

Information Supporting the Supplementary Estimates

Vote Defence Force

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

ADMINISTERING DEPARTMENT: New Zealand Defence Force

MINISTER RESPONSIBLE FOR NEW ZEALAND DEFENCE FORCE: Minister of Defence

Part 1 - Summary of the Vote

Part 1.3 - Trends in the Vote

Summary of Financial Activity

	2009/10				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
Appropriations					
Output Expenses	2,149,823	72,544	-	72,544	2,222,367
Benefits and Other Unrequited Expenses	-	N/A	-	-	-
Borrowing Expenses	-	-	-	-	-
Other Expenses	-	93,300	-	93,300	93,300
Capital Expenditure	677,852	(157,852)	-	(157,852)	520,000
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Total Appropriations	2,827,675	7,992	-	7,992	2,835,667
Crown Revenue and Capital Receipts					
Tax Revenue	-	N/A	-	-	-
Non-Tax Revenue	-	N/A	-	-	-
Capital Receipts	-	N/A	-	-	-
Total Crown Revenue and Capital Receipts	-	N/A	-	-	-

Part 2 - Details and Expected Performance for Output Expenses

Part 2.1 - Departmental Output Expenses

Fixed Wing Transport Forces (M22)

Scope of Appropriation

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

Reasons for Change in Appropriation

This appropriation will increase by \$1.524 million to \$228.014 million in 2009/10. This increase relates to:

- an increase as a result of asset revaluation (\$4.429 million)
- an expense transfer (\$917,000) from 2008/09 as a result of 2009/10 operating pressures
- a decrease in input costs identified for NZDF resource reprioritisation (\$3.113 million), and
- an expense transfer (\$709,000) to 2010/11 as a result of NZDF capital project delays.

Land Combat Forces (M22)

Scope of Appropriation

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

Reasons for Change in Appropriation

This appropriation will increase by \$11.949 million to \$385.711 million in 2009/10. This increase relates to:

- an increase as a result of asset revaluation (\$13.227 million)
- an expense transfer (\$2.775 million) from 2008/09 as a result of 2009/10 operating pressures
- a decrease in input costs identified for NZDF resource reprioritisation (\$1.907 million), and
- an expense transfer (\$2.146 million) to 2010/11 as a result of NZDF capital project delays.

Land Combat Service Support Forces (M22)

Scope of Appropriation

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

Reasons for Change in Appropriation

This appropriation will increase by \$1.356 million to \$154.182 million in 2009/10. This increase relates to:

- an increase as a result of asset revaluation (\$2.309 million)
- an expense transfer (\$1.197 million) from 2008/09 as a result of 2009/10 operating pressures
- a decrease in input costs identified for NZDF resource reprioritisation (\$1.225 million), and
- an expense transfer (\$925,000) to 2010/11 as a result of NZDF capital project delays.

Land Combat Support Forces (M22)

Scope of Appropriation

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

Reasons for Change in Appropriation

This appropriation will increase by \$5.747 million to \$207.441 million in 2009/10. This increase relates to:

- an increase as a result of asset revaluation (\$3.476 million)
- an expense transfer (\$1.474 million) from 2008/09 as a result of 2009/10 operating pressure
- an increase in input costs met from NZDF resource reprioritisation (\$2.087 million)
- a decrease for a cross Vote initiative (\$150,000), and
- an expense transfer (\$1.140 million) to 2010/11 as a result of NZDF capital project delays.

Maritime Patrol Forces (M22)

Scope of Appropriation

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

Reasons for Change in Appropriation

This appropriation will increase by \$6.119 million to \$173.995 million in 2009/10. This increase relates to:

- an increase as a result of asset revaluation (\$4.208 million)
- an expense transfer (\$814,000) from 2008/09 as a result of 2009/10 operating pressures
- an increase in input costs met from NZDF resource reprioritisation (\$1.727 million), and
- an expense transfer (\$630,000) to 2010/11 as a result of NZDF capital project delays.

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

Scope of Appropriation

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

Reasons for Change in Appropriation

This appropriation will increase by \$292,000 to \$16.628 million in 2009/10. This increase relates to:

- an increase as a result of asset revaluation (\$204,000)
- an expense transfer (\$36,000) from 2008/09 as a result of 2009/10 operating pressures
- an increase in input costs met from NZDF resource reprioritisation (\$79,000), and
- an expense transfer (\$27,000) to 2010/11 as a result of NZDF capital project delays.

Military Policy Development, Coordination and Advice (M22)

Scope of Appropriation

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

Reasons for Change in Appropriation

This appropriation will increase by \$1.326 million to \$14.340 million in 2009/10. This increase relates to:

- an increase as a result of asset revaluation (\$8,000)
- a decrease as a result of a cross Vote initiative (\$52,000), and
- an increase in input costs including a military intelligence initiative, met from NZDF resource reprioritisation (\$1.370 million).

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

Scope of Appropriation

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

Reasons for Change in Appropriation

This appropriation will increase by \$980,000 to \$26.491 million in 2009/10. This increase relates to:

- an increase as a result of asset revaluation (\$432,000)
- an expense transfer (\$114,000) from 2008/09 as a result of 2009/10 operating pressures
- an increase in input costs met from NZDF resource reprioritisation (\$522,000), and
- an expense transfer (\$88,000) to 2010/11 as a result of NZDF capital project delays.

Miscellaneous Support Activities MCOA (M22)

Scope of Appropriation

Support to Limited Service Volunteer Scheme

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

Support to Mutual Assistance Programme (MAP)

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

Support to New Zealand Cadet Forces

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

Support to Service Military Museums

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

Support to Youth Development

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

Explanation for Use of Multi-Class Output Expense Appropriation

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

Expenses and Revenue

	2009/10		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	17,342	4,370	21,712
Support to Limited Service Volunteer Scheme	4,267	(2,576)	1,691
Support to Mutual Assistance Programme (MAP)	1,893	153	2,046
Support to New Zealand Cadet Forces	3,833	(247)	3,586
Support to Service Military Museums	7,349	(52)	7,297
Support to Youth Development	-	7,092	7,092
Revenue from Crown	15,630	(899)	14,731
Support to Limited Service Volunteer Scheme	2,555	(1,889)	666
Support to Mutual Assistance Programme (MAP)	1,893	153	2,046
Support to New Zealand Cadet Forces	3,833	(247)	3,586
Support to Service Military Museums	7,349	(52)	7,297
Support to Youth Development	-	1,136	1,136
Revenue from Other	1,712	5,269	6,981
Support to Limited Service Volunteer Scheme	1,712	(687)	1,025
Support to Mutual Assistance Programme (MAP)	-	-	-
Support to New Zealand Cadet Forces	-	-	-
Support to Service Military Museums	-	-	-
Support to Youth Development	-	5,956	5,956

Reasons for Change in Appropriation

This appropriation will increase by \$4.370 million to \$21.712 million in 2009/10. This increase relates to:

- a decrease of \$2.576 million to \$1.691 million in the Support to Limited Service Volunteer Scheme as a result of a decision to transfer activities to a new Support to Youth Development appropriation
- an increase of \$7.092 million to \$7.092 million for a new Support to Youth Development appropriation as a result of a transfer from the Support to Limited Service Volunteer Scheme, and new baseline funding
- an increase of \$153,000 in Support to Mutual Assistance Programme (MAP) input costs
- a decrease of \$247,000 in Support to New Zealand Cadet Forces input costs, and
- a decrease of \$52,000 in Support to Service Military Museums input costs.

Output Performance Measures and Standards

Performance Measures	2009/10		2010/11
	Budgeted Standard	Estimated Actual Standard	Budget Standard
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	Delivered	Satisfied
<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	Deliver
Support to Mutual Assistance Programme (MAP):			
<ul style="list-style-type: none"> 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. 	140 - 180	145	130 - 160
<ul style="list-style-type: none"> 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. 	Deliver	Delivered	Deliver
<ul style="list-style-type: none"> 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. 	Monitor and Analyse	Monitor and Analyse	Monitor and Analyse
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.			
<ul style="list-style-type: none"> Number of courses conducted for NZCF officers / (representing the number of officer training days). 	37 / (3,131)	32 (2,600)	31 (2,960)
<ul style="list-style-type: none"> Number of courses conducted for NZCF cadets / (representing the number of cadet training days). (Training days do not include community projects completed at the local level). 	41 / (11,213)	43 (10,600)	48 (11,447)
<ul style="list-style-type: none"> All courses conducted will meet the requirements of the NZ Qualifications Authority (NZQA) framework, where appropriate. 	Meet	Met	Meet
<ul style="list-style-type: none"> Meet the training, course and exercise objectives of the NZ Cadet Forces. 	Meet	Met	Meet
<ul style="list-style-type: none"> Positive feedback/reports from Area Coordinators, Cadet Unit Commanders and the public and overall evaluation by the Commandant NZCF. 	Positive Feedback	Positive Feedback	Positive Feedback

Performance Measures	2009/10		2010/11
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Support to Youth Development:			
<ul style="list-style-type: none"> 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). 	5 courses	6 courses at Burnham and 1 in Wellington	16 courses (Increase over 2009/10 reflects the full implementation of the Government-initiated Youth Opportunities Package)
<ul style="list-style-type: none"> Number of trainees (selected by the MSD and between the ages of 17 and 25 years) trained on LSV courses. 	Up to 720 trainees	542 at Burnham and Wellington	Up to 1,875 trainees across the three centres (Auckland, Wellington and Burnham)
<ul style="list-style-type: none"> Number of Service Academies in high schools supported per year in support of the Ministry of Education. 	Not Specified	11 Service Academies	19 Service Academies (Increase over 2009/10 reflects the Government-initiated Youth Opportunities Package).
<ul style="list-style-type: none"> Number of youth passing through the Service Academies per year. 	Not Specified	Around 220	Around 380
<ul style="list-style-type: none"> 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. 	Not Specified	A Concept Trial Camp was conducted at Te Puna Wai Child, Youth and Family facility near Burnham in September/October 2009.	3 Camps will be supported.
<ul style="list-style-type: none"> Number of youth passing through the Military-style Activity Camps per year. 	Not Specified	8 youths completed the trial camp in the South Island.	Up to 40 youths per year
<ul style="list-style-type: none"> Total number of NZDF staff (military and civilian) involved in direct support of all Youth Development Schemes over the year. 	37 military and 4 civilian staff	37 and 4, plus 25 recruited during Jan - Jun 10	125 military and 16 civilian staff
Support to Service Military Museums:			
<ul style="list-style-type: none"> Maintain current Service Museums at Devonport (Navy), Waiouru (Army), and Wigram (Air Force). 	Maintain	Maintained	Maintain
<ul style="list-style-type: none"> 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, her Armed Forces and visitors to our nation, to sector best practice. ("Collection Management" includes 'preservation'). 	Provide	Provided	Provide
<ul style="list-style-type: none"> 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. 	Meet	Met	Meet
<ul style="list-style-type: none"> Each museum is subject to an annual review against Service Museum benchmarks and periodic reviews against the New Zealand Museum Standards Scheme. 	Review	Reviewed	Review
<ul style="list-style-type: none"> 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. 	Yes	Yes	Yes

Conditions on Use of Appropriation

Reference	Conditions
Defence Act 1990 Part VII	Details regarding the responsibilities of the Minister of Defence and the Chief of Defence, relating to the New Zealand Cadet Forces, and about those forces generally, are contained in Sections 74 - 80 of the Defence Act 1990.

Naval Combat Forces (M22)

Scope of Appropriation

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

Reasons for Change in Appropriation

This appropriation will increase by \$22.161 million to \$406.876 million in 2009/10. This increase relates to:

- an increase as a result of asset revaluation (\$12.515 million)
- an expense transfer (\$2.617 million) from 2008/09 as a result of 2009/10 operating pressures
- an increase in input costs met from NZDF resource reprioritisation (\$9.053 million), and
- an expense transfer (\$2.024 million) to 2010/11 as a result of NZDF capital project delays.

Naval Helicopter Forces (M22)

Scope of Appropriation

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

Reasons for Change in Appropriation

This appropriation will increase by \$1.284 million to \$83.921 million in 2009/10. This increase relates to:

- an increase as a result of asset revaluation (\$3.017 million)
- an expense transfer (\$437,000) from 2008/09 as a result of 2009/10 operating pressures
- a decrease in input costs identified for NZDF resource reprioritisation (\$1.832 million), and
- an expense transfer (\$338,000) to 2001/11 as a result of NZDF capital project delays.

Naval Patrol Forces (M22)

Scope of Appropriation

Provision of the capabilities of the Offshore and Inshore Patrol Vessels (OPVs, 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 EEZ, in accordance with NZDF Output Plan specifications. Once in service the OPVs will also be prepared to conduct sovereignty and resource protection patrol operations in the Southern Ocean, Ross Dependency, South Pacific region and further afield when directed.

Reasons for Change in Appropriation

This appropriation will decrease by \$6.690 million to \$102.196 million for 2009/10. This increase relates to:

- an increase as a result of asset revaluation (\$1.963 million)
- an expense transfer (\$1.134 million) from 2008/09 as a result of 2009/10 operating pressures
- a decrease in input costs identified for NZDF resource reprioritisation (\$8.727 million)
- an expense transfer (\$560,000) to 2010/11 as a result of NZDF capital project delays, and
- a decrease for a cross Vote initiative (\$500,000).

Naval Support Forces (M22)

Scope of Appropriation

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

Reasons for Change in Appropriation

This appropriation will increase by \$9.890 million to \$108.386 million in 2009/10. This increase relates to:

- an increase as a result of asset revaluation (\$3.114 million)
- an expense transfer (\$708,000) from 2008/09 as a result of 2009/10 operating pressures
- an increase in input costs met from NZDF resource reprioritisation (\$6.616 million), and
- an expense transfer (\$548,000) to 2010/11 as a result of NZDF capital project delays.

Operationally Deployed Forces Annual (M22)

Scope of Appropriation

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

Reasons for Change in Appropriation

This appropriation will increase by \$14.041 million to \$95.626 million in 2009/10 as a result of the final level of deployed force commitment agreed by Government.

Rotary Wing Transport Forces (M22)

Scope of Appropriation

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

Reasons for Change in Appropriation

This appropriation will decrease by \$5.735 million to \$129.734 million for 2009/10. This increase relates to:

- an increase as a result of asset revaluation (\$2.176 million)
- a decrease in input costs identified for NZDF resource reprioritisation (\$7.593 million), and
- an expense transfer (\$318,000) to 2010/11 as a result of NZDF capital project delays.

Special Operations Forces (M22)

Scope of Appropriation

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

Reasons for Change in Appropriation

This appropriation will increase by \$3.930 million to \$67.114 million in 2009/10. This increase relates to:

- an increase as a result of asset revaluation (\$696,000)
- an expense transfer (\$618,000) from 2008/09 as a result of 2009/10 operating pressures
- an increase in input costs met from NZDF resource reprioritisation (\$3.163 million), and
- an expense transfer (\$547,000) to 2010/11 as result of NZDF capital project delays.

Part 5 - Details and Expected Results for Other Expenses

Part 5.1 - Departmental Other Expenses

Asset Write-Offs (M22)

Scope of Appropriation

To provide for the expensing of capitalised items that have no ongoing utility.

Reasons for Change in Appropriation

This appropriation will increase by \$3.300 million to \$3.300 million in 2009/10. This increase relates to technical adjustments required to expense costs included in the New Zealand Defence Force Statement of Financial Position.

Revaluation Losses (M22)

Scope of Appropriation

This appropriation is limited to a write-down of Project PROTECTOR vessels.

Reasons for Change in Appropriation

This appropriation will increase by \$90 million to \$90 million in 2009/10. This increase relates to a write down in the value of the Royal New Zealand Navy Project Protector vessels before 30 June 2010.

Part 6 - Details and Expected Results for Capital Expenditure

Part 6.1 - Departmental Capital Expenditure

New Zealand Defence Force - Capital Expenditure PLA (M22)

Scope of Appropriation

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

Capital Expenditure

	2009/10		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	671,853	(158,136)	513,717
Intangibles	5,999	284	6,283
Other	-	-	-
Total Appropriation	677,852	(157,852)	520,000

Reasons for Change in Appropriation

This appropriation will decrease by \$157.852 million to \$520 million in 2009/10 as payments to the Ministry of Defence for purchases of Specialist Military Equipment (SME) have been less than expected.