is one of the factors that will need to be taken into consideration for the 2015 commemoration.

The Cabinet Social Policy Committee agreed on 27 March 2013 to the criteria for the allocation of New Zealand attendance passes for Gallipoli 2015. The Committee gave authority to enter into a joint tender with the Department of Veterans' Affairs Australia to engage a contractor to manage the ballot process and agreed to defer a decision on managing visitors without attendance passes until 2014. Cabinet agreed on

15 April 2013 to set aside the estimated additional costs of hosting the 2015 ceremony as a contingency item with a further Cabinet paper to be submitted for consideration of finalised costs at a later stage.

During the 2012/13 financial year VANZ, in partnership with the NZDF, assisted 22 veterans to attend the 70th anniversary commemoration of the Battle of El Alamein in Egypt and 85 veterans to attend the 70th anniversary commemoration of War in the Pacific in Noumea. VANZ also assisted veterans to attend national commemorations in Wellington for the Battle of El Alamein.

The Korean Government has a programme of events to mark the 60th Anniversary of the Korean War to honour the veterans of that conflict. To enable veterans to take part in these events, the Korean Government has previously funded some veterans to travel to Korea to be part of the commemoration. The New Zealand Government has funded 10 veterans in the 2012/13 financial year to travel to Korea to be part of the commemorations through the Veterans' Affairs Ministers Commemorations Discretionary Fund. The Korean Government has also funded assistance with airfares.

Final planning is also being made for arrangements of 30 veterans to travel to the Republic of Korea (ROK) for the 60th Anniversary of the Korean Armistice in July 2013.

2014 to 2018 marks the centenary of the First World War. The Ministry for Culture and Heritage has put together an interdepartmental steering committee to co-ordinate the New Zealand based events. Veterans' Affairs New Zealand is part of this steering group. The centenary of the Gallipoli Landings, at Gallipoli, will be part of the broader commemoration of the First World War Centenary.

The administration of the Minister of Veterans' Affairs Commemorations Discretionary Fund continues to provide funding to veterans to enable them to attend commemorations of events related to their service. The Fund has made 34 grants. Of these, 21 grants have been made to assist veterans to attend overseas commemorations, nine have been made to assist with reunions and four were made to fund other activities and events.

The provision of veterans' certificates of appreciation is continuing when requested.

Reviewing the services VANZ provides in the Memorials and Cemeteries area:

- A review of the charges for ex-service memorials.
- A survey of the VANZ service delivery relationship with local authorities, installers and funeral directors.
- The review of the five year capital works plan for the maintenance and development of services cemeteries. This will involve a review of the cost effectiveness of the spend on cemeteries and will be undertaken in consultation with local authorities.

A review of the charges for ex-service memorials is ongoing.

The development of this survey is complete and survey forms have been distributed. Survey results will be collated during the first half of FY 2013/14.

The five year capital works plan is always reviewed in consultation with local authorities and this is a continual process.

Outcome Two

Working in partnership with the NZDF, the impacts of service on eligible veterans and their dependants are monitored and veterans have information about and access to services and supports that promote wellbeing.

The specific initiatives addressed within this Veterans' Affairs New Zealand outcome for 2012/13 are reported below.

- Evaluating the effectiveness of the Case Management in the Community (CMIC) initiative. The evaluation will focus on ensuring CMIC is reaching the intended audience and accessing its effectiveness in disseminating information.
- Ensuring staff maintain an up-to-date knowledge of all the publicly funded services and supports available to veterans and their families.
- Continue to review printed material to make sure it remains relevant and develop new publications on specific issues.
- Investigating the use of social media and other ways of disseminating information to younger veterans.
- Surveying veterans' understanding of entitlements to evaluate the effectiveness of communication.
- Ensuring that primary level decision-making is clear and consistent and that veterans understand the processes and how they apply to them.

CMIC was introduced as a new initiative in 2009. A regular schedule of visits has been established to ensure that all areas of New Zealand are covered. As a new initiative this year, veterans in receipt of a War Disablement Pension but not previously requiring active case management have been proactively invited to attend events.

During this year, 637 veterans attended group meetings and 414 veterans had face to face meetings with case managers.

An evaluation of the effectiveness of VANZ services to veterans including CMIC, was completed via a veteran survey run over the twelve months ending February 2013, where of the 751 completed survey forms returned to VANZ by veterans, 93% of the veterans who responded that they had attended CMIC had found it to be useful. Details were provided to the Minister in June 2013. A further survey is being conducted by VANZ during 2013 and into 2014.

Ongoing training for staff is occurring on a regular basis to ensure knowledge of the services available to veterans and their families remains current and veterans ultimately understand the processes and how they apply to them.

Application forms in the War Disablement Pension's area are reviewed in an ongoing manner in consultation with key stakeholders to ensure ease of use and that they remain up to date and provide relevant information.

VANZ undertakes pre deployment presentations to NZDF contingents to raise the profile of the services provided by VANZ. This ensures that information is reaching veterans of a younger demographic.

A veteran's survey, initially established in late 2010 that ran to 2011 was subsequently run again for the twelve months to February 2013 seeking veterans' views on the adequacy and effectiveness of VANZ services, including communication mechanisms. Of the 751 completed survey forms, a total of 98% of respondents rated their overall satisfaction with VANZ as either excellent (57%) or good (41%). Survey results were reported to the Minister of Veterans' Affairs in June 2013.

To ensure consistency of decision making, VANZ conducts an annual meeting for all members of the War Pensions Claims Panels. This is supplemented by regular meetings throughout the year between VANZ Claims Panellists, the National Review Officer and support staff. In addition, independent checks are undertaken on ten percent of all decisions the Panels make.

Ensure that service delivery is responsive to the needs of veterans. This includes:

- Establishing mechanisms for veterans to register online to allow Veterans' Affairs New Zealand to maintain contact and to form information on cohorts and to enable the monitoring of their ongoing health and wellbeing.
- Monitoring the use of needs assessment tools to ensure that the services provided are matched to need and delivered in a timely manner.
- Continued monitoring of the effectiveness and efficiency of service delivery to ensure that services are delivered in a timely manner and to the specification required.

VANZ is working with the NZDF on establishing data on veteran cohorts where there is identifiable risk. This will enable VANZ to provide a service closely suited to their needs. This will eventually feed into initiatives such as registers of veterans, allowing VANZ to assist service personnel as they transition out of the NZDF and into their local communities. This will ensure that VANZ maintains contact and information about services and support is made available to those individuals.

Case management performance expectations for the 2012/13 performance year were refreshed to ensure that case managers applied the assessment tools from first contact with veterans and are updated at least annually thereafter. On each occasion a veteran applies for, or enquires about, a service, the need for the service must match the needs of the veteran before approval for the service is given.

Outcome Three

The veterans' perspective is considered as part of government decision-making on issues that impact on their lives.

The specific initiatives addressed within this Veterans' Affairs New Zealand outcome for 2012/13 are reported below.

The development of new legislation to replace the War Pensions Act 1954.

The suite of Cabinet Papers was considered and approved by Cabinet on 1 October 2012. Drafting instructions for the replacement Bill have been issued to the Parliamentary Counsel Office. The Bill is currently being drafted and it is anticipated that it will be introduced for its first reading later this year.

Establish an ongoing mechanism for collecting key information.

This includes:

- Completing the implementation of the new IT system for case management and the payment of War Disablement Pensions. This will improve the quality of existing information.
- Establishing a database that gives a background to deployments, the threat assessment and the numbers deployed.

The new VANZ IT system to be developed is intended to support the VANZ case management model, provide the mechanism to calculate and create complex pension and allowance payments and provide enhanced data analysis and reporting functionality. The current computer system inherited from the Ministry of Social Development does not meet these business requirements.

The Cabinet Economic Growth and Infrastructure Committee agreed on 14 September 2011 that a question on war service would not be included in the 2013 Census. VANZ continues to work with the NZDF and Statistics New Zealand to help build a profile of the veteran community that can be extrapolated to give updated annual estimates and projections of the war veteran population by age group. VANZ will continue to seek to have a question included in the next census.

The NZDF maintains detailed records of current personnel during the course of their service, including those deployed. VANZ continues to work closely with the NZDF in regards to the detail maintained by the NZDF on the background to deployments, the threat assessments and the numbers deployed.

Developing effective working relationships with agencies involved in the provision of policies and services that impact on the veteran community.

VANZ has worked closely with a wide range of agencies involved with the provision of policies and services that relate to veterans, and continues to work closely with these agencies to provide and gather advice when necessary. This has been particularly critical when assessing the Law Commission report into the review of the War Pensions Act 1954.

Taking an active part in the Veterans Administrations Senior Officials Forum and Networks in order to obtain information on international trends in the provision of services to veterans.

VANZ takes an active part in the Veterans Administrations Senior Officials Forum and Networks in order to obtain information on international trends in the provision of services to veterans. Two officials from VANZ attended the 2013 Senior Officials Forum held in Canberra in November 2012.

New Zealand is involved in ongoing dialogue with other countries in order to share information that is relevant to improving knowledge of the impact of various deployments and the trends in service delivery.

Statement of Objectives and Service Performance

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Veterans are acknowledged and recognised for their service and sacrifice and the community is aware of the role veterans have played and continue to play in developing New Zealand as a nation.	Policy Advice
	Administration Services
	Services and Payments to Veterans
Working in partnership with the NZDF, the impacts of service on eligible veterans and their dependants are monitored and they have information about and access to services and supports that promote wellbeing.	Policy Advice
	Administration Services
	Services and Payments to Veterans
The veterans' perspective is considered as part of government decision-making on issues that impact on their lives.	Policy Advice
	Administration Services
	Services and Payments to Veterans

Departmental Output Expense: Policy Advice and Related Outputs MCOA

Administration Services

This output class is limited to the provision of services to Ministers to enable them to discharge their portfolio (other than policy decision-making) responsibilities, the coordination of commemorations, the provision of administration services to relevant boards and committees and the administration of contracts for service for maintenance and development work carried out in Service Cemeteries.

Policy Advice

This output class is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters relating to Veterans' Affairs.

Output Performance Measures and Standards

Performance Measures	2011/12	2012/13	
	Actual	Budget Standard	Performance Achieved
Provide policy advice to the Minister to support decision making by the Minister on government policy matters relating to Veterans' Affairs			
Replies to requests within 20 days of receipt of requests, if not otherwise specified.	35 briefings, 2 Cabinet Papers and 2 Select Committee Reports were provided. 100% were completed within 20 days of receipt of requests.	95%	63 briefing papers, 4 sets of Cabinet Papers and 3 Statutory Reports were provided. 100% of briefings were completed within 20 days of receipt of requests.
The drafts of policy papers presented to the Minister will be accepted on their first presentation.	95% were accepted without significant amendment.	95%	100% were accepted without significant amendment.
Policy papers will meet defined characteristics of quality advice (purpose, logic, accuracy, options, consultation, practicality and presentation).	Met	Meet	Met
Provide Ministerial Servicing and Support			
Replies to requests within 20 days of receipt of requests, if not otherwise specified.	295 ministerials; 70 Parliamentary Questions; 7 Official Information requests.	95%	105 ministerials; 16 Parliamentary Questions; 10 Official Information Act requests.

	2011/12		2012/13
Performance Measures	Actual	Budget Standard	Performance Achieved
	91% were completed within 20 days of receipt of requests.		95% were completed within 20 days of receipt of requests.
Responses accepted without substantive amendment.	88% were accepted without significant amendment.	95%	88% were accepted without significant amendment. This non-achievement of the budget standard arose due to a one-off circumstance where nine ministerial requests related to the resolution of one complex policy situation could not be finalised within the 20-day standard.
Provide Administration for War Pensions Appeal Board and War Pensions Advisory Board			
Arrangements and actions meet Boards requirements.	Met	Meet	Met.
Actions defined by Boards will be completed within 20 working days after decisions made, unless other wise specified.	96% of actions defined by Boards were completed within 20 working days after decisions were made.	95%	100% of actions defined by Boards were completed within 20 working days after decisions were made.
Management of Rehabilitation Loan Scheme			
Make payments within the timeframe specified.	100% of schedules were completed within seven days after the end of the month.	100%	100%
Administration of maintenance agreements and contracts for service relating to the maintenance and development of Services Cemeteries			
Contracts to be current, legally correct and clearly specify maintenance and development requirements.	Met	Meet	Met
No breaches of contract by Veterans' Affairs New Zealand.	100%	100%	100%
Breaches of contracts by contractors will be managed as per the conditions in the contract.	There were no breaches of contract	Meet	There were no breaches of contract.
Services Cemeteries will have maintenance agreement specifying the maintenance standards in place.	100% of Services Cemeteries have maintenance agreements in place.	100%	100% of Services Cemeteries have maintenance agreements in place.
Quality Audits of Services Cemeteries			
Specifications outlined in contracts for service have been met.	100% of the specifications outlined in contracts for service were met.	100%	100% of the specifications outlined in contracts for service were met.
Coordinate New Zealand's participation in the commemoration of significant military anniversaries			
Participation to be delivered in accordance with agreed parameters and budget.	Met	Meet	Met

Conditions

Reference	Conditions
Quality Characteristics	Description
Purpose	The aims of the papers are clearly stated and answer the questions the Minister has raised.
Logic	The assumptions behind the advice are explicit, the argument is logical and supported by facts.
Accuracy	The facts in the papers are accurate and all material facts have been included.
Options	An adequate range of options has been presented and each is assessed for benefits, costs and consequences to the Government and the community.
Consultation	Evidence of adequate consultation with interested parties and possible objections to proposals have been identified.
Practicality	The problems of implementation, technical feasibility, timing and consistency with other policies have been considered.
Presentation	The format meets Cabinet Office requirement, the material is effectively and concisely summarised, has short sentences in plain English, and is free from spelling and grammatical errors.

Costs for Output Expense: Policy Advice and Related Outputs MCOA (GST Exclusive)

Actual 2011/12 (\$ million)	Category	Main Estimates (\$ million)	Supplementary Estimates (\$ million)	Actual 2012/13 (\$ million)
	Expenditure			
0.315	Personnel	0.675	0.675	0.295
1.787	Operating	1.981	2.131	1.703
0.059	Capital Charge	0.059	0.059	0.059
2.161	Total Expenses	2.715	2.865	2.057
	Income			
2.853	Revenue Crown	2.715	2.865	2.865
2.853	Total Income	2.715	2.865	2.865
0.692	Net Surplus (Deficit)	-	-	0.808

Departmental Output Expense: Services and Payments to Veterans

Description

This appropriation is limited to the assessment, review and payment of entitlements and benefits (War Disablement Pensions and related concessions and allowances, Surviving Spouse Pensions), the assessment and review of entitlement for burial in Services Cemeteries, the installation of ex-service memorials for eligible veterans and the provision of case management for veterans and their families.

Output Performance Measures and Standards

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
Assess and Review Entitlements to War Disablement Pensions			
Assessments and Reviews will be conducted against extant policy.	Met	Meet	Met
War Disablement Pension Claims will be determined by the Claims Panels within two months of receipt where all the required documentation has been provided.	74%	85%	99%

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
Reviews and re-openings will be completed within three months of receipt by the National Review Officer.	84%	95%	99%
Reviews will be completed within three months of receipt by the Secretary for War Pensions.	100%	95%	97.5%
Provide Ex-Service Memorial Plaques and Headstones for Eligible Veterans			
Ex-service memorials will be factually correct, meet technical specifications as contracted and be correctly installed.	100%	99.5%	100%
Decisions on eligibility for ex-service memorials will be made within legislative parameters.	Met	Met	Met
Where correct documentation has been supplied with the application an ex-Service memorials will be manufactured and installed within four months of receipt of the order.	86%	75%	84%
Provide Case Management			
New referrals to case management will be assigned a case manager within five working days.	100%	95%	98%
Active cases will be contacted every four months (in the range one to four months) to monitor progress and effectiveness of the interventions put in place.	100%	100%	100%
The intervention packages that are put in place by case management will meet the identified need of the veteran.	Met	85%	85%
Deal with Enquiries			
Calls will be resolved on first contact.	96%	80%	96%
Calls will be resolved within five working days.	100%	100%	100%
The resolution provided by the enquiry line will meet the identified need of the caller.	Met	95%	Met

Conditions on Use of Appropriation

Reference	Conditions
Extant Policy	Policy complies with the War Pensions Act 1954.
Technical specifications for ex-service memorials	Ex-service memorials must meet specified size, material composition and finish as per the relevant contract specifications.
Eligibility for ex-service memorials	Decision on eligibility for ex-service memorials will be made on the basis of Section 15 of the Burial and Cremation Act 1964.

Costs for Output Expense: Services and Payments to Veterans (GST Exclusive)

Actual 2011/12 (\$ million)	Category	Main Estimates (\$ million)	Supplementary Estimates (\$ million)	Actual 2012/13 (\$ million)
	Expenditure			
3.987	Personnel	4.162	4.387	4.252
1.659	Operating	1.852	1.852	1.493
0.003	Depreciation	-	-	-
5.649	Total Expenses	6.014	6.239	5.745
	Income			
5.337	Revenue Crown	5.537	5.762	5.762
0.346	Revenue Other	0.477	0.477	0.334
5.683	Total Income	6.014	6.239	6.096
0.034	Net Surplus (Deficit)	-	-	0.351

Non-Departmental Output Expenses

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Veterans are acknowledged and recognised for their service and sacrifice and the community is aware of the role veterans have played and continue to play in developing New Zealand as a nation.	Development and Maintenance of Services Cemeteries
	Support for Veterans and their Families
Working in partnership with the NZDF, the impacts of service on eligible veterans and their dependants are monitored and they have information about and access to services and supports that promote wellbeing.	Support for Veterans and their Families

Development and Maintenance of Services Cemeteries

Description

The purchase of the development and maintenance of Services Cemeteries.

Output Performance Measures and Standards

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
Develop and Maintain Service Cemeteries			
Works carried out under contract will comply with agreed contract standards.	100%	90%	100%
Services Cemeteries will be maintained to specified standards.	100%	100%	100%
Works in Services Cemeteries will be managed in accordance with an agreed annual programme.	Met	Meet	Met
Service Cemeteries will be maintained to the satisfaction of Local Authorities, the RSA and veterans' representative organisations.	Met	Meet	Met

Conditions

Reference	Conditions
Standards for Services Cemeteries	These define the maintenance standards for service cemeteries that Local Authorities need to meet in order to receive maintenance grants.
Works in Services Cemeteries	All work funded under this appropriation is contracted with specifications around the work to be undertaken.

Costs for Development and Maintenance of Services Cemeteries (GST Inclusive)

Actual 2011/12 (\$ million)	Category	Main Estimates (\$ million)	Supplementary Estimates (\$ million)	Actual 2012/13 (\$ million)
0.657	Expenses	0.746	0.746	0.591
0.085	Non-Departmental GST	-	-	0.052
0.742	Total	0.746	0.746	0.643

Support for Veterans and Their Families

Description

This appropriation is limited to providing for the support of veterans and their families. This includes the provision of counselling for veterans' families, the reimbursement of out of pocket expenses for veterans' children with specified conditions; additional support for veterans to facilitate them remaining in their own homes for as long as possible; additional support to facilitate veterans' rehabilitation; support for the surviving partner after the death of the veteran and for the provision of grants to Non-Government Organisations for the support of veterans and their families.

Output Performance Measures and Standards

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
The services provided will be to the satisfaction of the veteran and/or the veteran's family.	Met	Meet	Met
Works carried out under contract will comply with agreed contract standards.	100%	95%	100%

Conditions

Reference	Conditions
Services	All interventions are contracted with specifications around the work to be undertaken.

Costs for Support for Veterans and their Families (GST Inclusive)

Actual 2011/12 (\$ million)	Category	Main Estimates (\$ million)	Supplementary Estimates (\$ million)	Actual 2012/13 (\$ million)
1.242	Expenses	1.027	1.177	1.010
0.131	Non-Departmental GST	-	-	0.041
1.373	Total	1.027	1.177	1.051

Benefits and Other Unrequited Expenses

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Working in partnership with NZDF, the impacts of service on eligible veterans and their dependants are monitored and they have information about and access to services and supports that promote wellbeing.	Interest Concessions Land and Buildings Medical Treatment Special Annuities War Disablement Pensions

Interest Concessions Land and Buildings

Description

This appropriation is limited to provision for grandparented loans of the differential between the 3% or 5% Rehabilitation Loan rate and the current market rate as set out in the Rehabilitation Act 1941.

Costs for Interest Concessions Land and Buildings (GST Exclusive)

Actual 2011/12 (\$ million)	Category	Main Estimates (\$ million)	Supplementary Estimates (\$ million)	Actual 2012/13 (\$ million)
0.006	Total Expenses	0.004	0.004	0.003

Medical Treatment

Description

This appropriation is limited to the payment of assessment costs as set out in the War Pensions Regulations 1956 for War Disablement Pension applications and reviews, medical treatment costs for accepted service-related disabilities, and the costs of appliances and aids required as a result of an accepted disability.

Costs for Medical Treatment (GST Inclusive)

Actual 2011/12 (\$ million)	Category	Main Estimates (\$ million)	Supplementary Estimates (\$ million)	Actual 2012/13 (\$ million)
19.825	Expenses	21.070	20.179	17.367
0.037	Non-Departmental GST	-	-	0.013
19.862	Total	21.070	20.179	17.380

Special Annuities

Description

This appropriation is limited to paying annuities authorised by Cabinet to recognise a special contribution by the recipient to New Zealand society.

Costs for Special Annuities (GST Inclusive)

Actual 2011/12 (\$ million)	Category	Main Estimates (\$ million)	Supplementary Estimates (\$ million)	Actual 2012/13 (\$ million)
0.026	Total Expenses	0.027	0.036	0.033

(This was previously administered by the Ministry of Social Development. It was transferred to Veterans' Affairs New Zealand as the Special Annuities are paid as a War Disablement Pension equivalent.)

War Disablement Pensions

Description

This appropriation is limited to the payment of War Disablement Pensions to ex-service people who have a disability attributable to, or aggravated by, service in a declared war or emergency at any time, or in routine service prior to 1 April 1974 as set out in the War Pensions Act 1954, the payment of Surviving Spouse Pensions as set out in the War Pensions Act 1954 and the payment of allowances as set out in the War Pensions Act 1954 and the War Pensions Regulations 1956.

Costs for War Disablement Pensions (GST Inclusive)

Actual 2011/12 (\$ million)	Category	Main Estimates (\$ million)	Supplementary Estimates (\$ million)	Actual 2012/13 (\$ million)
128.399	Expenses	124.140	125.851	123.107
0.286	Non-Departmental GST	-	-	0.141
128.685	Total	124.140	125.851	123.248

Non-Departmental Other Expenses

Debt Write-down for Benefits and Other Unrequited Expenses (BOUE)

Description

This appropriation is limited to the write-down of Crown debtors administered by the New Zealand Defence Force due to the requirement to comply with Crown accounting policies and generally accepted accounting principles (GAAP).

Costs for Write-down for Benefits and Other Unrequited Expenses (GST Exclusive)

Actual 2011/12 (\$ million)	Category	Main Estimates (\$ million)	Supplementary Estimates (\$ million)	Actual 2012/13 (\$ million)
0.217	Total Expenses	0.250	0.250	0.242

Ex-Gratia Payments and Comprehensive Medical Assessments for Vietnam Veterans

Description

This appropriation is limited to the ex-gratia payments to Vietnam veterans and/or members of their family with accepted conditions and for the annual comprehensive medical assessments for Vietnam Veterans.

Output Performance Measures and Standards

	2011/12	2012/13	
Performance Measures	Actual	Budget Standard	Performance Achieved
The provision of annual medical checks for Vietnam veterans	521 medical checks were provided	Up to 2,000	466 medical checks were provided
Number of ex-gratia payments likely to be made to Vietnam veterans and/or members of their family with accepted conditions.	Six ex-gratia payments were made	Up to 6	Five ex-gratia payments were made to veterans

Conditions on Use of Appropriations

Reference	Conditions
Accepted Conditions	A condition on the Institute of Medicine of the United States National Academy of Sciences 'Sufficient Evidence of Association' list, or one of five conditions accepted as being related to parental dioxin exposure.
Comprehensive Medical Assessments	An assessment of the impact of service and exposure to a toxic environment on Vietnam Veterans.

Costs for Ex-Gratia Payments and Comprehensive Medical Assessments for Vietnam Veterans (GST Inclusive)

Actual 2011/12 (\$ million)	Category	Main Estimates (\$ million)	Supplementary Estimates (\$ million)	Actual 2012/13 (\$ million)
0.283	Expenses	1.300	1.150	0.228
0.007	Non-Departmental GST	-	-	0.004
0.290	Total	1.300	1.150	0.232

SECTION FIVE: NZDF FINANCIAL STATEMENTS

Statement of Responsibility

In terms of the Public Finance Act 1989, I am responsible, as Chief Executive of the New Zealand Defence Force, for the preparation of the New Zealand Defence Force's financial statements and statement of service performance, and for the judgements made in them.

I have the responsibility of establishing and maintaining, and I have established and maintained, a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In my opinion, these financial statements and statement of service performance fairly reflect the financial position and operations of the New Zealand Defence Force for the year ended 30 June 2013.

Signed by:

R.R. JONES

Lieutenant General
Chief of Defence Force

28 August 2013

Countersigned by:

J.M. DEVINE

Chief Financial Officer

28 August 2013

Independent Auditor's Report

To the readers of the New Zealand Defence Force's financial statements, non-financial performance information and schedules of non-departmental activities for the year ended 30 June 2013

The Auditor-General is the auditor of the New Zealand Defence Force (the Defence Force). The Auditor-General has appointed me, Stephen Lucy, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements, the non-financial performance information and the schedules of non-departmental activities of the Defence Force on her behalf.

We have audited:

- the financial statements of the Defence Force on pages 164 to 201, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and assets as at 30 June 2013, the statement of financial performance, statement of comprehensive income, statement of movements in taxpayers' funds, statement of departmental expenses and capital expenditure against appropriations, statement of departmental unappropriated expenditure and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the non-financial performance information of the Defence Force that comprises the statement of service performance on pages 43 to 143 and pages 150 to 158, the summary of aggregated operational preparedness on page 19 and the report about outcomes on pages 22 to 37 and pages 145 to 149; and
- the schedules of non-departmental activities of the Defence Force on pages 202 to 208 that comprise the schedule of non-departmental assets and schedule of non-departmental liabilities as at 30 June 2013, the schedule of non-departmental expenditure, statement of non-departmental expenditure against appropriations and statement of non-departmental unappropriated expenditure for the year ended on that date and the notes to the schedules that include accounting policies and other explanatory information.

Opinion

In our opinion:

- the financial statements of the Defence Force on pages 164 to 201:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the Defence Force's:
 - financial position as at 30 June 2013;
 - financial performance and cash flows for the year ended on that date;

- expenses and capital expenditure incurred against each appropriation administered by the Defence Force and each class of outputs included in each output expense appropriation for the year ended 30 June 2013; and
 - unappropriated expenses and capital expenditure for the year ended 30 June 2013.
- the non-financial performance information of the Defence Force on page 19, pages 22 to 37, pages 43 to 143 and pages 145 to 158:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the Defence Force's service performance and outcomes for the year ended 30 June 2013, including for each class of outputs:
 - its service performance compared with the forecasts in the statement of forecast service performance at the start of the financial year; and
 - its actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the financial year.
- the schedules of non-departmental activities of the Defence Force on pages 202 to 208 fairly reflect, in accordance with the Treasury Instructions:
 - the assets and liabilities as at 30 June 2013 managed by the Defence Force on behalf of the Crown; and
 - the revenues, expenses, expenditure and capital expenditure against appropriations and unappropriated expenditure and capital expenditure for the year ended on that date managed by the Defence Force on behalf of the Crown.

Our audit was completed on 28 August 2013. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Chief of Defence Force and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements, the non-financial performance information and the schedules of non-departmental activities are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements, the non-financial performance information and the schedules of non-departmental activities. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, the non-financial performance information and the schedules of non-departmental activities. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, the non-financial performance information and the schedules of non-departmental activities, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Department's preparation of the financial statements, the non-financial performance information and the schedules of non-departmental activities that fairly reflect the matters to which they relate. We

consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Defence Force's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Chief of Defence Force;
- the appropriateness of the reported non-financial performance information within the Defence Force's framework for reporting performance;
- the adequacy of all disclosures in the financial statements, the non-financial performance information and the schedules of non-departmental activities; and
- the overall presentation of the financial statements, the non-financial performance information and the schedules of non-departmental activities.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, the non-financial performance information and the schedules of non-departmental activities. Also we did not evaluate the security and controls over the electronic publication of the financial statements, the non-financial performance information and the schedules of non-departmental activities.

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Chief of Defence Force

The Chief of Defence Force is responsible for preparing:

- financial statements and non-financial performance information that:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect the Defence Force's financial position, financial performance, cash flows, expenses and capital expenditure incurred against each appropriation and its unappropriated expenses and capital expenditure;
 - fairly reflect its service performance and outcomes; and
- schedules of non-departmental activities, in accordance with the Treasury Instructions, that fairly reflect those activities managed by the Defence Force on behalf of the Crown.

The Chief of Defence Force is also responsible for such internal control as is determined is necessary to enable the preparation of financial statements, non-financial performance information and schedules of non-departmental activities that are free from material misstatement, whether due to fraud or error. The Chief of Defence Force is also responsible for the publication of the financial statements, non-financial performance information and schedules of non-departmental activities, whether in printed or electronic form.

The Chief of Defence Force's responsibilities arise from the Public Finance Act 1989.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements, the non-financial performance information and the schedules of non-departmental activities and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and the Public Finance Act 1989.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

In addition to the audit we have carried out assignments in the areas of assurance over tender processes, which are compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the Defence Force.



S B Lucy
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

NZDF Financial Statements

Statement of Financial Performance for the year ended 30 June 2013

30 June 12			30 June 13	30 June 13	30 June 13
Actual		Note	Actual	Main	Supplementary
(\$000)			(\$000)	Estimates	Estimates
				(\$000)	(\$000)
	Income				
2,149,668	Crown	3	2,220,008	2,383,053	2,220,008
17,500	Departmental	4	9,577	18,700	18,700
9,999	Other revenue		10,165	11,215	11,215
16,501	Gains	5	20,493	-	2,901
44	Interest		15	10	10
2,193,712	Total Income		2,260,258	2,412,978	2,252,834
	Expenditure				
834,516	Personnel costs	6	844,503	820,056	844,379
557,259	Operating costs	7	584,169	760,548	626,436
837	Finance costs	8	607	-	-
315,132	Depreciation and amortisation	9	335,209	375,352	340,244
452,975	Capital charge	10	453,228	457,012	453,757
2,160,719	Total Output Expenditure		2,217,716	2,412,968	2,264,816
1,959	Other operating expenses	11	14	250	250
2,162,678	Total Expenditure		2,217,730	2,413,218	2,265,066
31,034	Net Surplus/(Deficit)		42,528	(240)	(12,232)

Statement of Comprehensive Income for the year ended 30 June 2013

30 June 12			30 June 13	30 June 13	30 June 13
Actual		Note	Actual	Main	Supplementary
(\$000)			(\$000)	Estimates	Estimates
				(\$000)	(\$000)
31,034	Net Surplus/(Deficit)		42,528	(240)	(12,232)
-	Gains/(Loss) on revaluation	12	196,484	-	-
(36,138)	Loss on impairment	12	-	-	-
(5,104)	Total Comprehensive Income		239,012	(240)	(12,232)

Statement of Movements in Taxpayers' Funds for the year ended 30 June 2013

30 June 12			30 June 13	30 June 13	30 June 13
Actual		Note	Actual	Main	Supplementary
(\$000)			(\$000)	Estimates	Estimates
				(\$000)	(\$000)
	Balance at 1 July				
3,738,457	General funds	12	3,772,574	3,774,040	3,772,574
1,917,399	Revaluation reserve	12	1,893,006	1,919,951	1,893,006
5,655,856			5,665,580	5,693,991	5,665,580
31,034	Net surplus for the year	12	42,528	(240)	(12,232)
-	Total revaluation gains/(losses)	12	196,484	-	-
(36,138)	Total impairment losses	12	-	-	-
(5,104)	Total Comprehensive Income for the Year		239,012	(240)	(12,232)
(23,607)	Repayment of surplus	18	(39,252)	(10)	(10)
38,435	Capital contribution		11,800	11,800	11,800
-	Capital withdrawal		(139,940)	-	(119,430)
5,665,580	Balance as at 30 June		5,737,210	5,705,541	5,545,708
3,772,574	General funds	12	3,719,708	3,785,590	3,621,790
1,893,006	Revaluation reserve	12	2,017,502	1,919,951	1,923,918

Reconciliation of Changes in Taxpayers' Funds

30 June 12			30 June 13	30 June 13	30 June 13
Actual		Note	Actual	Main	Supplementary
(\$000)			(\$000)	Estimates	Estimates
				(\$000)	(\$000)
	General Funds				
3,738,457	Balance as at 1 July		3,772,574	3,774,040	3,772,574
31,034	Net surplus/(deficit)		42,528	(240)	(12,232)
(23,607)	Repayment of surplus		(39,252)	(10)	(10)
38,435	Capital contribution		11,800	11,800	11,800
-	Capital withdrawal		(139,930)	-	(119,430)
(11,745)	Transfer from revaluation reserve	12	71,988	-	(30,912)
3,772,574	Balance as at 30 June		3,719,708	3,785,590	3,621,790
	Revaluation Reserve				
1,917,399	Balance as at 1 July		1,893,006	1,919,951	1,893,006
-	Revaluation gains		196,484	-	-
(36,138)	Loss on impairment		-	-	-
11,745	Transfer from general funds	12	(71,988)	-	30,912
1,893,006	Balance as at 30 June		2,017,502	1,919,951	1,923,918
5,665,580	Total Taxpayers' Funds		5,737,210	5,705,541	5,545,708

Statement of Financial Position as at 30 June 2013

30 June 12			30 June 13	30 June 13	30 June 13
Actual		Notes	Actual	Main	Supplementary
(\$000)			(\$000)	Estimates	Estimates
				(\$000)	(\$000)
	Assets				
	Current Assets				
79,109	Cash and cash equivalents		94,425	29,750	44,327
20,839	Debtors and other receivables	13	17,121	9,534	20,245
395,441	Debtor - Crown		509,803	220,697	411,173
32,542	Prepayments		42,295	37,000	37,000
87,160	Inventories	14	83,524	117,772	85,953
1,113	Derivatives in gain	23	373	-	4
616,204	Total Current Assets		747,541	414,753	598,702
	Non - Current Assets				
5,163,151	Property, plant and equipment	15	5,150,783	5,341,150	4,894,964
5,341	Intangible assets	16	7,559	8,000	22,081
206,459	Inventories	14	228,130	218,718	220,366
375	Derivatives in gain	23	1,072	-	-
5,375,326	Total Non - Current Assets		5,387,544	5,567,868	5,227,411
5,991,530	Total Assets		6,135,085	5,982,621	5,826,113
	Liabilities				
	Current Liabilities				
189,251	Creditors and other payables	17	270,251	200,392	200,401
23,607	Surplus repayable to the Crown	18	39,252	10	10
14,067	Provisions	19	14,863	-	3,718
40,531	Employee entitlements	20	52,406	38,767	52,387
1,790	Finance lease	21	2,170	1,591	1,591
3,521	Derivatives in loss	23	1,148	-	-
272,767	Total Current Liabilities		380,090	240,760	258,107
	Non - Current Liabilities				
46,412	Employee entitlements	20	13,257	32,966	11,914
5,719	Finance lease	21	4,350	3,354	3,354
1,052	Derivatives in loss	23	178	-	7,030
55,183	Total Non - Current Liabilities		17,785	36,320	22,298
325,950	Total Liabilities		397,875	277,080	280,405
5,665,580	Net Assets		5,737,210	5,705,541	5,545,708
	Taxpayers' Funds				
3,772,574	General funds	12	3,719,708	3,785,590	3,621,790
1,893,006	Revaluation reserve	12	2,017,502	1,919,951	1,923,918
5,665,580	Total Taxpayers' Funds		5,737,210	5,705,541	5,545,708
5,991,530	Total Liabilities and Taxpayers' Funds		6,135,085	5,982,621	5,826,113

Statement of Cash Flows for the year ended 30 June 2013

30 June 12			30 June 13	30 June 13	30 June 13
Actual		Notes	Actual	Main Estimates	Supplementary Estimates
(\$000)			(\$000)	(\$000)	(\$000)
	Cash Flow – Operating Activities				
2,087,630	Receipts from Crown		2,105,646	2,504,450	2,204,276
16,468	Receipts from other		23,460	29,925	62,420
(815,832)	Payments to employees		(855,503)	(813,000)	(857,109)
(539,545)	Payments to suppliers		(609,619)	(778,354)	(667,943)
(452,975)	Payments for capital charge		(453,228)	(457,012)	(453,757)
(4,393)	Goods and services tax (net)		(6,143)	(5,572)	(8,562)
291,353	Net Cash Flow from Operating Activities	28	204,613	480,437	279,325
	Cash Flows – Investing Activities				
5,962	Receipts from sale of property, plant and equipment		17,825	-	-
36	Interest		15	-	10
(302,818)	Purchase of property, plant and equipment		(153,405)	(471,776)	(283,053)
(7,056)	Purchase of intangible assets		(3,995)	(8,658)	(2,257)
(303,876)	Net Cash Flow from Investing Activities		(139,560)	(480,434)	(285,300)
	Cash Flows from Financing Activities				
38,435	Capital contribution		11,800	11,800	11,800
-	Capital withdrawal		(37,930)	-	(17,000)
(28,190)	Repayment of surplus		(23,607)	(10)	(23,607)
10,245	Net Cash Flow from Financing Activities		(49,737)	11,790	(28,807)
(2,278)	Net increase / (decrease) in cash		15,316	11,793	(34,782)
81,387	Cash at the beginning of the year		79,109	17,957	79,109
79,109	Cash and Cash Equivalents at the End of the Year		94,425	29,750	44,327

GST has been presented on a net basis as the gross amounts do not provide meaningful information for financial statement purposes.

Statement of Commitments as at 30 June 2013

30 June 12		30 June 13
Actual (\$000)		Actual (\$000)
	Capital Commitments	
354,252	Property, plant and equipment	621,792
354,252		621,792
179,309	Not later than one year	310,759
174,943	Later than one year and not later than five years	311,033
354,252	Total Capital Commitments	621,792
	Non - Cancellable Operating Lease Commitments	
13,550	Not later than one year	21,340
33,272	Later than one year and not later than five years	57,920
55,726	Later than five years	71,508
102,548	Total Non - Cancellable Operating Lease Commitments	150,768
456,800	Total Commitments	722,560

Capital Commitments

The majority of the capital commitments are with the Ministry of Defence who manage the procurement of major military assets on behalf of the NZDF. The value of the capital commitments with the Ministry of Defence this year is \$530.512 million (2012: \$331.410 million). Under the Defence Act 1990 the Ministry of Defence manages for the NZDF, the acquisition process of Specialist Military Equipment costing in excess of \$7.0 million.

Non - Cancellable operating lease commitments

The majority of these leases are for premises. These lease commitments are based on lease review dates that range from 2 months to 22 years.

Statement of Contingent Liabilities and Assets as at 30 June 2013**Quantifiable Contingent Liabilities**

30 June 12		30 June 13
Actual (\$000)		Actual (\$000)
2,329	Potential claims from legal proceedings and disputes	866
1,999	Restructuring cost	1
4,328	Total quantifiable contingent liabilities	2,838

The potential claims from legal proceedings and disputes represent the amounts claimed by plaintiffs in relation to the performance of the NZDF's statutory role. The NZDF is currently disputing these claims.

The NZDF is jointly responsible for redundancy compensation payments if a restructuring of the dockyard contract occurs.

Quantifiable Contingent Assets

30 June 12		30 June 13
Actual (\$000)		Actual (\$000)
-	Potential gains from legal proceedings and disputes	600
-	Total quantifiable contingent assets	600

The potential gains from legal proceedings and disputes represent the amounts claimed by NZDF in relation to the performance of services by the defendants. The defendants are currently disputing these claims.

Statement of Departmental Expenses and Capital Expenditure against Appropriations for the Year Ended 30 June 2013

30 June 12			30 June 13	30 June 13	30 June 13	30 June 13	30 June 13	30 June 13	30 June 13
Actual Expenditure Including Remeasurements			Main Estimates	Supplementary Estimates	Section 26A Changes	Total Appropriation	Actual Expenditure Excluding Remeasurements	Remeasurements	Actual Expenditure Including Remeasurements
(\$000)			(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
		Vote: Defence Force							
		Output Appropriations							
17,121	1	Military Policy Development, Coordination & Advice	-	-	-	-	-	-	-
-	1.1	MCOA for Policy Advice and Related Outputs – Policy Advice	1,756	1,725	50	1,775	1,705	-	1,705
-	1.2	MCOA for Policy Advice and Related Outputs – Ministerial Services	1,486	1,886	70	1,956	1,902	-	1,902
-	1.3	MCOA for Policy Advice and Related Outputs – Strategic Military Intelligence	12,105	12,918	400	13,318	12,537	-	12,537
352,509	2	Naval Combat Forces	357,461	337,625	(1,300)	336,325	332,419	2,227	334,646
100,489	3	Naval Support Forces	125,778	99,612	(200)	99,412	97,774	1,032	98,806
23,619	4	Mine Countermeasures (MCM) and MCM Diving Forces	41,487	33,162	-	33,162	32,438	141	32,579
126,945	5	Naval Patrol Forces	136,953	125,805	-	125,805	123,633	945	124,578
13,154	6	Military Hydrography and Hydrographic Data Collection and Processing for LINZ	-	-	-	-	-	-	-
367,691	7	Land Combat Forces	363,397	335,126	500	335,626	335,546	2,273	337,819
212,081	8	Land Combat Support Forces	223,055	212,150	500	212,650	211,371	1,539	212,910
159,453	9	Land Combat Service Support Forces	170,551	166,502	400	166,902	166,739	1,231	167,970
75,154	10	Special Operations Forces	88,169	80,214	250	80,464	80,232	877	81,109
86,052	11	Naval Helicopter Forces	94,753	86,511	1,350	87,861	86,572	509	87,081
165,646	12	Airborne Surveillance and Response Forces	178,527	182,184	(1,320)	180,864	177,167	893	178,060
241,643	13	Fixed Wing Transport Forces	270,199	252,817	500	253,317	251,820	1,515	253,335
139,052	14	Rotary Wing Transport Forces	246,288	221,200	(1,550)	219,650	216,802	971	217,773
2,456	15.1	Support to Mutual Assistance Programme	2,363	4,695	-	4,695	3,831	-	3,831

30 June 12			30 June 13	30 June 13	30 June 13	30 June 13	30 June 13	30 June 13	30 June 13	30 June 13
Actual Expenditure Including Remeasurements			Main Estimates	Supplementary Estimates	Section 26A Changes	Total Appropriation	Actual Expenditure Excluding Remeasurements	Remeasurements	Actual Expenditure Including Remeasurements	
(\$000)			(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
3,056	15.2	Support to New Zealand Cadet Forces	3,355	3,355	100	3,455	3,234	-	3,234	
5,044	15.3	Support to Military Museums	5,538	6,168	150	6,318	6,136	-	6,136	
11,483	15.4	Support to Youth Development	13,364	11,803	100	11,903	11,560	-	11,560	
59,292	16	Operationally Deployed Forces	67,654	65,361	-	65,361	42,341	-	42,341	
2,161,940		Total Vote: Defence Force Output Appropriations	2,404,239	2,240,819	-	2,240,819	2,195,759	14,155	2,209,914	
		Other Expense Appropriations								
1,959		Asset Write Off	250	250	-	250	14	-	14	
1,959		Total Vote: Defence Force Other Expense Appropriations	250	250	-	250	14	-	14	
2,163,899		Total Vote: Defence Force	2,404,489	2,241,069	-	2,241,069	2,195,773	14,155	2,209,928	
		Vote: Veterans' Affairs - Defence Force								
2,161	1.1	Policy Advice	220	220	-	220	148	-	148	
-	1.2	Administration Services	2,495	2,654	-	2,645	1,909	-	1,909	
5,649	2	Services & Payments to Veterans	6,014	6,239	-	6,239	5,745	-	5,745	
7,810		Total Vote: Veterans' Affairs - Defence Force	8,729	9,104	-	9,104	7,802	-	7,802	
2,171,709		Total Appropriations	2,413,218	2,250,173	-	2,250,173	2,203,575	14,155	2,217,730	

The NZDF is appropriated for expenditure excluding remeasurements. Remeasurements are defined under the Public Finance Act as a revision of prices or estimates resulting from revised expectations of future benefits or obligations that change the carrying amount of an asset or liability. The remeasurements detailed above relate to losses on foreign exchange. The difference between total appropriated expenditure for 2011/12 and total expenditure for 2011/12 is due to gains on the sale of property, plant and equipment which is excluded from expenditure against appropriation.

Statement of Capital Expenditure

30 June 12		30 June 13	30 June 13	30 June 13
Actual		Actual	Supplementary	Total
(\$000)		(\$000)	Estimates	Appropriation
			(\$000)	(\$000)
	Capital Expenditure			
302,818	Capital expenditure	232,535	318,000	318,000
302,818	Total Capital Expenditure	232,535	318,000	318,000

Statement of Departmental Unappropriated Expenditure for the year ended 30 June 2013**Vote: Defence Force**

30 June 12		30 June 13
Actual		Actual
(\$000)		(\$000)
	Vote Defence Force	
	Minister of Defence	-
-	Departmental Net Assets	742
-	Total departmental unappropriated expenditure	742

The New Zealand Defence Force sought an appropriation of \$2.850 million in Financial Year 2011/12 through Main Estimates for costs relating to the disposal of Air Combat Force assets. Expenses totalling \$1.959 million were recorded against this appropriation. The underspend of \$0.891 million on this appropriation has directly led to the New Zealand Defence Force exceeding its net asset position by \$0.742 million as at 31 May 2013.

Approval of the unappropriated expenditure outlined above is being sought under section 26C of the Public Finance Act 1989.

Vote: Veterans' Affairs – Defence Force

There was no unappropriated expenditure for Vote: Veteran's Affairs – Defence Force.

Notes to the Financial Statements

Note 1: Statement of Accounting Policies for the year ended 30 June 2013

Reporting Entity

The New Zealand Defence Force (NZDF) is a government department as defined by Section 2 of the Public Finance Act 1989 and is domiciled in New Zealand.

In addition, the NZDF has reported on Crown activities administered on behalf of Vote: Veterans' Affairs – Defence Force.

The primary objective of the NZDF is to provide services to the public rather than making a financial return. Accordingly, the NZDF has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of the NZDF are for the 12 months ended 30 June 2013. The financial statements were authorised for issue by the Chief of Defence Force on 28 August 2013.

Basis of Preparation

Statement of Compliance

The financial statements of the NZDF have been prepared in accordance with the requirements of the Public Finance Act 1989, which includes the requirement to comply with New Zealand generally accepted accounting practices (NZ GAAP) and Treasury Instructions.

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable financial reporting standards, as appropriate for public benefit entities.

Measurement base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land, buildings, specialist military equipment and certain financial instruments including derivative instruments.

Functional and presentation currency

The financial statements are presented in New Zealand dollars, which is the NZDF's functional currency and all values are rounded to the nearest thousand dollars (\$'000).

Changes in Accounting Policies

There have been no changes in accounting policies during the financial year.

Standards, amendments and interpretations issued but not yet in effect and have not been adopted early

NZ IFRS standards, amendments, and interpretations issued but not yet effective which have not been early adopted and are relevant to NZDF, are:

- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following three main phases: Phase 1 Clarification and Measurement, Phase 2 Impairment Methodology, and 3 Hedge Accounting. Phase 1 has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is

based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus / deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the NZDF is classified as a Tier 1 reporting entity and will be required to apply full public sector Public Benefit Entity Accounting Standards. The effective date for the new standards for public sector entities is for reporting periods beginning on or after 1 July 2014. Therefore, the NZDF will transition to the new standards in preparing its 30 June 2015 financial statements. The NZDF has not assessed the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standards Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

Use of Accounting Estimates and Judgements

The preparation of financial statements requires the use of certain accounting estimates. It also requires the NZDF to exercise judgement in the process of applying the NZDF's accounting policies. Accounting estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Any area involving a high degree of judgement or complexity or where accounting estimates are significant to the financial statements, are disclosed under the applicable accounting policies below.

Accounting Policies

The following particular accounting policies which materially affect the measurement of financial results and financial position have been applied.

Budget Figures

The Budget figures are consistent with the financial information presented in the Main Estimates. In addition, the financial statements also present the updated information from the Supplementary Estimates and Information Supporting the Estimates. The appropriation figures include transfers made under Section 26A.

Revenue

The NZDF derives revenue through the provision of outputs to the Crown and for services to third parties. Revenue is measured at the fair value of consideration received. This revenue is recognised when earned and is reported in the financial period to which it relates.

Foreign Currency

Foreign currency transactions are converted to New Zealand currency using the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities in foreign currencies at reporting date are translated at the closing mid-point exchange rate prevailing at that date.

Gains and losses resulting from foreign currency transactions are recognised in the Statement of Financial Performance.

Interest

The NZDF derives interest income on funds held in overseas bank accounts and is recognised using the effective interest method.

Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight line basis over the lease term.

The NZDF leases training aircraft, office premises and office equipment (mainly multi-functional reprographic equipment). As the lessor retains all the risks of ownership, these leases are classified as operating leases.

Finance Leases

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset, whether or not the title is eventually transferred.

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the Statement of Financial Position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance costs are charged to the Statement of Financial Performance over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the NZDF will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Maintenance Costs

The cost of major platform restoration of airframe engines and ship overhauls are capitalised and depreciated over the shorter of the period between major overhauls or the remaining useful life of the principal asset to which they relate.

All other maintenance costs are expensed as incurred.

Borrowing Costs

The NZDF has deferred the adoption of NZ IAS 23 Borrowing Costs (Revised 2008) in accordance with its transitional provisions that are applicable to public benefit entities.

Consequently, all borrowing costs are recognised as an expense in the period in which they are incurred.

Goods and Services Tax (GST)

The financial statements and schedules are prepared on a GST exclusive basis except for Debtors and Other Receivables and Creditors and Other Payables in the Statement of Financial Position, which are GST inclusive.

The net amount of GST recoverable from, or payable to the Inland Revenue Department (IRD) is included as part of the receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from the IRD including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

Income Tax

Government departments are exempt from income tax as public authorities. Accordingly no charge for income tax has been provided for.

Taxpayers' Funds

Taxpayers' Funds are the Crown's investment in the NZDF and are measured as the difference between total assets and total liabilities.

Taxpayers' Funds is disaggregated and classified as general funds and property, plant and equipment revaluation reserves.

Financial Instruments

The NZDF is party to financial instruments as part of its normal operations. These financial instruments include cash balances, receivables, payables and foreign currency forward exchange contracts or derivatives.

All financial instruments are recognised in the Statement of Financial Position. All revenue and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance.

Cash and Cash Equivalents

Cash means cash balances on hand and funds on deposit with banks and is measured at its face value.

Debtors and Other Receivables

Debtors and other receivables are initially recorded at fair value and subsequently at amortised cost after providing for impairment. Impairment of a receivable is established when there is objective evidence that the NZDF will not be able to collect amounts due according to the original terms of the receivable.

Inventories

Inventories are held for distribution or consumption in the provision of services and are comprised of munitions, technical spares and consumable items.

Inventory intended to be kept for more than one year has been classified as non-current inventory. No inventory is pledged as security for liabilities.

Inventories are recorded at weighted average cost and the total value of inventory reflects any obsolescence or other impairment.

The obsolescence provision is calculated by identifying specific obsolete inventory items and slow moving inventory lines.

Derivative Financial Instruments

The NZDF uses derivative financial instruments to manage its exposure to foreign exchange risks.

Derivative financial instruments are initially recognised at fair value on the date a contract is entered into and then restated at their fair value every reporting date. Movements in the fair value of derivatives are recognised in the Statement of Financial Performance.

Property, Plant and Equipment

Property, plant and equipment (PPE) consists of land, buildings, leasehold improvements, specialist military equipment, plant and equipment, office and computer (hardware) equipment, and Contingency Reserve Stock of missile ammunition.

PPE is shown at cost or valuation less accumulated depreciation, accumulated impairment losses, and loss of service potential.

Individual assets, or groups of assets, are capitalised if their cost is greater than \$5,000. The value of an individual asset that is less than \$5,000 and is part of a group of similar assets is capitalised.

There are no restrictions over the title of the NZDF's property, plant and equipment, nor is any item of property, plant and equipment pledged as security for liabilities.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the NZDF and the cost of the item can be measured reliably.

Part of the cost of a purchased aircraft and ship is linked to its service potential that reflects the maintenance condition of the main components. The cost of the major aircraft engine and ship overhauls are capitalised and depreciated over the shorter of the period between major overhauls or the remaining useful life of the asset.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are included in the Statement of Financial Performance. When a revalued asset is sold, the amount included in the property, plant and equipment revaluation reserve in respect of the asset is transferred to general funds.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the NZDF and the cost of the item can be measured reliably.

Revaluation

Land, buildings (including housing and infrastructure) and specialist military equipment asset classes are subject to revaluation with sufficient regularity to ensure that the carrying amount does not differ materially from fair value and at least once every five years. Valuations use a market based approach except where reliable market evidence is unavailable and then optimised depreciated replacement cost (ODRC) is used to calculate fair value. The carrying values of revalued items are reviewed at each reporting date to ensure that those values are not materially different to fair value.

Land holdings are individually revalued using a market-based approach.

Buildings with a net book value greater than or equal to \$250,000 are individually revalued. Buildings with a net book value of less than \$250,000 are revalued using an appropriate market or construction cost based index.

Valuations for land and buildings are determined by an independent registered valuer.

Revaluation gains and losses on disposal are included in the Statement of Financial Performance and are determined by comparing the proceeds from the disposal with the carrying value. When a revalued asset is sold, the amount included in the property, plant and equipment Revaluation Reserve in respect of the asset is transferred to General Funds.

Depreciation

Depreciation is provided on a straight line basis on all PPE except freehold land and capital work in progress so as to allocate the cost, or valuation, of the assets, less any estimated residual value, over their estimated useful lives. The estimated useful lives are within the following ranges:

Buildings	5 - 100 years
Leasehold improvements	2 - 20 years
Specialist Military Equipment	5 - 55 years
Plant and Equipment	5 - 50 years
Office and Computer Equipment	2 - 20 years

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful life of the improvements, whichever is shorter.

Intangible Assets

Computer application software with a finite useful life costing more than \$5,000 is capitalised and recorded at cost less accumulated amortisation. Costs associated with maintaining computer software are recognised as an expense when incurred.

Amortisation is charged to the Statement of Financial Performance on a straight-line basis over the useful life of the asset. The estimated economic useful life for computer application software is 3 - 20 years.

Impairment

Non-financial assets are reviewed every reporting date to determine whether there are any indicators that the carrying amount may not be recoverable. If indicators do exist, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. In assessing value in use, the risks specific to the asset are considered.

An impairment loss is recognised in the Statement of Financial Performance as the amount by which the asset's carrying amount exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount.

Employee Entitlements

A provision is made in respect of the NZDF's liability for annual, long service, incentive leave and retirement benefits. Annual leave has been calculated on an actual entitlement basis at current rates of pay. Long service, incentive leave and retirement benefits have been calculated on an actuarial basis, by the NZDF based on the estimated present value of future entitlements and inflation and discount rates advised by The Treasury.

ACC Partnership Programme

The NZDF is an ACC Accredited Employer under the ACC Partnership Programme whereby NZDF accepts the management and financial responsibility for work related illnesses and accidents of

employees. Under the ACC Partnership Programme, the NZDF is effectively providing accident insurance to employees and this is accounted for as an insurance contract.

The NZDF manages ACC claims for work related injuries until the claim is closed or for a period of 48 months following the year in which the claim was registered. At the end of this period, any open claims still requiring entitlements are handed back to ACC for management together with the life time cost of these claims. ACC calculates the life time cost of open claims at hand back. The NZDF liability for these claims ceases at the point of setting the life time costs.

The value of the liability for ACC claims is measured as the expected future payments to be made for claims already registered up to the reporting date for which the NZDF has responsibility under the terms of the Accredited Employer Programme.

Superannuation

Obligations for contributions to the State Sector Retirement Savings Scheme, KiwiSaver, Government Superannuation Fund, Armed Forces Superannuation Scheme and Civil Staff Superannuation Scheme are accounted for as defined contribution schemes and are recognised as an expense in the Statement of Financial Performance as incurred.

Critical Accounting Estimates and Assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are referred to below:

Revaluation

Specialist Military Equipment (SME) is manufactured overseas and recent cost comparisons of similar capability equipment are required under the ODRC valuation principle. The recent cost of similar SME is based in overseas currencies and movements in foreign exchange will directly impact the valuation as well as market values.

Owing to the nature of the military environment and the unique specifications of the SME manufactured for the NZDF, comparable capability and equipment type is difficult to determine. An international index of military ship building was used to value the ships since the last directly comparable ship replacement cost. Costings from local suppliers and manufacturer catalogues were used for small SME items. Similar military variants were used for the valuation of the aircraft based on purchase information made available.

Critical Judgments in Applying Accounting Policies

Finance Leases

Determining whether a lease agreement is a finance lease or an operating lease requires judgment as to whether the agreement transfers substantially all the risk and rewards of ownership to the NZDF. Judgment is required on various aspects that include, but are not limited to, the fair value of the lease asset, the economic life of the leased asset, whether or not to include the renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the Statement of Financial Position as property, plant and equipment, whereas with an operating lease no such asset is recognised.

The NZDF has exercised its judgment on the appropriate classification of equipment leases and has determined a number of lease arrangements to be finance leases.

Statement of Cost Accounting Policies

The NZDF has determined the cost of outputs using the cost allocation system outlined below.

Vote: Defence Force

Direct costs of a force element (for example, a squadron, a frigate, a battalion) are attributed directly to an appropriate output.

Support unit costs are charged to outputs using long term drivers that reflect the use of that activity to produce outputs. Drivers for support units include:

- Planned maintenance and sea-days (Outputs 2 - 6),
- Personnel numbers directly related to the force elements (Outputs 7 - 10), and
- Maintenance and logistic support for aircraft fleets (Outputs 11 - 14).

Overhead costs are charged to outputs using the percentage of that output's gross operating budget (exclusive of capital charge) to the total gross budget (exclusive of capital charge) for all outputs.

The allocation rules are reviewed if there is significant organisational change to alter the continued appropriateness of the rules.

Vote: Veterans' Affairs – Defence Force

All costs associated with the delivery of outputs are attributed directly to the appropriate output.

There have been no changes in the cost accounting methodology during the financial year.

Commitments

Future expenses to be incurred on contracts that have been entered into at reporting date are disclosed as commitments to the extent that there are equally unperformed obligations.

Cancellable commitments that have a penalty or exit cost explicit in the agreement on exercising that option to cancel are included in the Statement of Commitments at the lower of the remaining contractual commitment and the value of that penalty or exit cost.

Contingent Liabilities

Contingent liabilities are disclosed at the point at which the contingency is evident.

Capital Management Programme

The NZDF's capital is its equity, which is comprised of General Taxpayers' Funds and Revaluation Reserves. Equity is represented by net assets.

The NZDF manages its revenues, expenses, assets, liabilities and general financial dealings prudently. The NZDF's equity is largely managed as a by-product of managing income, expenses, assets, liabilities and in compliance with Government Budget processes and with Treasury Instructions.

Although the NZDF is more asset intensive than most Government departments, this is managed using robust systems, policies, the Capability Management Framework and the resultant NZDF Capital Programme.

The objective of managing the NZDF's equity is to ensure the NZDF effectively achieves its strategic goals and objectives for which it has been established, whilst remaining a going concern.

Note 2: Budget Composition

	Main Estimates (\$000)	Supplementary Estimates Changes (\$000)	Supplementary Estimates (\$000)
Income			
Crown	2,383,053	(163,045)	2,220,008
Departmental	18,700	-	18,700
Other	11,215	-	11,215
Gains	-	2,901	2,901
Interest	10	-	10
Total Revenue	2,412,978	(160,144)	2,252,834
Expenditure			
Personnel	820,056	24,323	844,379
Operating	760,548	(134,112)	626,436
Depreciation and amortisation	375,352	(35,108)	340,244
Capital charge	457,012	(3,255)	453,757
Total Output Expenses	2,412,968	(148,152)	2,264,816
Other expenses	250	-	250
Total Expenses	2,413,218	(148,152)	2,265,066

The decrease in crown revenue was due to the expense transfer from 2012/13 to 2013/14 through to 2015/16.

The main contributors to the changes were:

		(\$000)
	Vote: Defence Force	
Personnel expenses	This reflects an increase due to a remuneration review offset by savings and under spends due to workforce optimisation	24,323
Operating expenses	The change was due to savings and under spends achieved through Efficiency and Reform programmes as part of the Defence White Paper 2010. This will be transferred to 2013/14.	(134,112)
Depreciation	This reflects the delays in delivery of major platforms and capitalisation of assets, along with the impacts of asset revaluations.	(35,108)
Capital charge	This reflects the change in the value of net Taxpayers' Funds.	(3,255)
	Total Output Expenses	(148,152)
Other Expenses		-
	Total Expenses	(148,152)

Variations from Budget

Explanations for major variances from the "Main Estimates" and "Actuals".

The final result for the year was a surplus of \$42.528 million compared with the Main Estimates forecast deficit of \$0.240 million. The main factors causing this surplus are the following movements in the Statement of Financial Performance:

- an increase in Gains of \$20.493 million due to foreign exchange gains;
- a decrease in Operating expenditure of \$176.379 million due to lower than forecast operational activities and efficiency programme savings transferred to future years; and

- a decrease in Depreciation of \$40.143 million is due to delays in introduction into service of new capabilities and the subsequent asset capitalisation before depreciation is charged.

The Net Assets financial position at 30 June 2013 was \$5,737.210 million compared to the budget of \$5,705.541 million. The main factors causing this increase are the following movements in the Statement of Financial Position:

- an increase in Current Assets of \$332.788 million as a result of delays in the delivery and payment of capital projects, with the balance of Crown funding being held in Debtor - Crown;
- a decrease in Non-Current Assets of \$180.324 million due to delays in introduction into service of new capabilities and the subsequent asset capitalisation; partially offset by revaluation of Property, Plant and Equipment as at 30 June 2013; and
- an increase in Current Liabilities of \$139.330 million due to higher than anticipated creditors for capital projects, and the higher than anticipated surplus which is repayable to the Crown.

Note 3: Crown Revenue

This is revenue earned for the supply of outputs to the Crown.

Note 4: Departmental Revenue

30 June 12		30 June 13	30 June 13
Actual (\$000)		Actual (\$000)	Supplementary Estimates (\$000)
9,793	Ministry of Social Development	9,229	9,152
5,525	Land Information New Zealand	-	-
1,832	State Services Commission	(2)	-
350	Ministry of Defence	350	9,548
17,500	Total Departmental Revenue	9,577	18,700

Note 5: Gains

30 June 12		30 June 13	30 June 13
Actual (\$000)		Actual (\$000)	Supplementary Estimates (\$000)
6,570	Realised Gains on foreign exchange	9,272	2,595
9,931	Unrealised Gains on foreign exchange	3,252	306
-	Gain on liability reductions	7,969	-
-	Gain on sale of fixed assets	-	-
16,501	Total Gains	20,493	2,901

Note 6: Personnel Costs

30 June 12		30 June 13	30 June 13
Actual		Actual	Supplementary
(\$000)		(\$000)	Estimates
			(\$000)
755,449	Salaries and wages	776,549	774,995
49,067	Superannuation contributions to defined contribution schemes	49,628	49,574
21,589	Retirement and accumulated leave adjustment	8,123	9,625
8,411	Accident Compensation Corporation (ACC) levies	10,203	10,185
834,516	Total Personnel Costs	844,503	844,379

Note 7: Operating Costs

30 June 12		30 June 13	30 June 13
Actual		Actual	Supplementary
(\$000)		(\$000)	Estimates
			(\$000)
195,727	Materials	172,580	183,636
73,605	Premises cost	89,498	92,341
69,481	Repairs and maintenance	71,884	74,217
53,681	Training and travel	58,810	37,097
46,794	Operating lease rentals and other license charges	50,540	51,184
557	Consultancy	3,480	959
380	Audit fees for financial statements audit: Audit NZ	382	380
13	Fees for other services: Audit NZ	10	-
18	Fees to auditors other than Audit NZ	27	-
(113)	Increase/(decrease) in provision for doubtful debts	-	-
14,001	Realised foreign exchange losses	16,074	-
3,135	Unrealised foreign exchange losses	(1,905)	-
(9,032)	Loss/(gain) on sale of property, plant and equipment	2,487	-
109,012	Other operating costs	120,302	186,622
557,259	Total Operating Costs	584,169	626,436

Note 8: Finance Costs

30 June 12		30 June 13	30 June 13
Actual		Actual	Supplementary
(\$000)		(\$000)	Estimates
			(\$000)
837	Interest on finance leases	607	-
837	Total Finance Costs	607	-

Note 9: Depreciation and Amortisation

30 June 12		30 June 13	30 June 13
Actual (\$000)		Actual (\$000)	Supplementary Estimates (\$000)
51,455	Buildings	40,369	40,096
236,948	Specialist military equipment	272,481	278,007
9,777	Plant and equipment	9,302	9,958
9,220	Office and computer equipment	8,030	7,167
3,789	Computer application software	1,945	2,257
3,493	Motor vehicles	3,082	2,759
315,132	Total Depreciation and Amortisation	335,209	340,244

Note 10: Capital Charge

The NZDF pays a capital charge to the Crown on its average Taxpayers' Funds as at 30 June and 31 December each year. The capital charge rate for the year ended 30 June 2013 was 8.0% (2012: 8.0%).

Note 11: Other Operating Expenses

30 June 12		30 June 13	30 June 13
Actual (\$000)		Actual (\$000)	Supplementary Estimates (\$000)
1,959	Air Combat Force disposal costs	14	250
1,959	Total Other Operating Expenses	14	250

Note 12: Taxpayers' Funds General Funds

30 June 12		30 June 13
Actual (\$000)		Actual (\$000)
3,738,457	Opening Balance	3,772,574
31,034	Net surplus for the year	42,528
(11,745)	Transfers from revaluation reserve on disposal of assets	71,988
38,435	Capital contribution	11,800
-	Capital withdrawal	(139,930)
(23,607)	Repayment of surplus	(39,252)
3,772,574	Closing Balance	3,719,708

Revaluation Reserve for Property, Plant and Equipment

30 June 12		30 June 13	30 June 13	30 June 13	30 June 13
Total (\$000)		Land (\$000)	Buildings (\$000)	Specialist Military Equipment (\$000)	Total (\$000)
1,917,399	Opening Balance	581,013	721,827	590,166	1,893,006
-	Revaluation gains/(losses)	72,249	156,425	(32,190)	196,484
(36,138)	Impairment losses	-	-	-	-
11,745	(Gains)/losses transferred to general funds for assets disposed	(51,988)	(19,995)	(5)	(71,988)
1,893,006	Closing Balance	601,274	858,257	557,971	2,017,502

This reserve reflects revaluation changes of asset classes carried at current valuation.

Note 13: Debtors and Other Receivables

30 June 12		30 June 13
Actual (\$000)		Actual (\$000)
20,922	Trade debtors	17,204
(83)	Less: provision for doubtful debts	(83)
20,839	Total Debtors and Receivables	17,121

As at 30 June 2013, all overdue receivables have been assessed for impairment and appropriate provisions have been applied, as detailed below.

30 June 12				30 June 13		
Gross (\$000)	Impairment (\$000)	Net (\$000)		Gross (\$000)	Impairment (\$000)	Net (\$000)
19,095	-	19,095	Past due to 30 days	14,263	-	14,263
65	-	65	Past due 31 - 60 days	410	-	410
639	-	639	Past due 61 - 90 days	-	-	-
1,123	(83)	1,040	Past due >91 days	2,531	(83)	2,448
20,922	(83)	20,839	Total	17,204	(83)	17,121

Movements in the Provision for Doubtful Debts

30 June 12		30 June 13
Actual (\$000)		Actual (\$000)
362	Opening Balance	83
-	Additional provisions made during the year	-
(279)	Charged against provision for the year	-
83	Closing Doubtful Debt Provision	83

Note 14: Inventories

30 June 12		30 June 13
Actual (\$000)		Actual (\$000)
87,160	Total Current Inventories	83,524
206,459	Total Non - Current Inventories	228,130
293,619	Total Inventories	311,654

The carrying amount of inventory held for distribution is at weighted average cost as at 30 June 2013 of \$311.654 million (2012: \$293.619 million).

The write-down of inventory held for distribution was nil (2012: \$3.414 million). There have been no reversals of write-downs.

The loss in service potential of inventory held for distribution is determined on the basis of obsolescence. All figures are net of obsolescence.

No inventory has been pledged as security for liabilities (2012: nil). Some inventory is subject to retention of title clauses.

Inventories by Category

30 June 12		30 June 13
Actual (\$000)		Actual (\$000)
196,341	Equipment and spares	180,663
74,678	Ammunition	76,946
46,752	General materials and consumables	36,286
20,179	Stock on board ships	19,504
20,385	Fuel, clothing and other inventories	31,493
(64,716)	Obsolescence	(33,238)
293,619	Total Inventories	311,654

Note 15: Property, Plant and Equipment

	Land (\$000)	Buildings (\$000)	Specialist Military Equipment (\$000)	Plant & Equipment (\$000)	Office & Computer Equipment (\$000)	Total (\$000)
Cost or Valuation						
Balance at 1 July 2011	707,848	1,183,107	3,971,158	268,772	66,759	6,197,644
Additions	-	58,915	421,885	14,757	9,326	504,883
Reversal of Impairment	-	10,902	-	-	-	10,902
Impairment	(34,110)	(2,254)	(10,676)	-	-	(47,040)
Disposal	-	(3,456)	(12,007)	(11,190)	(242)	(26,895)
Work in progress movement	-	22,062	(228,973)	(4,764)	(792)	(212,467)
Balance at 30 June 2012	673,738	1,269,276	4,141,387	267,575	75,051	6,427,027
Accumulated Depreciation						
Balance at 1 July 2011	-	(42,436)	(733,048)	(153,089)	(44,139)	(972,712)
Depreciation expense	-	(51,455)	(236,950)	(13,719)	(9,219)	(311,343)

	Land (\$000)	Buildings (\$000)	Specialist Military Equipment (\$000)	Plant & Equipment (\$000)	Office & Computer Equipment (\$000)	Total (\$000)
Eliminated on disposal	-	1,031	9,523	9,384	241	20,179
Balance at 30 June 2012	-	(92,860)	(960,475)	(157,424)	(53,117)	(1,263,876)
Net PPE at 30 June 2012	673,738	1,176,416	3,180,912	110,151	21,934	5,163,151
Cost or Valuation						
Balance at 1 July 2012	673,738	1,269,276	4,141,387	267,575	75,051	6,427,027
Additions	-	64,950	332,777	7,157	11,081	415,965
Revaluation	72,250	34,161	(1,239,493)	-	-	(1,133,082)
Disposal	(103,900)	(28,945)	(19,787)	(6,012)	(201)	(158,845)
Work in progress movement	-	(50,013)	(129,778)	(603)	5,834	(174,560)
Transfers	-	(889)	(1,034)	(2,653)	4,576	-
Balance at 30 June 2013	642,088	1,288,540	3,084,072	265,464	96,341	5,376,505
Accumulated Depreciation						
Balance at 1 July 2012	-	(92,860)	(960,475)	(157,424)	(53,117)	(1,263,876)
Depreciation expense	-	(40,370)	(272,480)	(12,383)	(8,030)	(333,263)
Eliminated on disposal	-	10,252	29,963	5,286	192	45,693
Eliminated on revaluation	-	122,826	1,202,898	-	-	1,325,724
Transfers	-	152	94	(247)	1	-
Balance at 30 June 2013	-	-	-	(164,768)	(60,954)	(225,722)
Net PPE at 30 June 2013	642,088	1,288,540	3,084,072	100,696	35,387	5,150,783

There are no restrictions over the title of the NZDF's property, plant and equipment, nor is any item of property, plant and equipment pledged as security for liabilities.

The net carrying amount of computer equipment held under finance leases is \$5.916 million (2012: \$6.931 million).

Revaluation

The NZDF policy is to revalue property, plant and equipment at least once every five years.

There is potential contamination at some NZDF sites as a result of military activities over many years and the NZDF has valued those on a consistent basis with the adjacent land. In the event of any land being proposed for sale under the Government sale processes, potentially contaminated sites would be restored to normal before sale was considered and any obligations to restore to a saleable state will be recognised at that point in time.

Land, buildings and housing were revalued at fair value as at 30 June 2013 by an independent registered valuer, Nigel Hoskin, ANZVI, BBS (VPM) from Beca Valuations Limited.

Specialist Military Equipment (SME) was revalued at fair value as at 30 June 2013 by NZDF subject matter experts. SME is stated at the depreciated replacement cost of a comparable asset.

Seismic Strengthening**Valuation**

The most recent valuation of land and buildings was performed by an independently contracted registered valuer, Nigel Hoskin ANZVI, BBS (VPM) of Beca Valuations Ltd. The valuation is effective as at 30 June 2013. Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values in the locality. Buildings are valued at fair value using market based evidence.

Seismic Status of Buildings

The NZDF has established a programme to assess the seismic integrity of the NZDF estate. At this time initial assessments have indicated that the NZDF has 182 buildings that are potentially earthquake prone. Detailed Engineering Evaluations (DEE) are being undertaken to confirm whether the asset is indeed earthquake prone and the costs of remediation. On completion of the DEEs the NZDF will review:

- The operational requirement for the asset;
- Whether the asset is likely to be recapitalised as part of extant programmes or potential future consolidation programmes; and hence
- Whether the asset will be remediated or demolished.

There will be a liability for seismic remediation work as a result of the seismic assessment programme, however, it is too early to be able to articulate the extent of that liability or when that liability is likely to materialise.

Given the current level of uncertainty of both remedial works costs and future estate planning in relation to retention or demolition of these assets the NZDF has chosen not to book an impairment on current building values. However, given the size of the potential remedial work the NZDF is disclosing the situation.

Work in Progress

The NZDF reimburses the Ministry of Defence twice annually for costs incurred on capital projects. This has the effect of transferring non-departmental capital expenditure from the Ministry of Defence to the NZDF Statement of Financial Position. NZDF has recognised capital project costs three times during this financial year due to a change in invoicing by the Ministry of Defence which has aligned the recognition of capital expenditure with the year in which the expenditure was incurred.

Total work in progress as at 30 June 2013 was \$489.320 million (2012: \$663.880 million). This included \$444.220 million for work in progress for capital projects managed by the Ministry of Defence (2012: \$567.444 million).

30 June 12		30 June 13
Actual (\$000)		Actual (\$000)
63,314	Buildings	11,322
591,214	Specialist military equipment	455,144
3,193	Plant and equipment	15,824
6,159	Office and computer equipment	7,030
663,880	Total Work in Progress	489,320

Note 16: Intangible Assets

There are no restrictions over the title of the NZDF's intangible assets, nor are any intangible assets pledged as security for liabilities. All of the NZDF's intangible assets are acquired software: NZDF does not have any internally generated software.

30 June 12		30 June 13
Actual (\$000)		Actual (\$000)
	Cost or Valuation	
36,309	Opening balance	36,709
400	Additions	4,171
-	Disposals	(176)
-	Transfers	-
36,709	Closing Balance	40,704
	Accumulated Amortisation	
(27,701)	Opening balance	(31,368)
(3,789)	Less amortisation	(1,946)
122	Eliminated on disposal	169
-	Transfers	-
(31,368)	Closing Balance	(33,145)
5,341	Net Intangible Assets	7,559

Note 17: Creditors and Other Payables

30 June 12		30 June 13
Actual (\$000)		Actual (\$000)
16,029	Trade creditors	28,183
135,485	Accrued expenses	209,858
14,630	Payroll liabilities	17,341
6,400	Other short term liabilities	4,305
172,544	Total Trade Creditors and Accruals	259,667
16,707	GST payable	10,564
189,251	Total Creditors and Payables	270,251

Creditors and other payables are non-interest bearing and are normally settled within 30 day terms, therefore the carrying value of creditors and other payables approximates their fair value.

Note 18: Surplus Repayable to the Crown

30 June 12		30 June 13
Actual (\$000)		Actual (\$000)
31,034	Net operating surplus	42,528
1,959	Add: other expenses	14
(9,386)	Less: realised foreign exchange losses on derivative financial instruments	(3,290)
23,607	Net Surplus from Delivery of Outputs	39,252
23,607	Total Provision for Repayment of Surplus	39,252

The repayment of surplus is required to be paid by the 31st October of each year.

Note 19: Provisions

30 June 12		30 June 13
Actual \$(000)		Actual \$(000)
10,350	Foreign Military Sales provision	11,030
3,717	Resource Management Act provision	3,833
14,067	Total provisions	14,863

	Foreign Military Sales	Resources Management Act	Actual \$(000)
Opening Balance July 2011	6,100	4,272	10,372
Additional provisions made during the year	4,272	-	4,272
Charges against provision during the year	22	(555)	(577)
Closing Balance as at 30 June 2012	10,350	3,717	14,067

	Foreign Military Sales	Resources Management Act	Actual \$(000)
Opening Balance July 2012	10,350	3,717	14,067
Additional provisions made during the year	1,200	-	1,200
Charges against provision during the year	(520)	116	(404)
Closing Balance as at 30 June 2013	11,030	3,833	14,863

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, and it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Note 20: Employee Entitlements

30 June 12		30 June 13
Actual (\$000)		Actual (\$000)
	Current Entitlement	
2,549	Retirement, incentive and long service leave	1,743
37,982	Accrued and annual leave	50,663
40,531	Total Current Entitlement	52,406
	Non – Current Entitlement	
36,677	Retirement, incentive and long service leave	5,450
6,513	Accrued leave	2,475
232	Sick leave	232
2,990	ACC self insurance liability	5,100
46,412	Total Non – Current Entitlement	13,257
86,943	Total Provision for Employee Entitlements	65,663

Annual leave is calculated using the number of days owing as at the end of June 2013. Incentive and long leave are actuarially calculated by the NZDF based on inflation and discount rates advised by Treasury to reflect the likelihood of a liability being incurred. Accumulated leave and terminal benefits are paid out on release and their values are actuarially calculated using predicted terminal dates. Civilian sick leave is calculated based on average days taken and sick leave balances outstanding at the end of June 2013 in accordance with NZ IAS 19.

Inflation has been assumed to be 3.50% and a discount rate between 2.71% and 5.50% percent has been used for future years.

ACC Accredited Employer Programme

The liability for the ACC Accredited Employer Programme has been actuarially calculated by the NZDF based on expected treatment costs, rehabilitation entitlements, income compensation and historical claims information. Claims management practices focus on limiting liability without compromising care and entitlements.

Inflation has been assumed to be 3.50% and a discount rate between 2.71% and 5.50% percent has been used for future years.

The claims management provision allows for the future cost of managing claims applying the ACC standard basis of 7.2% of the total liability.

The value of the liability is not material for the NZDF's financial statements, therefore any changes in assumptions will not have a material impact on the financial statements.

The NZDF has purchased high cost claim cover to limit liability for any one event to \$2.500 million. The NZDF has a stop loss limit since joining the Accredited Employer Programme set at \$8.500 million which is 200% of the risk.

Note 21: Finance Leases

30 June 12		30 June 13
Actual (\$000)		Actual (\$000)
	Total Minimum Lease Payments Payable	
2,344	Not later than one year	2,624
5,995	Later than one year and not later than five years	4,718
801	Later than five years	364
9,140	Total Minimum Lease Payments	7,706
(1,631)	Future finance charges	(1,186)
7,509	Present Value of Minimum Lease Payments	6,520
	Present Value of Minimum Lease Payments Payable	
1,790	Not later than one year	2,170
4,982	Later than one year and not later than five years	4,002
737	Later than five years	348
7,509	Total Present Value of Minimum Lease Payments Payable	6,520
	Represented by:	
1,790	Current finance lease liabilities	2,170
5,719	Non-current finance lease liabilities	4,350
7,509	Total Finance Lease Liabilities	6,520

Description of leasing arrangements

The NZF has entered into finance leases for computer equipment. The net carrying amount of the leased items is shown in the office and computer equipment class of property, plant and equipment in note 15.

The finance leases can be extended at NZDF's option. The NZDF does not have the option to purchase the assets at the end of the leases term. There are no restrictions placed on the NZDF by the finance lease arrangements.

Finance lease liabilities are effectively secured, as the rights to the leased asset revert to the lessor in the event of default in payment.

Note 22: Events after Balance Date

There have been no significant events after the balance date.

Note 23: Financial Instruments

The NZDF's activities expose it to a variety of financial instrument risks. The NZDF has a series of policies to manage the associated risks and seeks to minimise exposure from financial instruments.

Credit Risk

Credit risk is the risk that a third party will default on its obligations to the NZDF, causing the NZDF to incur a loss.

In the normal course of its business, the NZDF incurs credit risk from trade debtors, and transactions with various approved financial institutions and the New Zealand Debt Management Office (NZDMO). The NZDF does not have significant concentrations of credit in financial instruments.

The NZDF's maximum credit exposure for each class of financial instruments is represented by the total carrying amount of cash and cash equivalents, net debtors, and derivative financial instrument assets.

The NZDF does not require any collateral or security to support financial instruments with either the financial institutions that it deals with, or with the NZDMO, as these entities have high credit ratings.

Fair Value

The fair value of all financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position.

The fair value of foreign currency forward contracts based on NZDMO spot rates at balance date shows a net unrealised gain of \$0.119 million (2012: net unrealised loss \$3.084 million).

Currency Risk

Currency risk is the risk that balances denominated in foreign currency will fluctuate because of changes in foreign exchange rates. The NZDF has a Treasury Management Policy that was approved by Treasury.

The NZDF uses foreign exchange forward contracts with options to manage foreign exchange exposures. The notional principal amount outstanding at reporting date on hedged purchase and sale commitments was \$164.887 million (2012: \$143.216 million).

Sensitivity Analysis – Cash and Cash Equivalents

At 30 June 2013, if the NZ dollar strengthened by 5% against the major currencies with all other variables held constant, the unrealised gain for the year would have been \$0.104 million lower. Conversely, if the NZ dollar weakened by 5% against all the major currencies with all other variables held constant, the unrealised gain for the year would have been \$1.146 million higher. The movements are a result of the exchange gains or losses on translation of overseas currencies.

Sensitivity Analysis – Derivative financial instruments

At 30 June 2013, if the NZ dollar strengthened by 5% against all the hedged currencies with all other variables held constant, the unrealised loss for the year would have been \$7.857 million higher. Conversely, if the NZ dollar weakened by 5% against all the hedged currencies with all other variables held constant, the unrealised gain for the year would have been \$8.684 million higher. The movements are a result of the exchange gains or losses on translation of overseas currencies.

Interest Rate Risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate or the cash flows from a financial instrument will fluctuate due to changes in market interest rates.

The NZDF has no interest bearing financial instruments and accordingly has no exposure to interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the NZDF will encounter difficulty raising liquid funds to meet commitments as they fall due.

In meeting its liquidity requirements, the NZDF closely monitors its forecast cash requirements with expected cash draw downs from the NZDMO. The NZDF maintains a target level of available cash to meet liquidity requirements.

The following tables analyse the NZDF's financial instruments that will be settled based on the remaining period from reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

30 June 12	Less than 6 Months (\$000)	Between 6 Months and 1 Year (\$000)	Between 1 Year and 5 Years (\$000)	Over 5 Years (\$000)
Assets				
Current Assets				
Cash and cash equivalents	79,109	-	-	-
Debtors and other receivables	416,280	-	-	-
Derivative financial instruments	367	746	-	-
Total Current Assets	495,756	746	-	-
Non Current Assets				
Derivative financial instruments	-	-	375	-
Total Non Current Assets	-	-	375	-
Total Assets	495,756	746	375	-
Liabilities				
Current Liabilities				
Creditors and other payables	189,251	-	-	-
Finance Leases	877	913	-	-
Derivative financial instruments	2,709	812	-	-
Total Current Liabilities	192,837	1,725	-	-
Non Current Liabilities				
Finance Leases	-	-	4,624	1,095
Derivative financial instruments	-	-	1,052	-
Total Non Current Liabilities	-	-	5,676	1,095
Total Liabilities	192,937	1,725	5,676	1,095
Net Liquidity of Continuing Operations	302,919	(979)	(5,301)	(1,095)

30 June 13	Less than 6 Months (\$000)	Between 6 Months and 1 Year (\$000)	Between 1 Year and 5 Years (\$000)	Over 5 Years (\$000)
Assets				
Current Assets				
Cash and cash equivalents	94,425	-	-	-
Debtors and other receivables	17,121	-	-	-
Derivative financial instruments	227	146	-	-
Total Current Assets	111,773	146	-	-
Non Current Assets				
Derivative financial instruments	-	-	1,072	-
Total Non Current Assets	-	-	1,072	-
Total Assets	111,773	146	1,072	-
Liabilities				
Current Liabilities				
Creditors and other payables	270,251	-	-	-
Finance leases	1,062	1,108	-	-
Derivative financial instruments	738	410	-	-
Total Current Liabilities	272,051	1,518	-	-
Non Current Liabilities				
Finance leases	-	-	4,002	348
Derivative financial instruments	-	-	178	-
Total Non Current Liabilities	-	-	4,180	348
Total Liabilities	272,051	1,518	4,180	348
Net Liquidity of Continuing Operations	(160,278)	(1,372)	(3,108)	(348)

Note 24: Fair Value Hierarchy Disclosures

For those instruments recognised at fair value in the Statement of Financial Position, fair values are determined according to the following hierarchy:

- (a) Quoted market price (level 1) – financial instruments with quoted prices for identical instruments in active markets;
- (b) Valuation techniques using observable inputs (level 2) – financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable; and
- (c) Valuation techniques with significant non-observable inputs (level 3) – financial instruments valued using models where one or more significant inputs are not observable.

The following tables analyse the basis of the value of classes of NZDF's financial instruments measured at fair value in the Statement of Financial Position:

30 June 12	Quoted Market Price (\$000)	Observable Inputs (\$000)	Significant non Observable Inputs (\$000)	Total (\$000)
Assets				
Derivative financial instruments	-	1,488	-	1,488
Liabilities				
Derivative financial instruments	-	4,573	-	4,573

30 June 13	Quoted Market Price (\$000)	Observable Inputs (\$000)	Significant non Observable Inputs (\$000)	Total (\$000)
Assets				
Derivative financial instruments	-	1,445	-	1,445
Liabilities				
Derivative financial instruments	-	1,326	-	1,326

There were no transfers between the different levels of the fair value hierarchy.

Note 25: Categories of Financial Instruments

30 June 12		30 June 13
Actual (\$000)		Actual (\$000)
	Loans and Receivables	
79,109	Cash and cash equivalents	94,425
416,280	Debtors and other receivables	526,924
495,389	Total Loans and Receivables	621,349
	Fair Value through Profit and Loss	
1,488	Derivative financial instrument assets	1,445
(4,573)	Derivative financial instrument liabilities	(1,326)
(3,085)	Total Fair Value through Profit and Loss	119
	Financial Liabilities Measured at Amortised Cost	
189,251	Creditors and other payables	270,251
189,251	Total Financial Liabilities Measured at Amortised Cost	270,251

Note 26: Derivative Financial Instruments

The notional principal amounts of outstanding forward exchange contracts as at 30 June 2013 and 30 June 2012 are noted below. The fair value of forward exchange contracts has been determined using a discounted cash flows valuation technique based on quoted market rates.

Currency	30 June 12	30 June 13
Australia (AUD)	17,020,000	34,420,000
Canada (CAD)	900,000	1,937,000
Euro (EUR)	4,500,000	3,230,000
Great Britain (GBP)	9,930,000	13,610,000
Norway (NOK)	-	6,849,000
Sweden (SEK)	14,558,226	5,736,730
USA (USD)	55,445,000	68,570,000

Note 27: Related Party Information

The NZDF is a wholly owned entity of the Crown. The Government significantly influences the roles of the NZDF as well as being its major source of revenue.

The NZDF enters into numerous transactions with other government departments, Crown agencies and state-owned enterprises on an arm's length basis. Purchases from government-related entities for the year ended 30 June 2013 was \$208.0 million (2012: \$194.9 million) and included capital purchases from the Ministry of Defence of \$180.6 million (2012: \$154.3 million), with major platform maintenance upgrades from Air NZ and electricity and gas from Genesis totalling \$27.4 million (2012: \$40.6 million).

For the year ended 30 June 2013, the total accounts receivable balance for government related entities was \$4.4 million and included \$4.1 million owed by the Ministry of Defence to the NZDF. The remaining balance of \$0.3 million is owed by various other government related entities.

The total accounts payable balance for the year ended 30 June 2013 for government related entities was \$80.5 million, of which \$79.1 million was owed to the Ministry of Defence, \$1.004 million to Safe Air Ltd and \$0.455 million to Airways Corporation NZ Ltd.

No provision has been required, nor any expense recognised for the impairment of receivables from related parties.

Service Museums and Non Public Funds

Financial Performance of Service Museums and Non Public Funds

30 June 12		30 June 13
Actual (\$000)		Actual (\$000)
	Income	
3,378	Non public funds	3,973
6,956	Service museums	1,513
10,334	Total Income	5,486
	Expenditure	
2,174	Non public funds	2,448
1,254	Service museums	1,142
3,428	Total Expenditure	3,590
6,906	Total Net Surplus	1,896

Financial Position of Service Museums and Non Public Funds

30 June 12		30 June 13
Actual (\$000)		Actual (\$000)
	Assets	
18,413	Current assets - non public funds	20,139
8,323	Current assets - service museums	8,383
4,381	Property, plant and equipment - non public funds	3,613
9,365	Property, plant and equipment - service museums	9,207
14,906	Investments – non public funds	10,531
210	Investments – service museums	214
9,704	Property investment – non public funds	10,414
224	Museum collections – non public funds	738
37,310	Museum collections – service museums	28,671
102,836	Total Assets	91,910
	Liabilities	
1,449	Liabilities – non public funds	3,339
1,277	Liabilities – museums	3,281
2,726	Total Liabilities	6,620
100,110	Total Equity	85,290

Service Museums

The Service Museums are independent entities established by Trust Deed. The Boards have been updating the Trust Deeds to reflect the current operating rules and processes that will reinforce trustees' independence. The NZDF is represented on the governing bodies of these entities.

The NZDF provides support to Service Museums in the form of payment of some operating costs and provision of administrative support and facilities, for which no charge is made.

The Service Museums' collections are owned by independent trusts and have been valued at cost or market value between June 2008 and June 2012. The collections tend to have an indefinite life and are not of a depreciable nature, therefore depreciation is not applicable.

The Navy and Army collections were valued by Robin Watt and Associates, cultural and forensic specialists.

The Air Force collection was valued by the Trustees of the Air Force Museum Trust Board.

Non Public Funds

A number of non public funds (NPF) have been established under the Defence Act 1990 Section 58. These funds are established for the benefit of service personnel and are specifically defined as not being public money under the Public Finance Act 1989. Governance arrangements are generally established under Defence Force Orders issued by the Chief of Defence Force or Service Chiefs. The beneficiaries of these NPF are the service personnel who are the sole contributors to them. NPF include a wide range of entities such as sports and recreational funds, messes, unit funds, welfare funds, clubs for ranks, accommodation funds and benevolent funds.

The NZDF provides support to NPF in the form of administrative support and facilities, for which no charge is made. There are no other transactions with NPF.

Key Management Personnel

30 June 12 Actual (\$000)		30 June 13 (\$000)
3,131	Salaries and short term employee benefits	3,186
(13)	Other long term benefits	-
3,118	Total Key Management Personnel	3,186

Key management personnel compensation includes the Chief of Defence Force, the Vice Chief of Defence Force, Chief of Navy, Chief of Army, Chief of Air Force, Commander of Joint Forces, Warrant Officer of the NZDF, Chief Operating Officer and Chief Financial Officer.

The Defence Act 1990 sets out the statutory military operational responsibilities for the Chief of Defence Force and the Chief of Navy, Chief of Army, Chief of Air Force and Commander of Joint Forces. Civilian members of the Defence Force Leadership Board do not have military operational responsibilities.

Other

The former Chief Financial Officer, who retired in December 2012, was a director of and, with a close family member, had a financial interest in three companies that deal with the NZDF. The relationships pre-dated his term of employment and had been fully disclosed within the NZDF. The conflicts were managed as appropriate with all dealings being conducted on commercial terms and on an arms length basis.

The companies were Wright Technologies Ltd, who supplied marine electronic services to the value of \$171,989 up to 31 December 2012 (2012: \$522,552 - whole year); Wright Satellite Connections Ltd for mobile satellite communication to the value of \$307,795 up to 31 December 2012 (2012: \$515,460 - whole year); and Environmental Laboratory Services Ltd, who conducted chemical analysis to the value of \$5,072 for the six months to 31 December 2012 (2012: \$15,577 - whole year).

Note 28: Reconciliation of Net Surplus/ (Deficit) to Net Cash Flow from Operating Activities for the Year Ended 30 June 2013

30 June 12		30 June 13
Actual (\$000)		Actual (\$000)
31,034	Net Operating Surplus / (Deficit)	42,528
	Add / (less) Non - Cash Items	
315,132	Depreciation and amortisation expense	335,209
1,912	Increase / (Decrease) in the provision for stock obsolescence	(31,478)
(279)	Increase / (Decrease) in provision for doubtful debts	-
8,406	Increase / (Decrease) in non - current employee entitlements	(33,155)
(818)	Increase / (Decrease) in non - current finance leases	(1,369)
(1,456)	Increase / (Decrease) in non - current derivatives	(1,571)
(14,001)	Realised foreign exchange gain/(loss)	6,803
308,896	Total Non - Cash Items	274,439
	Add / (less) Items Classified as Investing Activities	
(9,032)	(Gains) / losses on disposal of property, plant and equipment	2,487
(9,032)	Total Investing Activity Items	2,487
	Add / (less) Movements in Working Capital Items	
(72,834)	(Increase) / Decrease in debtors and receivables	(110,643)
(1,317)	(Increase) / Decrease in inventories	13,443
(5,191)	(Increase) / Decrease in prepayments	(9,753)
37,859	Increase / (Decrease) in creditors and other payables	19,306
2,302	Increase / (Decrease) in current employee entitlements	11,875
325	Increase / (Decrease) in current finance leases	380
(6,519)	Increase / (Decrease) in current derivatives	(1,633)
5,830	Increase / (Decrease) in provisions	796
(39,545)	Net Movements in Working Capital Items	(114,841)
291,353	Net Cash from Operating Activities	204,613

Note 29: Appropriation Movements

		(\$000)	(\$000)
Vote: Defence Force			
Main Estimates as at 1 July 2012			2,404,239
October Baseline Update – through Revenue Crown			
Operationally Deployed Forces	CAB Min (12) 31/11	(1,050)	
Expense Transfers from 2011/12 to 2012/13	SEC Min (12) 9/5	12,948	
			11,898
March Baseline Update – through Revenue Crown			
Operationally Deployed Forces	CAB Min (13) 4/8	(93)	
Vote Transfer to Vote Veteran's Affairs Defence Force	CO (11) 6	(225)	
			(318)
Budget 2013 - through Revenue Crown			
Expense Transfers to 2013/14		(175,000)	
			(175,000)
Total Appropriation Changes			(163,420)
Total Supplementary Estimate of Appropriations			2,240,819
Vote: Veterans' Affairs - Defence Force			
Main Estimates as at 1 July 2012			8,729
October Baseline Update - through Revenue Crown			
Government Response to the Law Commission Report on War Pensions Act 1954	SOC Min (12) 21/6A&C	150	
			150
March Baseline Update – through Revenue Department			
Vote Transfers from Vote Defence Force	CO (11) 6	225	
			225
Total Appropriation Changes			375
Total Supplementary Estimate of Appropriations			9,104

Non-Departmental Financial Statements for the Year Ended 30 June 2013

Statement of Non-Departmental Expenditure and Appropriations for the year ended 30 June 2013

Vote: Veterans' Affairs – Defence Force

30 June 12		30 June 13	30 June 13	30 June 13	30 June 13	30 June 13
Actual	Description	Main Estimates	Supplementary Estimates	Section 26A Changes	Total Appropriation	Actual
(\$000)		(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
	Non-Departmental Output Classes					
742	Development & Maintenance of Services Cemeteries	746	746	-	746	591
1,373	Support for Veterans and Their Families	1,027	1,177	-	1,177	1,010
2,115	Total Non-Departmental Output Appropriations	1,773	1,923	-	1,923	1,601
	Other Expenses to be Incurred by the Crown					
290	Ex Gratia Payments	1,300	1,150	-	1,150	228
217	Debt Write-down for Benefits and Other Unrequited Expenses	250	250	-	250	242
507	Total Other Expenses to be Incurred by the Crown	1,550	1,400	-	1,400	470
	Benefits and Other Unrequited Expenses to be Incurred by the Crown					
128,685	War Disablement Pensions	124,140	125,851	-	125,851	123,107
19,862	Medical Treatment	21,070	20,179	-	20,179	17,367
6	Interest Concessions for Land and Buildings	4	4	-	4	3
26	Special Annuities	27	36	-	36	33
148,579	Total Benefits and Other Unrequited Expenses to be Incurred by the Crown Appropriations	145,241	146,070	-	146,070	140,510
-	Other Non-Departmental Expenses					
-	Non-deductible GST	-	-	-	-	251
	Total Other Non-Departmental Expenses	-	-	-	-	251
151,201	Total Non-Departmental Expenditure	148,564	149,393	-	149,393	142,832

Veterans' Affairs New Zealand is responsible for making payments for services supplied under the above non-departmental output classes and on behalf of the Minister of Veterans' Affairs for monitoring the performance of non-departmental providers.

Schedule of Non-Departmental Expenditure for the year ended 30 June 2013

30 June 12		30 June 13
Actual (\$000)		Actual (\$000)
	Vote: Veterans Affairs - Defence Force	
128,399	War Disablement Pensions	123,107
19,825	Medical Treatment	17,367
1,242	Case Management Costs	1,010
657	Works Maintenance	591
283	Non-Recurring Expenses	228
546	Non-Deductible GST	251
217	Debt Write-Down for Benefits and Other Unrequited Expenses	242
26	Special Annuities	33
6	Interest Concessions for Land and Buildings	3
151,201	Total Non-Departmental Expenditure	142,832

Schedule of Non-Departmental Assets as at 30 June 2013**Vote: Veterans' Affairs – Defence Force**

30 June 12			30 June 13
Actual (\$000)		Note	Actual (\$000)
	Current Non-Departmental Assets		
6,670	Cash and cash equivalents		8,323
737	Debtors and other receivables	2	2,694
7,407	Total Current Non-Departmental Assets		11,017
	Non - Current Non-Departmental Assets		
3,870	Debtors and other receivables	2	3,870
3,870	Total Non - Current Non-Departmental Assets		3,870
11,277	Total Non-Departmental Assets		14,887

Schedule of Non-Departmental Liabilities as at 30 June 2013**Vote: Veterans' Affairs – Defence Force**

30 June 12			30 June 13
Actual (\$000)		Note	Actual (\$000)
	Current Non-Departmental Liabilities		
3,154	Creditors and payables	3	6,518
3,154	Total Non-Departmental Liabilities		6,518

There are no non-departmental commitments, contingent assets or contingent liabilities at 30 June 2012 (2011: nil).

Statement of Non-Departmental Unappropriated Expenditure for the Year Ended 30 June 2013

There was no unappropriated expenditure for Vote: Veterans' Affairs – Defence Force.

Notes to the Non-Departmental Financial Statements

Note 1: Statement of Accounting Policies for the year ended 30 June 2013

Reporting Entity

Note 1: Statement of Accounting Policies for the year ended 30 June 2013

Reporting Entity

These non-departmental schedules and statements present financial information on public funds managed by the New Zealand Defence Force on behalf of the Crown.

These non departmental balances are consolidated into the Financial Statements of the Government for the year ended 30 June 2013. For a full understanding of the Crown's financial position, financial performance and cash flows for the year, refer to the Financial Statements of the Government.

Basis of Preparation

The non-departmental schedules and statements have been prepared in accordance with the accounting policies of the Financial Statements of the Government and Treasury Instructions.

Measurement and recognition rules applied in the preparation of these non-departmental schedules and statements are consistent with New Zealand generally accepted accounting practice as appropriate for public benefit entities.

Goods and Services Tax (GST)

The financial statements and schedules are prepared on a GST exclusive basis except for Non-Departmental Output Classes: Development and Maintenance of Service Cemeteries, Support for Veterans and Their Families, Ex Gratia Payments, War Disablement Pensions and Medical Treatment in the Statement of Non-Departmental Expenditure and Appropriations and Debtors and Receivables and Creditors and Payables in the Schedules of Non-Departmental Assets and Liabilities, which are GST inclusive.

Cash and Cash Equivalents

Cash means cash balances on hand and funds on deposit with banks.

Debtors and Receivables

Debtors and other receivables are recorded at their fair value after providing for impairment. Impairment of a receivable is established when there is objective evidence that the NZDF will not be able to collect amounts due according to the original terms of the receivable.

Foreign Currency

Foreign currency transactions are converted to New Zealand currency using the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities in foreign currencies at reporting date are translated at the closing mid-point exchange rate prevailing at that date.

Gains and losses resulting from foreign currency transactions are recognised in the Schedule of Non-Departmental Expenditure.

Financial Instruments

The NZDF is party to financial instruments as part of its normal operations. These financial instruments include cash balances, receivables, payables and foreign currency forward exchange contracts.

All financial instruments are recognised in the Schedule of Non-Departmental Assets and Liabilities. All revenue and expenses in relation to all financial instruments are recognised in the Statement of Non-Departmental Expenditure and Appropriations.

Budget Figures

The Budget figures are consistent with the financial information presented in the Main Estimates. In addition, the financial statements also present the updated information from the Supplementary Estimates.

Note 2: Debtors and Other Receivables

30 June 12		30 June 13
Actual (\$000)		Actual (\$000)
737	Other Receivables	2,694
737	Total Current Debtors and Receivables	2,694
2,725	Loan to Montecillo Trust	2,725
225	Loan to Rannerdale Trust	225
920	Loan to Vietnam Veterans' and their Families Trust	920
3,870	Total Non-Current Debtors and Receivables	3,870
4,607	Total Debtors and Receivables	6,564

As at 30 June 2013, all overdue receivables have been assessed for impairment and appropriate provisions have been applied, as detailed below.

30 June 12				30 June 13		
Gross (\$000)	Impairment (\$000)	Net (\$000)		Gross (\$000)	Impairment (\$000)	Net (\$000)
147	-	147	Past due to 30 days	2,213	-	2,213
36	-	36	Past due 31 - 60 days	84	-	84
10	-	10	Past due 61 - 90 days	76	-	76
544	-	544	Past due >91 days	321	-	321
737	-	737	Total	2,694	-	2,694

Note 3: Creditors and Other Payables

30 June 12		30 June 13
Actual (\$000)		Actual (\$000)
93	Trade creditors	-
3,061	Other short term liabilities	6,518
3,154	Total Creditors and Payables	6,518

Creditors and other payables are non-interest bearing and are normally settled within 30 day terms, therefore the carrying value of creditors and other payables approximates their fair value.

Note 4: Financial Instruments***Credit Risk***

Credit risk is the risk that a third party will default on its obligations, causing the Crown to incur a loss.

Credit risk arises from debtors and deposits with banks.

The maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents and net debtors. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired. The NZDF is only permitted to deposit funds with Westpac, a registered bank.

Liquidity Risk

Liquidity risk is the risk that the NZDF will encounter difficulty raising liquid funds to meet commitments as they fall due.

In meeting its liquidity requirements, the NZDF closely monitors its forecast cash requirements with expected cash draw downs from the NZDMO. The NZDF maintains a target level of available cash to meet liquidity requirements.

The tables on the next page analyses the NZDF's financial instrument that will be settled based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

30 June 12	Less than 6 Months (\$000)	Between 6 Months and 1 Year (\$000)	Between 1 Year and 5 Years (\$000)	Over 5 Years (\$000)
Assets				
Current Assets				
Cash and cash equivalents	6,670	-	-	-
Debtors and other receivables	737	-	-	-
Total Current Assets	7,407	-	-	-
Non Current Assets				
Debtors and other receivables	-	-	-	3,870
Total Assets	7,407	-	-	3,870
Liabilities				
Current Liabilities				
Creditors and other payables	3,154	-	-	-
Total Current Liabilities	3,154	-	-	-
Total Liabilities	3,154	-	-	-
Net Liquidity of Continuing Operations	4,253	-	-	3,870

30 June 13	Less than 6 Months (\$000)	Between 6 Months and 1 Year (\$000)	Between 1 Year and 5 Years (\$000)	Over 5 Years (\$000)
Assets				
Current Assets				
Cash and cash equivalents	8,323	-	-	-
Debtors and other receivables	2,694	-	-	-
Total Current Assets	11,017	-	-	-
Non Current Assets				
Debtors and other receivables	-	-	-	3,870
Total Assets	11,017			3,870
Liabilities				
Current Liabilities				
Creditors and other payables	6,518	-	-	-
Total Current Liabilities	6,518	-	-	-
Total Liabilities	6,518	-	-	-
Net Liquidity of Continuing Operations	4,499	-	-	3,870

Note 5: Categories of Financial Instruments

30 June 12		30 June 13
Actual (\$000)		Actual (\$000)
	Loans and Receivables	
6,670	Cash and cash equivalents	8,323
4,607	Debtors and other receivables	6,564
11,277	Total Loans and Receivables	14,887
	Financial Liabilities Measured at Amortised Cost	
3,154	Creditors and other payables	6,518
3,154	Total Financial Liabilities Measured at Amortised Cost	6,518