

# *Vote Defence Force*

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MINISTER(S) RESPONSIBLE FOR APPROPRIATIONS: Minister of Defence (M22), Minister of Veterans' Affairs (M75)

ADMINISTERING DEPARTMENT: New Zealand Defence Force

MINISTER RESPONSIBLE FOR NEW ZEALAND DEFENCE FORCE: Minister of Defence

## Overview of the Vote

The Minister of Defence is responsible for Defence Force appropriations in Vote Defence Force, totalling just under \$2,874 million for the 2013/14 financial year.

This includes over \$2,279 million for departmental output expenses covering the following:

- a total of just over \$2,213 million on the Navy, Army and Air Force to provide the Government with a range of military forces to protect and advance the security and interests of New Zealand. These are held at appropriate levels of capability and preparedness to protect New Zealand's territorial sovereignty and to contribute to regional and global security efforts. Most of these forces will also contribute to a range of services to other government departments and the New Zealand community when not committed to operations overseas. The breakdown of appropriations, by Service, is as follows:
  - Navy: just under \$600 million
  - Army: just over \$810 million
  - Air Force: just over \$803 million
- a total of just under \$28 million on Operationally Deployed Forces
- a total of just over \$24 million on Multi-Class Output Appropriation (MCOA), Miscellaneous Support Activities, that includes Defence Force support to the Mutual Assistance Programme, the New Zealand Cadet Forces, Government-initiated Youth Development Schemes (Limited Service Volunteer Courses, Service Academies and Military-Style Activity Camps), and Service Military Museums, and
- a total of just under \$15 million on a MCOA for ministerial services, policy advice and strategic military intelligence.

Of the total output expenses, about \$29 million is expected to be funded from third-party revenue (Revenue Department and Revenue Other) in 2013/14. The remainder is funded from Revenue Crown.

There is also a capital expenditure appropriation of up to \$583 million for the purchase of assets.

The Minister of Veterans' Affairs is responsible for Veterans' Affairs appropriations in Vote Defence Force totalling just over \$156 million for the 2013/14 financial year covering the following:

- a total of just over \$11 million for departmental output expenses
- a total of just under \$2 million for non-departmental output expenses
- a total of just under \$142 million for benefits and other unrequited expenses, and
- a total of over \$1 million for non-departmental other expenses.

Details of these appropriations are set out in Parts 2-6 for Vote Defence Force in the *Information Supporting the Estimates of Appropriations*.

# Details of Appropriations

## Details of Annual and Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Departmental Output Expenses</b>			
<b><i>Airborne Surveillance and Response Forces (M22)</i></b>	182,184	182,184	<b>202,606</b>
This appropriation is limited to the provision of the capabilities of No 5 Squadron RNZAF (P-3K2 Orion aircraft) prepared to conduct airborne surveillance of New Zealand's EEZ, the Pacific region and the Southern Ocean, to conduct search and rescue missions, and to conduct maritime and land air operations, in accordance with NZDF Output Plan specifications. This output expense also includes some support services to the community.			
<b><i>Fixed Wing Transport Forces (M22)</i></b>	252,817	252,817	<b>263,888</b>
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.			
<b><i>Land Combat Forces (M22)</i></b>	335,126	335,126	<b>348,124</b>
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.			
<b><i>Land Combat Service Support Forces (M22)</i></b>	166,502	166,502	<b>170,020</b>
Provision of the capabilities of the Land Combat Service Support Forces (transport, medical, supply, maintenance support and movements force elements) prepared to support land operations and to contribute support services to the community, in accordance with NZDF Output Plan specifications.			
<b><i>Land Combat Support Forces (M22)</i></b>	212,150	212,150	<b>204,850</b>
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.			
<b><i>Littoral Warfare Support Forces (M22)</i></b>	33,162	33,162	<b>32,583</b>
This appropriation is limited to the provision of capabilities necessary 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. This capability is delivered through the combination of HMNZS Manawanui, and similar support vessels including Survey Motor Boat Adventure and the Rapid Environmental Assessment Boats Takapu and Tarapunga, the Mine Countermeasures Team, the Operational Diving Team and the Maritime Survey Team. This output expense also includes contributions to a range of services to other government agencies and the community.			
<b><i>Miscellaneous Support Activities MCOA (M22)</i></b>	26,021	26,021	<b>24,293</b>
<b><i>Support to Mutual Assistance Programme (MAP)</i></b>	4,695	4,695	5,087
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.			
<b><i>Support to New Zealand Cadet Forces</i></b>	3,355	3,355	2,887
This output class is limited to the provision of leadership and skills training for all approved New Zealand Cadet Force (NZCF) units.			
<b><i>Support to Service Military Museums</i></b>	6,168	6,168	5,421
This output class is limited to collection development, collection management and exhibits related to New Zealand's military history.			

Titles and Scopes of Appropriations by Appropriation Type	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Departmental Output Expenses - cont'd</b>			
<i>Support to Youth Development</i> 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).	11,803	11,803	10,898
<b>Naval Combat Forces (M22)</b> 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.	337,625	337,625	325,357
<b>Naval Helicopter Forces (M22)</b> 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.	86,511	86,511	90,994
<b>Naval Patrol Forces (M22)</b> This appropriation is limited to the provision of the capabilities of the Offshore and Inshore Patrol Vessels (OPVs, IPVs) prepared for the conduct of maritime operations in support of Domestic Tasks, and for the security and protection of New Zealand's economic border and EEZ, in accordance with NZDF Output Plan specifications. 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.	125,805	125,805	131,171
<b>Naval Support Forces (M22)</b> 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.	99,612	99,612	110,432
<b>Operationally Deployed Forces Annual (M22)</b> 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.	65,361	65,361	27,658
<b>Policy Advice And Other Services For Veterans MCOA (M75)</b>	-	-	11,137
<i>Administration Services</i> 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.	-	-	4,625
<i>Policy Advice</i> This output class is limited to the provision of policy 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.	-	-	220
<i>Services and Payments to Veterans</i> This output class is limited to the assessment, review and payment of entitlements and benefits (War Disablement Pensions and related concessions, and allowances and Surviving Spouse Pensions), the assessment and review of entitlement for burial in Service Cemeteries, the installation of ex-service memorials for eligible veterans, and the provision of case management for veterans and their families.	-	-	6,292

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Titles and Scopes of Appropriations by Appropriation Type</b>			
<b><i>Policy Advice and Related Outputs MCOA (M22)</i></b>	16,529	16,529	<b>14,519</b>
<i>Ministerial Services</i>	1,886	1,886	1,658
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.			
<i>Policy Advice</i>	1,725	1,725	1,746
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 Defence and the New Zealand Defence Force.			
<i>Strategic Military Intelligence</i>	12,918	12,918	11,115
This output class is limited to the collection, collation, analysis and dissemination of strategic military intelligence on areas of interest to New Zealand.			
<b><i>Rotary Wing Transport Forces (M22)</i></b>	221,200	221,200	<b>245,899</b>
This appropriation is limited to the 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. In addition, the Helicopter Transition Unit, while conducting capability development, will be able on occasion to provide limited domestic transport tasks using the NH-90 and A-109 helicopters.			
<b><i>Special Operations Forces (M22)</i></b>	80,214	80,214	<b>87,239</b>
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.			
<b>Total Departmental Output Expenses</b>	<b>2,240,819</b>	<b>2,240,819</b>	<b>2,290,770</b>
<b>Non-Departmental Output Expenses</b>			
<b><i>Development and Maintenance of Services Cemeteries (M75)</i></b>	-	-	<b>746</b>
This appropriation is limited to the development and maintenance of Services Cemeteries.			
<b><i>Support for Veterans and Their Families (M75)</i></b>	-	-	<b>1,027</b>
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.			
<b>Total Non-Departmental Output Expenses</b>	<b>-</b>	<b>-</b>	<b>1,773</b>
<b>Benefits and Other Unrequited Expenses</b>			
<b><i>Medical Treatment (M75)</i></b>	-	-	<b>19,367</b>
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.			
<b><i>Special Annuities (M75)</i></b>	-	-	<b>44</b>
This appropriation is limited to paying annuities authorised by Cabinet to recognise a special contribution by the recipient to New Zealand society.			

Titles and Scopes of Appropriations by Appropriation Type	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Benefits and Other Unrequited Expenses - cont'd</b>			
<i>War Disablement Pensions (M75)</i> 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. This appropriation is also limited to the 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 for interest concessions on land and buildings.	-	-	122,398
<b>Total Benefits and Other Unrequited Expenses</b>	-	-	141,809
<b>Departmental Other Expenses</b>			
<i>Disposal of Decommissioned Assets (M22)</i> This appropriation is limited to the disposal costs of decommissioned assets.	250	250	-
<b>Total Departmental Other Expenses</b>	250	250	-
<b>Non-Departmental Other Expenses</b>			
<i>Debt Write-Down for Benefits and Other Unrequited Expenses (M75)</i> 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.	-	-	250
<i>Ex-Gratia Payments and Comprehensive Medical Assessments for Vietnam Veterans (M75)</i> 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.	-	-	1,300
<b>Total Non-Departmental Other Expenses</b>	-	-	1,550
<b>Departmental Capital Expenditure</b>			
<i>New Zealand Defence Force - Capital Expenditure PLA (M22)</i> 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.	318,000	318,000	583,000
<b>Total Departmental Capital Expenditure</b>	318,000	318,000	583,000
<b>Total Annual and Permanent Appropriations</b>	2,559,069	2,559,069	3,018,902

# Details of Projected Movements in Departmental Net Assets

## New Zealand Defence Force

Details of Net Asset Schedule	2012/13 Estimated Actual \$000	2013/14 Projected \$000	Explanation of Projected Movements in 2013/14
Opening Balance	5,665,580	5,545,708	
Capital Injections	11,800	14,188	The change represents the comparative impact of the Protector Remediation Programme.
Capital Withdrawals	(119,430)	-	
Surplus to be Retained (Deficit Incurred)	(12,242)	-	
Other Movements	12,492	12,492	The change represents net foreign exchange losses at the forecast reference date.
<b>Closing Balance</b>	<b>5,558,200</b>	<b>5,572,388</b>	