

Vote Defence Force

APPROPRIATION MINISTER(S): Minister of Defence (M22), Minister of Veterans' Affairs (M75)

APPROPRIATION ADMINISTRATOR: New Zealand Defence Force

RESPONSIBLE MINISTER 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 over \$3,261 million for the 2017/18 financial year.

This includes just under \$2,548 million for departmental output expenses covering the following:

- a total of just under \$2,044 million on Air (\$766 million), Army (\$831 million) and Navy (\$447 million) capabilities prepared for joint operations 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, and
- a total of just over \$504 million on Multi-Category Appropriations (MCA) for Advice to the Government, Operations Contributing to New Zealand's Security, Stability and Interests, and the Protection of New Zealand and New Zealanders.

Of the total output expenses, about \$14 million is expected to be funded from third-party revenue (Revenue Department and Revenue Other) in 2017/18. The remainder is funded with Revenue Crown via Treasury.

There is a Departmental Other Expense of just under \$5 million for the loss on sale of physical assets.

There is also a capital expenditure appropriation of up to \$709 million for the purchase of assets.

The Minister of Veterans' Affairs is responsible for Veterans' Affairs appropriations in Vote Defence Force totalling just under \$127 million for the 2017/18 financial year.

Details of these appropriations are set out in Parts 2-4.

Details of Appropriations and Capital Injections

Annual and Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Departmental Output Expenses			
Air Force Capabilities Prepared for Joint Operations and Other Tasks (M22) This appropriation is limited to the generation of Air Force capabilities that achieve the levels of readiness for military operations and other tasks as directed by the Government of New Zealand.	743,953	740,601	766,189
Army Capabilities Prepared for Joint Operations and Other Tasks (M22) This appropriation is limited to the generation of Army capabilities that achieve the levels of readiness for military operations and other tasks as directed by the Government of New Zealand.	792,360	789,401	830,732
Navy Capabilities Prepared for Joint Operations and Other Tasks (M22) This appropriation is limited to the generation of Navy capabilities that achieve the levels of readiness for military operations and other tasks as directed by the Government of New Zealand.	443,943	442,265	446,792
Total Departmental Output Expenses	1,980,256	1,972,267	2,043,713
Departmental Other Expenses			
Loss on Sale of Physical Assets (M22) This appropriation is limited to providing for the loss on sale of certain New Zealand Defence Force commercial properties.	-	-	4,860
Recovery from the November 2016 Hurunui/Kaikōura Earthquakes (M22) This appropriation is limited to writing off, or making good damage to, departmental assets and re-establishing departmental operations following the 14 November 2016 Hurunui/Kaikōura earthquakes and aftershocks.	16,524	16,524	-
Total Departmental Other Expenses	16,524	16,524	4,860
Departmental Capital Expenditure			
New Zealand Defence Force - Capital Expenditure PLA (M22) 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.	520,000	520,000	708,219
Total Departmental Capital Expenditure	520,000	520,000	708,219
Non-Departmental Output Expenses			
Development and Maintenance of Services Cemeteries (M75) This appropriation is limited to the development and maintenance of Services Cemeteries.	746	746	746
Total Non-Departmental Output Expenses	746	746	746
Benefits or Related Expenses			
Assessments, Treatment & Rehabilitation (M75) This appropriation is limited to the payment of the costs of assessments, treatment (including associated aids and appliances), and social and vocational rehabilitation provided for under the Veterans' Support Act 2014 and associated regulations.	13,050	10,650	11,593
Special Annuities (M75) This appropriation is limited to paying annuities authorised by Cabinet to recognise a special contribution by the recipient to New Zealand society.	89	88	89
Veterans' Independence Programme (M75) This appropriation is limited to provision of services and support to assist eligible veterans and their families.	9,191	8,591	11,246

Titles and Scopes of Appropriations by Appropriation Type	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Benefits or Related Expenses - cont'd			
Veterans Support Entitlement (M75) This appropriation is limited to the payment of entitlements (in respect of the impairment or death of veterans determined to be related to qualifying operational service occurring at any time or qualifying routine service occurring prior to 1 April 1974) to veterans and their spouses, partners, children and dependants under the Veterans' Support Act 2014 and associated regulations and to the provision for grandparented loans of the differential between 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.	99,440	97,440	90,915
Total Benefits or Related Expenses	121,770	116,769	113,843
Non-Departmental Other Expenses			
Debt Write-Down for Benefits and Other Unrequited Expenses (M75) 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	250	250
Ex-Gratia Payments and Comprehensive Medical Assessments for Vietnam Veterans (M75) 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.	925	925	1,100
Fair Value Write Down on Veteran Trust Loans and Thirty-Year Endowment (M75) This appropriation is limited to providing for the fair value write down on the Veteran Trust loans and the thirty-year endowment to the Vietnam Veterans and their Families Trust.	203	203	203
Veteran Assistance to Attend Commemorations and Revisit Battlefields (M75) This appropriation is limited to providing assistance to veterans to enable them to attend official commemorations or revisit battlefields.	400	400	340
Grant Payments to Non-Government Organisations (M75) This appropriation is limited to grant payments to Non-Government Organisations in their support of veterans and their families.	175	175	-
Total Non-Departmental Other Expenses	1,953	1,953	1,893
Multi-Category Expenses and Capital Expenditure			
Advice to the Government MCA (M22) The overarching purpose of this appropriation is to support Ministers in discharging their portfolio responsibilities.	9,579	9,579	10,691
<i>Departmental Output Expenses</i>			
<i>Policy Advice</i> This category is limited to the 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.	3,657	3,657	3,723
<i>Situational Awareness</i> This category is limited to the provision of effective military intelligence services to the Government in support of decision-making for the defence and security of New Zealand.	4,004	4,004	5,015
<i>Supporting Ministers</i> This category is limited to the provision of services to Ministers to enable them to discharge their portfolio (other than policy decision-making) responsibilities.	1,918	1,918	1,953
Operations Contributing to New Zealand's Security, Stability and Interests MCA (M22) The overarching purpose of this appropriation is the employment of New Zealand's Armed Forces overseas at the Government's direction.	55,800	55,800	49,001
<i>Departmental Output Expenses</i>			
<i>Military Operations in Support of a Rules-Based International Order</i> This category is limited to the costs of generating operational military capabilities and the employment of the New Zealand Armed Forces for the conduct of operations, as directed by the Government.	55,297	55,297	48,492

Titles and Scopes of Appropriations by Appropriation Type	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
<i>Military Operations that Contribute to Regional Security</i> This category is limited to the costs of providing specialised support to all-of-government efforts to maintain security and stability in New Zealand's immediate neighbourhood including responses to events that impact on the safety and wellbeing of regional populations, as directed by the Government.	503	503	509
Policy Advice And Other Services For Veterans MCA (M75) The overarching purpose of this appropriation is to provide policy advice and other support to Ministers in discharging their policy decision-making and other portfolio responsibilities, and the provision of services and payments to veterans.	9,181	9,181	10,114
<i>Departmental Output Expenses</i>			
<i>Administration Services</i> This category 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.	2,812	2,812	2,869
<i>Policy Advice</i> This category 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.	222	222	976
<i>Services and Payments to Veterans</i> This category 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.	6,147	6,147	6,269
Protection of New Zealand and New Zealanders MCA (M22) The overarching purpose of this appropriation is to protect New Zealand's sovereignty and provide security and other services for New Zealanders.	437,254	434,843	444,522
<i>Departmental Output Expenses</i>			
<i>Assistance to the Civil Power and Provision of a Public Service in Emergency Situations</i> This category is limited to the costs of specialist military capabilities and Defence Force resources provided to the civil power in an emergency and for urgent work of national importance.	70,070	69,015	71,560
<i>Defence International Engagement</i> This category is limited to the provision of services and utility of the Defence Force to support foreign policy objectives that strengthen security and avert conflict.	99,967	99,507	102,303
<i>Defence Support to the Community</i> This category is limited to the costs of providing Defence Force resources for the betterment of the community at large and to inform the public's awareness of the proficiency and practice of the Armed Forces.	50,610	50,286	48,723
<i>Military Assistance to Civil Authorities in Non-Emergency Situations</i> This category is limited to the costs of Defence Force resources, services and non-emergency assistance periodically provided to the Government and civil authorities.	33,752	33,444	34,212
<i>Resource and Border Protection Operations</i> This category is limited to the sharing of information and provision of resources to support all-of-government efforts to protect New Zealand's borders and offshore maritime interests.	182,855	182,591	187,724
Total Multi-Category Expenses and Capital Expenditure	511,814	509,403	514,328
Total Annual and Permanent Appropriations	3,153,063	3,137,662	3,387,602

Capital Injection Authorisations

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
New Zealand Defence Force - Capital Injection (M22)	81,072	81,072	196,078

Supporting Information

Part 1 - Vote as a Whole

1.1 - New Policy Initiatives

Policy Initiative	Appropriation	2016/17 Final Budgeted \$000	2017/18 Budget \$000	2018/19 Estimated \$000	2019/20 Estimated \$000	2020/21 Estimated \$000
Deployments to the Middle East and South Sudan	Operations Contributing to New Zealand's Security, Stability and Interests	7,971	18,205	29	-	-
Deployment of an Inshore Patrol Vessel to Fiji	Protection of New Zealand and New Zealanders	403	1,088	-	-	-
Underwater Intelligence, Surveillance and Reconnaissance equipment	Air Force Capabilities Prepared for Joint Operations and Other Tasks	-	400	400	400	400
	Capital Injections	-	36,111	-	-	-
	Total	-	36,511	400	400	400
Maritime Sustainment Capability	Navy Capabilities Prepared for Joint Operations and Other Tasks	-	-	-	-	22,359
	Capital Injections	69,774	64,410	-	-	-
	Total	69,774	64,410	-	-	22,359
Counter Explosive Hazards	Army Capabilities Prepared for Joint Operations and Other Tasks	290	1,514	4,338	4,338	4,338
	Capital Injections	-	28,238	-	-	-
	Total	290	29,752	4,338	4,338	4,338
Modernising the Delivery of New Zealand Defence Force Logistics	Army Capabilities Prepared for Joint Operations and Other Tasks	87	2,045	6,281	8,192	9,483
	Capital Injections	5,298	23,779	47,656	27,507	5,739
	Total	5,385	25,824	53,937	35,699	15,222
Repatriation of New Zealand Service Personnel buried overseas	Policy Advice and Other Services for Veterans	-	750	-	-	-
Te Mana Capability	Navy Capabilities Prepared for Joint Operations and Other Tasks	3,200	-	(3,200)	-	-
Defence White Paper 2016	Air Force Capabilities Prepared for Joint Operations and Other Tasks	-	11,032	34,165	34,165	33,376
	Army Capabilities Prepared for Joint Operations and Other Tasks	-	13,731	42,519	42,519	41,535
	Navy Capabilities Prepared for Joint Operations and Other Tasks	-	7,161	22,173	22,173	21,660
	Protection of New Zealand and New Zealanders	-	4,041	12,510	12,510	12,219
	Advice to Government	-	1,106	3,425	3,425	3,346
	Policy Advice and Other Services for Veterans	-	81	248	248	243
	Total	-	37,152	115,040	115,040	112,379
Defence Estate Regeneration Programme Plan Tranche One - Capital Funding	Capital Injections	-	36,000	40,000	24,000	-
Total Initiatives		87,023	249,692	210,544	179,477	154,698

1.2 - Trends in the Vote

Summary of Financial Activity

	2012/13	2013/14	2014/15	2015/16	2016/17		2017/18			2018/19	2019/20	2020/21
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Final Budgeted \$000	Estimated Actual \$000	Departmental Transactions Budget \$000	Non- Departmental Transactions Budget \$000	Total Budget \$000	Estimated \$000	Estimated \$000	Estimated \$000
Appropriations												
Output Expenses	2,205,162	2,234,438	1,890,079	1,932,355	1,981,002	1,973,013	2,043,713	746	2,044,459	2,124,115	2,131,743	2,152,528
Benefits or Related Expenses	140,510	135,489	128,975	118,445	121,770	116,769	N/A	113,843	113,843	108,255	103,003	97,975
Borrowing Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	735	2,709	2,966	329	18,477	18,477	4,860	1,893	6,753	1,753	1,753	1,753
Capital Expenditure	232,535	428,987	532,588	336,550	520,000	520,000	708,219	-	708,219	521,313	484,411	412,325
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	N/A	-	-	-	-
Multi-Category Expenses and Capital Expenditure (MCA)												
<i>Output Expenses</i>	-	-	428,445	488,532	511,814	509,403	514,328	-	514,328	506,747	507,061	506,098
<i>Other Expenses</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Capital Expenditure</i>	-	-	-	-	-	-	N/A	-	-	-	-	-
Total Appropriations	2,578,942	2,801,623	2,983,053	2,876,211	3,153,063	3,137,662	3,271,120	116,482	3,387,602	3,262,183	3,227,971	3,170,679
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	-	-	-	-	-

Note - where restructuring of the vote has occurred then, to the extent practicable, prior years information has been restated as if the restructuring had occurred before the beginning of the period covered. In this instance Total Appropriations for the Budgeted and Estimated Actual year may not equal Total Appropriations in the Details of Appropriations and Capital Injections.

Adjustments to the Summary of Financial Activity Table Due to Vote Restructuring

There have been no restructuring adjustments to prior year information in the Summary of Financial Activity table.

1.3 - Analysis of Significant Trends

Departmental Output Expenses

The major movements in annual Output Expense appropriations between 2012/13 and 2020/21 have arisen due to:

- new funding as a result of the Defence Mid-Point Rebalancing Review and the Defence White Paper 2016
- expense transfers and transfers of underspends between years
- technical budget changes such as changes in capital charge and third party revenue adjustments, and
- changes to activity levels for Operationally Deployed Forces.

In 2014/15, a significant portion of Departmental Output Expenses were transferred to Multi-Category Expenses and Capital Expenditure.

Other Expenses

The trend in Other Expenses appropriations shown in the trends table between 2012/13 and 2020/21 reflects generally smooth activity impacted by occasional write down of Veterans' loans. The 2016/17 and 2017/18 other expense appropriations are higher than the general trend due to the impact of the impairment/ write off of assets following the Kaikōura/ Hurunui Earthquakes, and the potential loss on sale on commercial properties respectively.

Capital Expenditure

The Capital Expenditure appropriation shown in the trends table between 2012/13 and 2020/21 reflects the agreed level of investment in the NZDF as a result of the Defence Mid-Point Rebalancing Review and the Defence White Paper 2016.

Benefits or Related Expenses

The major movements in annual Benefits or Related Expenses appropriations between 2012/13 and 2020/21 are primarily due to a decline in the number of veterans receiving Veteran Support Entitlement payments.

Part 2 - Details of Departmental Appropriations

2.1 - Departmental Output Expenses

Air Force Capabilities Prepared for Joint Operations and Other Tasks (M22)

Scope of Appropriation

This appropriation is limited to the generation of Air Force capabilities that achieve the levels of readiness for military operations and other tasks as directed by the Government of New Zealand.

Expenses and Revenue

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	743,953	740,601	766,189
Revenue from the Crown	741,979	741,979	764,215
Revenue from Others	1,974	1,974	1,974

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the following:

- a surveillance and response capability prepared for counter sea operations in support of maritime warfare operations
- a surveillance and response capability prepared for intelligence, surveillance and reconnaissance operations in support of maritime security operations
- a naval air combat capability for embarkation in surface ships for maritime warfare and security operations
- a surveillance and response capability prepared to support special operations forces in the land and maritime environments
- a strategic air mobility capability prepared to deploy, sustain and recover deployed forces
- a theatre air mobility capability prepared for personnel movement and cargo operations within a designated area of operations, and
- a tactical air mobility capability prepared to support land operations, special operations forces, aeromedical evacuation and joint personnel recovery.

How Performance will be Assessed and End of Year Reporting Requirements

Assessment of Performance	2016/17		2017/18
	Final Budgeted Standard	Estimated Actual	Budget Standard
Percentage of Government directed readiness levels achieved and maintained to provide naval operations capabilities prepared for maritime warfare and security operations.	100%	100%	100%
Percentage of Government directed readiness levels achieved and maintained to provide air surveillance and response capabilities prepared for counter sea and surveillance operations.	100%	100%	100%
Percentage of Government directed readiness levels achieved and maintained to provide fixed wing theatre air mobility capabilities prepared for intra-theatre air transport and air manoeuvre operations.	100%	100%	100%
Percentage of Government directed readiness levels achieved and maintained to provide tactical air mobility capabilities prepared for tactical air transport and air manoeuvre operations.	100%	100%	100%
Percentage of Government directed readiness levels achieved and maintained to provide strategic air mobility capabilities prepared for inter-theatre air transport operations.	100%	100%	100%

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Chief of Defence Force in the NZDF Annual Report for the year ended 30 June 2018 to be presented to the House.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2016/17 Final Budgeted \$000	2017/18 Budget \$000	2018/19 Estimated \$000	2019/20 Estimated \$000	2020/21 Estimated \$000
Defence White Paper 2016	2017/18	-	11,032	34,165	34,165	33,376
Underwater Intelligence, Surveillance and Reconnaissance equipment	2017/18	-	400	400	400	400
Defence Mid-Point Rebalancing Review - Funding Track	2016/17	10,637	29,987	29,987	29,987	29,987
Share of costs for Budget 2015 whole-of-government initiative	2015/16	(807)	(581)	(438)	(438)	(438)
Defence Mid-Point Rebalancing Review - Funding Track	2015/16	16,206	21,814	21,814	21,814	21,814
New Digital Radios and Associated Equipment	2015/16	3,519	4,366	4,366	4,366	4,366
Defence Mid-Point Rebalancing Review - Funding Track	2014/15	91,376	91,376	91,376	91,376	91,376

Reasons for Change in Appropriation

The appropriation increased by \$22.236 million to \$766.189 million for 2017/18. This increase between 2016/17 and 2017/18 relates to:

- increased funding of \$25.810 million as a result of the Defence Mid-Point Rebalancing Review

- increased funding of \$11.032 million as a result of the Defence White Paper 2016 funding decisions
- increased funding of \$3.282 million due to a transfer to Deployments to the Middle East that ceased in 2016/17
- increased funding of \$400,000 as a result of the implementation of the Underwater Intelligence, Surveillance and Reconnaissance capability, and
- an increase of \$226,000 due to a reduced contribution towards the share of costs for Budget 2015 whole-of-government initiative.

This increase is partly offset by:

- a reduction of \$10.487 million due to the reduction of the Capital charge rate between 2016/17 and 2017/18
- a fiscally neutral transfers of \$6.022 million to other appropriations to align the resource requirements with demand and activities, and
- reduced carry forward funding of \$2.005 million from prior years.

Army Capabilities Prepared for Joint Operations and Other Tasks (M22)

Scope of Appropriation

This appropriation is limited to the generation of Army capabilities that achieve the levels of readiness for military operations and other tasks as directed by the Government of New Zealand.

Expenses and Revenue

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	792,360	789,401	830,732
Revenue from the Crown	791,477	791,477	829,849
Revenue from Others	883	883	883

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the following:

- Special Operations Forces prepared for theatre-level special operations to prevent terrorism and asymmetric threats reaching New Zealand's sovereign territory and those territories for which New Zealand has a strategic interest
- a designated high-readiness land combat capability prepared to respond to regional crises
- a combined arms land combat capability prepared to conduct stabilisation operations and support a host nation to protect the population, assist with the restoration of law and order and attend to the immediate humanitarian needs of the people, and
- a combined arms land combat capability prepared for global employment in complex warfighting in urban and open terrain either independently or within a coalition to conduct counter-insurgency operations and deter an aggressor from engaging in hostile activities against another state.

How Performance will be Assessed and End of Year Reporting Requirements

	2016/17		2017/18
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Percentage of Government directed readiness levels achieved and maintained to provide land combat capabilities prepared for special operations.	100%	100%	100%
Percentage of Government directed readiness levels achieved and maintained to provide land combat capabilities prepared for combined arms operations.	100%	100%	100%
Percentage of Government directed readiness levels achieved and maintained to provide land combat capabilities prepared for regional stabilisation operations.	100%	100%	100%

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Chief of Defence Force in the NZDF Annual Report for the year ended 30 June 2018 to be presented to the House.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2016/17 Final Budgeted \$000	2017/18 Budget \$000	2018/19 Estimated \$000	2019/20 Estimated \$000	2020/21 Estimated \$000
Defence White Paper 2016	2017/18	-	13,731	42,519	42,519	41,535
Modernising the Delivery of New Zealand Defence Force Logistics	2016/17	87	2,045	6,281	8,192	9,483
Counter Explosive Hazards	2016/17	290	1,514	4,338	4,338	4,338
Defence Mid-Point Rebalancing Review - Funding Track	2016/17	12,786	36,045	36,045	36,045	36,045
Modernising the Delivery of New Zealand Defence Force Logistics	2015/16	800	-	-	-	-
Share of costs for Budget 2015 whole-of-government initiative	2015/16	(1,406)	(1,013)	(763)	(763)	(763)
Defence Mid-Point Rebalancing Review - Funding Track	2015/16	15,764	21,272	21,272	21,272	21,272
New Digital Radios and Associated Equipment	2015/16	3,422	4,257	4,257	4,257	4,257
Defence Mid-Point Rebalancing Review - Funding Track	2014/15	27,868	27,868	27,868	27,868	27,868

Reasons for Change in Appropriation

The appropriation increased by \$38.372 million to \$830.732 million for 2017/18. This increase between 2016/17 and 2017/18 relates to:

- increased funding of \$29.689 million as a result of the Defence Mid-Point Rebalancing Review
- increased funding of \$13.731 million as a result of the Defence White Paper 2016 funding decisions
- increased funding of \$1.224 million for the delivery of Counter Explosive Hazards capability

- increased funding of \$1.158 million for Modernising the Delivery of New Zealand Defence Force Logistics
- carry forward funding of \$622,000 from prior years, and
- a reduction of \$393,000 in the contribution towards the share of the costs for Budget 2015 whole-of-government initiative.

The increase is partly offset by:

- reduced funding of \$5.778 million due to the reduction of the capital charge rate between 2016/17 and 2017/18, and
- a fiscally neutral transfer of \$2.667 million to other appropriations to align the resource requirements with demands and activities.

Navy Capabilities Prepared for Joint Operations and Other Tasks (M22)

Scope of Appropriation

This appropriation is limited to the generation of Navy capabilities that achieve the levels of readiness for military operations and other tasks as directed by the Government of New Zealand.

Expenses and Revenue

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	443,943	442,265	446,792
Revenue from the Crown	442,620	442,620	445,469
Revenue from Others	1,323	1,323	1,323

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the following:

- a naval combat capability with ships and organic aircraft prepared to conduct maritime warfare and security operations within a coalition naval task group, protect military and commercial shipping and related operations to enforce international law and prohibit the movement of specified items, people or vessels
- amphibious sealift capabilities prepared to project forces from sea and sustain deployed forces
- strategic replenishment capability prepared to project and sustain deployed maritime, land and air forces
- naval patrol capabilities prepared to carry out surveillance, deter unlawful activity and interdict vessels of interest; to contribute to government efforts to secure borders, protect resources and enable New Zealand law to be enforced at sea and assist regional nations in ensuring the security of their respective maritime domains

- a deployable maritime capability prepared to conduct operations that safeguards access to and the use of harbours, inshore waters and littoral zones in New Zealand and wherever NZDF forces are required to operate
- maritime capabilities, available for employment as a single ship or multi-ship international deployment in support of scheduled defence international engagement initiatives, and
- a shore-based capability able to implement naval cooperation and guidance for shipping and provide for the naval supervision of shipping in a crisis.

How Performance will be Assessed and End of Year Reporting Requirements

Assessment of Performance	2016/17		2017/18
	Final Budgeted Standard	Estimated Actual	Budget Standard
Percentage of Government directed readiness levels achieved and maintained to provide naval combat capabilities prepared for maritime warfare operations.	100%	100%	100%
Percentage of Government directed readiness levels achieved and maintained to provide naval combat capabilities prepared for maritime security operations.	100%	100%	100%
Percentage of Government directed readiness levels achieved and maintained to provide naval patrol capabilities prepared for domestic and regional resource and border protection operations.	New Measure	New Measure	100%
Percentage of Government directed readiness levels achieved and maintained to provide projection and sustainment capabilities prepared for amphibious sealift.	100%	100%	100%
Percentage of Government directed readiness levels achieved and maintained to provide projection and sustainment capabilities prepared for replenishment.	100%	100%	100%
Percentage of Government directed readiness levels achieved and maintained to provide projection and sustainment capabilities prepared for littoral warfare support.	100%	100%	100%
Percentage of Government directed readiness levels achieved and maintained to provide maritime trade operations capabilities prepared for naval guidance and supervision of shipping.	100%	100%	100%

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Chief of Defence Force in the NZDF Annual Report for the year ended 30 June 2018 to be presented to the House.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2016/17 Final Budgeted \$000	2017/18 Budget \$000	2018/19 Estimated \$000	2019/20 Estimated \$000	2020/21 Estimated \$000
Maritime Sustainment Capability	2020/21	-	-	-	-	22,359
Defence White Paper 2016	2017/18	-	7,161	22,173	22,173	21,660
Defence Mid-Point Rebalancing Review - Funding Track	2016/17	5,136	14,476	14,476	14,476	14,476
Share of costs for Budget 2015 whole-of-government initiative	2015/16	(841)	(606)	(459)	(459)	(459)
Defence Mid-Point Rebalancing Review - Funding Track	2015/16	10,620	13,875	13,875	13,875	13,875
New Digital Radios and Associated Equipment	2015/16	2,305	2,777	2,777	2,777	2,777
Defence Mid-Point Rebalancing Review - Funding Track	2014/15	23,507	23,507	23,507	23,507	23,507

Reasons for Change in Appropriation

The appropriation increased by \$2.849 million to \$446.792 million for 2017/18. This increase between 2016/17 and 2017/18 relates to:

- increased funding of \$13.072 million as a result of the Defence Force Mid-Point Rebalancing Review
- increased funding of \$7.161 million as a result of the Defence White Paper 2016
- a fiscally neutral adjustment of \$5.093 million from other appropriations to align the resource requirements with demands and activities, and
- a reduction of \$235,000 in the contribution towards the share of the costs for Budget 2015 whole-of-government initiative.

This increase was offset by:

- reduced carry forward funding of \$11.832 million from prior years
- reduced funding of \$6.140 million due to the reduction of the capital charge rate between 2016/17 and 2017/18
- reduced funding of \$3.200 million due to the transfer of expenses for Te Mana in 2016/17, and
- a decrease of \$1.540 million due to an operating to capital swap in the frigate systems upgrade.

2.2 - Departmental Other Expenses

Loss on Sale of Physical Assets (M22)

Scope of Appropriation

This appropriation is limited to providing for the loss on sale of certain New Zealand Defence Force commercial properties.

Expenses

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	-	-	4,860

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve recognition of expenses incurred on the loss on sale of certain New Zealand Defence Force commercial properties.

How Performance will be Assessed and End of Year Reporting Requirements

	2016/17		2017/18
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Expenditure reflects the loss on sale of certain New Zealand Defence Force commercial properties	New Measure	New Measure	Meet

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Chief of Defence Force in the NZDF Annual Report for the year ended 30 June 2018 to be presented to the House.

Reasons for Change in Appropriation

This is a new appropriation in 2017/18 to provide for the loss on sale of certain New Zealand Defence Force commercial properties.

2.3 - Departmental Capital Expenditure and Capital Injections

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

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	511,374	511,374	700,608
Intangibles	8,626	8,626	7,611
Other	-	-	-
Total Appropriation	520,000	520,000	708,219

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve maintained and upgraded capabilities of NZDF equipment and infrastructure in support of the delivery of NZDF's services.

How Performance will be Assessed and End of Year Reporting Requirements

	2016/17		2017/18
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Expenditure supports the delivery of the department's output performance measures in accordance with the Defence Mid-Point Rebalancing Review and 2016 Defence White Paper for 2016/17	Achieved	Achieved	Achieved

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Chief of Defence Force in the NZDF Annual Report for the year ended 30 June 2018 to be presented to the House.

Reasons for Change in Appropriation

This appropriation increased by \$188.219 million to \$708.219 million for 2017/18 to reflect the spending profile on major projects agreed in the Defence White Paper 2016.

Capital Injections and Movements in Departmental Net Assets

New Zealand Defence Force

Details of Net Asset Schedule	2016/17 Estimated Actual \$000	2017/18 Projected \$000	Explanation of Projected Movements in 2017/18
Opening Balance	6,049,353	6,125,844	
Capital Injections	81,072	196,078	Capital Injections for projects to enhance and maintain the capability of the New Zealand Defence Force in line with the Defence Mid-point Rebalancing Review and the Defence White Paper 2016. The capital injections in 2017/18 are for Maritime Sustainment Capability (\$64.410 million); Underwater Intelligence, Surveillance and Reconnaissance (\$36.111 million); Defence Estate Regeneration Plan - Tranche 1 (\$36 million); Counter Explosive Hazards (\$28.238 million); and Defence Force Logistics (\$23.779 million). Additionally, there is an Operating to Capital swap of \$7.540 million for NZDF personnel component of the Frigate Systems Upgrade.
Capital Withdrawals	(4,581)	-	
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
Closing Balance	6,125,844	6,321,922	

Part 3 - Details of Non-Departmental Appropriations

3.1 - Non-Departmental Output Expenses

Development and Maintenance of Services Cemeteries (M75)

Scope of Appropriation

This appropriation is limited to the development and maintenance of Services Cemeteries.

Expenses

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	746	746	746

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the development and maintenance of Services Cemeteries.

How Performance will be Assessed and End of Year Reporting Requirements

	2016/17		2017/18
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
The annual maintenance and development works plan outcomes are achieved	95%	95%	95%
Services Cemeteries will be maintained in accordance with the Standard of Care agreements.	Meet	Met	Meet

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Minister of Veterans' Affairs in a report appended to the 2018 NZDF Annual Report to be tabled in the House.

Service Providers

There are approximately 185 annual maintenance grant payments made to local councils across New Zealand for each Services Cemetery. Works grants are also made to contractors around New Zealand for maintenance works.

3.2 - Non-Departmental Benefits or Related Expenses

Assessments, Treatment & Rehabilitation (M75)

Scope of Appropriation

This appropriation is limited to the payment of the costs of assessments, treatment (including associated aids and appliances), and social and vocational rehabilitation provided for under the Veterans' Support Act 2014 and associated regulations.

Expenses

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	13,050	10,650	11,593

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the on-going payment of veteran assessments, treatment and rehabilitation with a strong focus on social and vocational rehabilitation to help younger veterans remain in or return to employment if they are able to do so.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted under s15D(2)(b)(ii) of the Public Finance Act 1989 as performance information is unlikely to be informative.

Reasons for Change in Appropriation

This appropriation decreased by \$1.457 million to \$11.593 million for 2017/18. This decrease relates to reducing numbers of clients requiring specialist services.

Special Annuities (M75)

Scope of Appropriation

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

Expenses

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	89	88	89

What is Intended to be Achieved with this Appropriation

This appropriation currently recognises a special contribution by two recipients to New Zealand society.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted under s15D(2)(b)(ii) of the Public Finance Act 1989 as performance information is unlikely to be informative.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2016/17 Final Budgeted \$000	2017/18 Budget \$000	2018/19 Estimated \$000	2019/20 Estimated \$000	2020/21 Estimated \$000
Annuity Payable to Recipients of Victoria Cross	2016/17	50	50	50	50	50

Conditions on Use of Appropriation

Reference	Conditions
Special Annuities payments are made under the authority of Cabinet	Special Annuities are awards made by government and are not covered by legislation. Annual government approval is needed for their continued payment. Special Annuities are non-taxable.

Veterans' Independence Programme (M75)

Scope of Appropriation

This appropriation is limited to provision of services and support to assist eligible veterans and their families.

Expenses

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	9,191	8,591	11,246

What is Intended to be Achieved with this Appropriation

This appropriation currently supports over 2,000 veterans to allow them to live independently in their homes.

How Performance will be Assessed and End of Year Reporting Requirements

Assessment of Performance	2016/17		2017/18
	Final Budgeted Standard	Estimated Actual	Budget Standard
Services and support provided will be to the satisfaction of the veteran and/or the veterans' family	100%	100%	95%

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Minister of Veterans' Affairs in a report appended to the 2018 NZDF Annual Report to be tabled in the House.

Reasons for Change in Appropriation

The appropriation increased by \$2.055 million to \$11.246 million in 2017/18. This increase relates to the increased cost of specialised services for an ageing client base.

Conditions on Use of Appropriation

Reference	Conditions
Cabinet Decision	Reimbursement of out-of-pocket health expenses for children of Vietnam and Operation Grapple veterans with spina bifida manifesto, cleft lip/palate, adrenal gland cancer and acute myeloid cancer.
	Travel assistance for children of Vietnam and Operation Grapple veterans when referred genetic counselling.
	Provision of family/psychological counselling for families of Vietnam and Operation Grapple veterans.
Veterans' Support Act 2014	Provision of Attendant Allowance, Travel Concessions and Allowance, and home help services and support to assist eligible veterans and their families in accordance with the Veterans' Support Act 2014.

Veterans Support Entitlement (M75)

Scope of Appropriation

This appropriation is limited to the payment of entitlements (in respect of the impairment or death of veterans determined to be related to qualifying operational service occurring at any time or qualifying routine service occurring prior to 1 April 1974) to veterans and their spouses, partners, children and dependants under the Veterans' Support Act 2014 and associated regulations and to the provision for grandparented loans of the differential between 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.

Expenses

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	99,440	97,440	90,915

What is Intended to be Achieved with this Appropriation

This appropriation currently supports over 12,000 veterans, surviving spouses, partners and children through the ongoing payment of entitlements under the Veterans' Support Act 2014 and associated regulations.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted under s15D(2)(b)(ii) of the Public Finance Act 1989 as performance information is unlikely to be informative.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2016/17 Final Budgeted \$000	2017/18 Budget \$000	2018/19 Estimated \$000	2019/20 Estimated \$000	2020/21 Estimated \$000
Manufacture and Installation of Headstones and Plaques	2016/17	420	397	375	355	355

Reasons for Change in Appropriation

The appropriation decreased by \$8.525 million to \$90.915 million for 2017/18. This decrease between 2016/17 and 2017/18 relates to forecasted reductions in the number of recipients of this entitlement.

3.4 - Non-Departmental Other Expenses**Debt Write-Down for Benefits and Other Unrequited Expenses (M75)***Scope of Appropriation*

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.

Expenses

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	250	250	250

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the write-down of Crown debtors by the NZDF.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted under s15D(2)(b)(ii) of the Public Finance Act 1989 as performance information is unlikely to be informative.

Ex-Gratia Payments and Comprehensive Medical Assessments for Vietnam Veterans (M75)*Scope of Appropriation*

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.

Expenses

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	925	925	1,100

What is Intended to be Achieved with this Appropriation

As well as achieving the payment of ex-gratia payments and annual comprehensive medical assessments to eligible Vietnam veterans, it is intended that this appropriation will also allow for the monitoring of trends in the health and wellbeing of up to 3,000 Vietnam veterans and their families with the associated provision of this information to veterans.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted under s15D(2)(b)(iii) of the Public Finance Act 1989 as the amount for this annual appropriation for a non-departmental other expense is less than \$5 million.

Reasons for Change in Appropriation

The appropriation increased by \$175,000 to \$1.100 million in 2017/18. This increase reflects a one-off reduction in the 2016/17 year.

Conditions on Use of Appropriation

Reference	Conditions
Accepted Conditions	A condition of the Institute of Medicine of the United States National Academy of Sciences 'Sufficient Evidence of Association' list, or one of the 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.

Fair Value Write Down on Veteran Trust Loans and Thirty-Year Endowment (M75)

Scope of Appropriation

This appropriation is limited to providing for the fair value write down on the Veteran Trust loans and the thirty-year endowment to the Vietnam Veterans and their Families Trust.

Expenses

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	203	203	203

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the fair value write-down on the Veteran Trusts' Loans and the thirty-year endowment to the Vietnam Veterans and their Families Trust.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted under s15D(2)(b)(ii) of the Public Finance Act 1989 as performance information is unlikely to be informative.

Veteran Assistance to Attend Commemorations and Revisit Battlefields (M75)

Scope of Appropriation

This appropriation is limited to providing assistance to veterans to enable them to attend official commemorations or revisit battlefields.

Expenses

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	400	400	340

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve increased support for veterans to attend commemorations and revisit battlefields over the Vietnam 50th anniversary commemoration period and beyond.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted under s15D(2)(b)(iii) of the Public Finance Act 1989 as the amount for this annual appropriation for a non-departmental other expense is less than \$5 million.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2016/17 Final Budgeted \$000	2017/18 Budget \$000	2018/19 Estimated \$000	2019/20 Estimated \$000	2020/21 Estimated \$000
Increased support for Contributions to Veterans' Commemorative Activities	2016/17	400	340	200	200	200

Reasons for Change in Appropriation

This appropriation decreased by \$60,000 to \$340,000 in 2017/18 as assistance to veterans over the Vietnam 50th anniversary period to 2017/18 was scaled down and reduced.

Part 4 - Details of Multi-Category Expenses and Capital Expenditure

Multi-Category Expenses and Capital Expenditure

Advice to the Government (M22)

Overarching Purpose Statement

The overarching purpose of this appropriation is to support Ministers in discharging their portfolio responsibilities.

Scope of Appropriation

Departmental Output Expenses

Policy Advice

This category is limited to the 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.

Situational Awareness

This category is limited to the provision of effective military intelligence services to the Government in support of decision-making for the defence and security of New Zealand.

Supporting Ministers

This category is limited to the provision of services to Ministers to enable them to discharge their portfolio (other than policy decision-making) responsibilities.

Expenses, Revenue and Capital Expenditure

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	9,579	9,579	10,691
Departmental Output Expenses			
Policy Advice	3,657	3,657	3,723
Situational Awareness	4,004	4,004	5,015
Supporting Ministers	1,918	1,918	1,953
Funding for Departmental Output Expenses			
Revenue from the Crown	9,579	9,579	10,691
Policy Advice	3,657	3,657	3,723
Situational Awareness	4,004	4,004	5,015
Supporting Ministers	1,918	1,918	1,953

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the provision of policy advice, situational awareness and support to Ministers in discharging their portfolio responsibilities.

How Performance will be Assessed for this Appropriation

Assessment of Performance	2016/17		2017/18
	Final Budgeted Standard	Estimated Actual	Budget Standard
The supply of high quality individual products, as shown in the tables below	Meet	Met	Meet

What is Intended to be Achieved with each Category and How Performance will be Assessed

Assessment of Performance	2016/17		2017/18
	Final Budgeted Standard	Estimated Actual	Budget Standard
Departmental Output Expenses			
Policy Advice			
This category is intended to achieve the provision of accurate, timely and responsive policy advice.			
The provision of policy advice to the Government and contribution to policy advice led by other agencies that is accurate, timely and offers practical and cost-effective approaches to fulfil the Government's defence priorities.	Meet	Met	Meet
The satisfaction of the Minister of Defence with the policy advice service, as per the common satisfaction survey.	At least 90%	At least 90%	At least 90%
Technical quality of policy advice papers assessed by a survey with a methodical robustness of 90%. (The higher the robustness score, the stronger the methodical quality of the completed assessment).	At least an average of 70%	At least an average of 70%	At least an average of 70%
The total cost per hour of producing policy advice outputs.	At most \$150	At most \$150	At most \$150
Situational Awareness			
This category is intended to achieve the provision of timely, accurate and high-quality intelligence support.			
The percentage of timely and high-quality reports that meet expectations to inform the Government of matters of foreign defence interest and support the Government's decision-making processes.	Not less than 90%	Not less than 90%	Not less than 90%
Supporting Ministers			
This category is intended to achieve the provision of quality and timely support to Ministers.			
The percentage of timely, accurate and high-quality advice that meets expectations to support Ministers of Defence and Veterans' Affairs portfolios and meets legislative obligations.	Not less than 90%	Not less than 90%	Not less than 90%

End of Year Performance Reporting

Performance will be reported by the Chief of Defence Force in the NZDF Annual Report for the year ended 30 June 2018 to be presented to the House.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2016/17 Final Budgeted \$000	2017/18 Budget \$000	2018/19 Estimated \$000	2019/20 Estimated \$000	2020/21 Estimated \$000
Defence White Paper 2016	2017/18	-	1,106	3,425	3,425	3,346
Defence Mid-Point Rebalancing Review - Funding Track	2016/17	59	166	166	166	166
Share of costs for Budget 2015 whole-of-government initiative	2015/16	(15)	(12)	(8)	(8)	(8)
Defence Mid-Point Rebalancing Review	2015/16	281	375	375	375	375

Reasons for Change in Appropriation

This appropriation increased by \$1.112 million to \$10.691 million in 2017/18. This increase between 2016/17 and 2017/18 relates to:

- increased funding of \$1.106 million as a result of the Defence White Paper 2016 funding decision
- a fiscally neutral transfer of \$495,000 from other appropriations to align the resource requirements with demand and activities
- increased funding of \$201,000 as a result of the Defence Mid-Point Rebalancing Review, and
- a reduction of \$3,000 in the contribution towards the share of costs for Budget 2015 whole-of-government initiative.

This increase was partly offset by:

- reduced carry forward funding of \$678,000 from prior years, and
- reduced funding of \$15,000 due to the reduction of the capital charge rate between 2016/17 and 2017/18.

Operations Contributing to New Zealand's Security, Stability and Interests (M22)

Overarching Purpose Statement

The overarching purpose of this appropriation is the employment of New Zealand's Armed Forces overseas at the Government's direction.

Scope of Appropriation

Departmental Output Expenses

Military Operations in Support of a Rules-Based International Order

This category is limited to the costs of generating operational military capabilities and the employment of the New Zealand Armed Forces for the conduct of operations, as directed by the Government.

Military Operations that Contribute to Regional Security

This category is limited to the costs of providing specialised support to all-of-government efforts to maintain security and stability in New Zealand's immediate neighbourhood including responses to events that impact on the safety and wellbeing of regional populations, as directed by the Government.

Expenses, Revenue and Capital Expenditure

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	55,800	55,800	49,001
Departmental Output Expenses			
Military Operations in Support of a Rules-Based International Order	55,297	55,297	48,492
Military Operations that Contribute to Regional Security	503	503	509
Funding for Departmental Output Expenses			
Revenue from the Crown	55,488	55,488	48,692
Military Operations in Support of a Rules-Based International Order	55,030	55,030	48,228
Military Operations that Contribute to Regional Security	458	458	464
Revenue from Others	312	312	309
Military Operations in Support of a Rules-Based International Order	267	267	264
Military Operations that Contribute to Regional Security	45	45	45

What is Intended to be Achieved with this Appropriation

This appropriation is intended to enhance all-of-government capacity to respond to regional crises and contribute to military operations in support of a rules-based international order.

How Performance will be Assessed for this Appropriation

Assessment of Performance	2016/17		2017/18
	Final Budgeted Standard	Estimated Actual	Budget Standard
Operations Contributing to New Zealand's Security, Stability and Interests MCA			
Achieve the conduct of military operations and other tasks that support the Government's strategic interests	Meet	Met	Meet
Enhance all-of-government capacity to respond to regional crises	Meet	Met	Meet

What is Intended to be Achieved with each Category and How Performance will be Assessed

Assessment of Performance	2016/17		2017/18
	Final Budgeted Standard	Estimated Actual	Budget Standard
Departmental Output Expenses			
Military Operations in Support of a Rules-Based International Order			
This category is intended to achieve the provision of operations that contribute to New Zealand's security, stability and interests.			
<i>Performance will be assessed on the maintenance of the Government's military commitments to the missions shown below (as at 1 April 2017):</i>			
Contribute to United Nations Mission UNTSO (Middle East) [Operation Scoria]	Meet	Met	Meet
Contribute to United Nations Mission UNMISS (South Sudan) [Operation Sudden]	Meet	Met	Meet
Contribute to United Nations Mission UNCMAC (Republic of Korea) [Operation Monitor]	Meet	Met	Meet
<i>Lead and contribute to regional contingency military operations, as listed (No mandated operations)</i>			
Contribute military forces to MFO Sinai (Operation Farad)	Meet	Met	Meet
Contribute military forces to Operation Ariki (Afghanistan) [Operation Rua II]	Meet	Met	Meet
Contribute military forces to Operation Troy (Middle East)	Meet	Met	Meet
Contribute military forces to Operation Takapu (Air Component - Gulf of Aden) with effect from February 2017	New Measure	New Measure	Meet
Contribute military forces to Operation Pukeko (NZDF officers in Headquarters and Support Staff, Middle East)	Meet	Met	Meet
Contribute to Operation Mohua (Middle East)	Meet	Met	Meet
Contribute to Operation Manawa (Iraq)	Meet	Met	Meet
Contribute to Operation Teal (Middle East)	Meet	Met	Meet

Assessment of Performance	2016/17		2017/18
	Final Budgeted Standard	Estimated Actual	Budget Standard
Military Operations that Contribute to Regional Security			
This category is intended to achieve the provision of operations that contribute to New Zealand's security, stability and interests.			
Percentage of the agreed notice to move met for a Joint Task Force comprising relevant force elements and military capabilities to assist with regional humanitarian assistance and disaster relief missions when directed.	100%	100%	100%
Percentage of the agreed notice to move met for strategic airlift and sealift capabilities to assist with regional non-combatant evacuation operations when not deployed on military operations elsewhere.	100%	100%	100%
Percentage of the agreed notice to move met for a specialised, high-readiness task group, with integral airlift and/or sealift capabilities available to act independently or with regional security partners to assist regional nations restore law and order and provide immediate aid to the population.	100%	100%	100%

End of Year Performance Reporting

Performance will be reported by the Chief of Defence in the NZDF Annual Report for the year ended 30 June 2018 to be presented to the House.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2016/17 Final Budgeted \$000	2017/18 Budget \$000	2018/19 Estimated \$000	2019/20 Estimated \$000	2020/21 Estimated \$000
Deployments to the Middle East and South Sudan	2016/17	7,971	18,205	29	-	-
Defence Mid-Point Rebalancing Review - Funding Track	2016/17	250	704	704	704	704

Reasons for Change in Appropriation

The movement in the appropriation is due to the successful completion in 2016/17 of significant initiatives for Building Partner Capabilities and in deployments to the Middle East. Since Budget 2016, new funding of \$18.205 million was approved for 2017/18 to lead and contribute to military operations that support New Zealand's Security, Stability and Interests.

The appropriation decreased by \$6.799 million to \$49.001 million for 2017/18. This decrease between 2016/17 and 2017/18 relates to:

- funding of \$13.738 million for Building Partner Capabilities ceasing in 2016/17 and no funding required for 2017/18.

This decrease is partly offset by:

- increased funding of \$6.485 million for Deployments to Middle East and South Sudan, and
- increased funding of \$454,000 as a result of the Defence Mid-Point Rebalancing Review.

Policy Advice And Other Services For Veterans (M75)

Overarching Purpose Statement

The overarching purpose of this appropriation is to provide policy advice and other support to Ministers in discharging their policy decision-making and other portfolio responsibilities, and the provision of services and payments to veterans.

Scope of Appropriation

Departmental Output Expenses

Administration Services

This category 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 category 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.

Services and Payments to Veterans

This category 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.

Expenses, Revenue and Capital Expenditure

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	9,181	9,181	10,114
Departmental Output Expenses			
Administration Services	2,812	2,812	2,869
Policy Advice	222	222	976
Services and Payments to Veterans	6,147	6,147	6,269
Funding for Departmental Output Expenses			
Revenue from the Crown	9,181	9,181	10,114
Administration Services	2,812	2,812	2,869
Policy Advice	222	222	976
Services and Payments to Veterans	6,147	6,147	6,269

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the provision of policy advice, other support to Ministers in discharging their policy decision making and other portfolio responsibilities, and the provision of services and payments to veterans.

How Performance will be Assessed for this Appropriation

Assessment of Performance	2016/17		2017/18
	Final Budgeted Standard	Estimated Actual	Budget Standard
Policy Advice and Other Services for Veterans MCA			
The satisfaction of veterans as expressed in the annual Veteran Survey rating of overall satisfaction with Veterans' Affairs as either Excellent or Good (Transferred 2017/18 from MCA - Services and Payments to Veterans)	Refer to MCA - Services and Payments to Veterans	Refer to MCA - Services and Payments to Veterans	70%
The satisfaction of the Minister of Veterans' Affairs with the policy advice service, as per the common satisfaction survey (Transferred 2017/18 from MCA - Policy Advice)	Refer to MCA - Policy Advice	Refer to MCA - Policy Advice	80%

What is Intended to be Achieved with each Category and How Performance will be Assessed

Assessment of Performance	2016/17		2017/18
	Final Budgeted Standard	Estimated Actual	Budget Standard
Departmental Output Expenses			
Administration Services			
This category is intended to achieve the provision of services to Ministers to enable them to discharge their portfolio (other than policy decision making) responsibilities, assisting with the coordination of commemorations and the provision of administration services to relevant boards and panels and contracts for work carried out in Services Cemeteries.			
<i>Provide Ministerial Servicing and Support:</i>			
Replies to requests within 20 working days, if not otherwise agreed	95%	95%	95%
Responses accepted without substantive amendment	95%	95%	95%
<i>Provide Administration support to Boards and Panels as set out in the Veterans' Support Act 2014</i>			
Administrative Support meets Board/Panel requirements	100%	100%	Meet
<i>Administration of maintenance and development agreements and contracts for service for Services Cemeteries</i>			
<i>Assist with the coordination of New Zealand's participation in the commemoration of significant military anniversaries:</i>			
Participation will be delivered in accordance with agreed parameters and budget	Meet	Met	Meet
Policy Advice			
This category is intended to achieve the provision of 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 working days, if not otherwise specified	95%	95%	95%
The first drafts of all policy products presented to the Minister will be accepted	95%	95%	95%

	2016/17		2017/18
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Services and Payments to Veterans			
This category is intended to achieve the assessment, determination, review and appeal of entitlements and services to veterans and their spouses, children and dependants, provided for under the Veterans' Support Act 2014 (including grand-parented entitlements and services under the repealed War Pensions Act 1954 where claims were lodged before 7 December 2014), the assessment and review of eligibility for burial in Services Cemeteries, the installation of ex-service memorials for eligible veterans, and the provision of case management services for veterans and their families.			
<i>Assessments and Reviews:</i>			
Where all information is provided, Veterans' Affairs will make a decision on the claim within 30 working days of it being received	100%	100%	100%
All amendments to and replacements of, Statements of Principles (SOPs), are reported to the Veterans' Health Advisory Panel for consideration and decisions by the Minister of Veterans' Affairs regarding adoption	100%	100%	100%
Reviews will be completed within three months of receipt	100%	100%	100%
<i>Provide Ex-Service Memorial Plaques and Headstones for Eligible Veterans:</i>			
<i>Provide Case Management:</i>			
Within five working days of accepting a veteran's claim for entitlements Veterans' Affairs must appoint a Case Manager	95%	95%	95%
Within 13 weeks after Veterans' Affairs accepts a veteran's claim for entitlements under Scheme One or Two, Veterans' Affairs in association with the Rehabilitation Advisor must determine whether the veteran is likely to need social or vocational rehabilitation and if so prepare a rehabilitation plan in consultation with the veteran	100%	100%	100%
<i>Deal with Enquiries:</i>			
Calls will be resolved on first contact	80%	80%	90%

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Chief of Defence Force in the NZDF Annual Report for the year ended 30 June 2018 to be presented to the House.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2016/17 Final Budgeted \$000	2017/18 Budget \$000	2018/19 Estimated \$000	2019/20 Estimated \$000	2020/21 Estimated \$000
Repatriation of New Zealand Service Personnel buried overseas	2017/18	-	750	-	-	-
Defence White Paper 2016	2017/18	-	81	248	248	243
Defence Mid-Point Rebalancing Review - Funding Track	2016/17	56	159	159	159	159

Reasons for Change in Appropriation

The appropriation increased by \$933,000 to \$10.114 million for 2017/18. This increase between 2016/17 and 2017/18 relates to:

- increased funding of \$750,000 for the repatriation of New Zealand service personnel buried overseas
- a fiscally neutral transfer of \$267,000 from other appropriations to align the resource requirements with demand and activities
- increased funding of \$103,000 as a result of the Defence Mid-Point Rebalancing Review, and
- increased funding of \$81,000 as a result of the Defence White Paper 2016 funding decisions.

This increase is partially offset by:

- a decrease of \$268,000 as a result of changes to the outputs and reduced carry forward funding from prior years.

Conditions on Use of Appropriation

Reference	Conditions
Extant Policy	Policy complies with the War Pensions Act 1954 and Veterans' Support Act 2014
Technical specifications for ex-service memorials	Ex-service memorials must meet specified size, material composition and finish as per the relevant contract specifications.
Eligibility of 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.

Protection of New Zealand and New Zealanders (M22)

Overarching Purpose Statement

The overarching purpose of this appropriation is to protect New Zealand's sovereignty and provide security and other services for New Zealanders.

Scope of Appropriation

Departmental Output Expenses

Assistance to the Civil Power and Provision of a Public Service in Emergency Situations

This category is limited to the costs of specialist military capabilities and Defence Force resources provided to the civil power in an emergency and for urgent work of national importance.

Defence International Engagement

This category is limited to the provision of services and utility of the Defence Force to support foreign policy objectives that strengthen security and avert conflict.

Defence Support to the Community

This category is limited to the costs of providing Defence Force resources for the betterment of the community at large and to inform the public's awareness of the proficiency and practice of the Armed Forces.

Military Assistance to Civil Authorities in Non-Emergency Situations

This category is limited to the costs of Defence Force resources, services and non-emergency assistance periodically provided to the Government and civil authorities.

Resource and Border Protection Operations

This category is limited to the sharing of information and provision of resources to support all-of-government efforts to protect New Zealand's borders and offshore maritime interests.

Expenses, Revenue and Capital Expenditure

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	437,254	434,843	444,522
Departmental Output Expenses			
Assistance to the Civil Power and Provision of a Public Service in Emergency Situations	70,070	69,015	71,560
Defence International Engagement	99,967	99,507	102,303
Defence Support to the Community	50,610	50,286	48,723
Military Assistance to Civil Authorities in Non-Emergency Situations	33,752	33,444	34,212
Resource and Border Protection Operations	182,855	182,591	187,724
Funding for Departmental Output Expenses			
Revenue from the Crown	425,502	425,502	434,936
Assistance to the Civil Power and Provision of a Public Service in Emergency Situations	70,008	70,008	71,498
Defence International Engagement	97,324	97,324	99,660
Defence Support to the Community	42,110	42,110	42,389
Military Assistance to Civil Authorities in Non-Emergency Situations	33,752	33,752	34,212
Resource and Border Protection Operations	182,308	182,308	187,177
Revenue from Others	11,752	11,752	9,586
Assistance to the Civil Power and Provision of a Public Service in Emergency Situations	62	62	62
Defence International Engagement	2,643	2,643	2,643
Defence Support to the Community	8,500	8,500	6,334
Resource and Border Protection Operations	547	547	547

What is Intended to be Achieved with this Appropriation

This appropriation is intended to contribute to the protection of New Zealand's sovereignty and the provision of security for New Zealanders.

How Performance will be Assessed for this Appropriation

	2016/17		2017/18
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
The degree of satisfaction expressed by authorities requesting assistance in accordance with their annual programmes	100%	100%	100%
Regular evaluation of significant issues, the capacity to react to requests for assistance and the provision of adequate support from the limited resources available	Meet	Met	Meet

What is Intended to be Achieved with each Category and How Performance will be Assessed

Assessment of Performance	2016/17		2017/18
	Final Budgeted Standard	Estimated Actual	Budget Standard
Departmental Output Expenses			
Assistance to the Civil Power and Provision of a Public Service in Emergency Situations			
This category is intended to achieve the contribution to all-of-government efforts that provide for public safety, protection of national infrastructure, emergency response and recovery operations in order to satisfy critical humanitarian needs.			
Percentage of the levels of operational capability and readiness as directed met to maintain the national counter-terrorist capability.	100%	100%	100%
Percentage of the levels of operational capability and readiness as directed met to generate the necessary capabilities to deal with complex chemical, biological, radiological, explosives and improvised explosive devices and maintain the readiness of the national response capability in support of the New Zealand Police.	100%	100%	100%
Percentage of agreed notice to move met for the specialised Counter-Terrorist Group to respond to New Zealand Police requests for assistance.	100%	100%	100%
Percentage of agreed notice to move met for the specialised Explosive Ordnance Disposal Squadron to respond to requests to assist New Zealand Police operations.	100%	100%	100%
Subject to the availability of resources, the percentage of requests met to assist New Zealand Police law enforcement operations.	100%	100%	100%
Percentage of contingency forces and specialised military capabilities available to assist the civil power deal with major disasters when not deployed on operations.	100%	100%	100%
Percentage of agreed notice to move met for specialised military capabilities to assist the civil power to conduct search and rescue and recovery operations within New Zealand and the maritime search and rescue and regional rescue coordination centre areas.	100%	100%	100%
Percentage of contingency plans in place to assist the civil power evacuate persons from high-risk environments in New Zealand.	100%	100%	100%
Percentage of requests met to augment the capacity of the New Zealand Fire Service and Rural Fire Authority to deal with a wide range of incidents involving safety of life, protection of property and related actions to mitigate the effects of fire.	100%	100%	100%
Percentage of contingency plans in place to assist the civil power mitigate the effects of a maritime disaster and degradation of the marine environment.	100%	100%	100%
Percentage of contingency plans in place to assist the civil power within the agreed notice to move to conduct aeromedical evacuation and medical rescue at sea at the Government's direction.	100%	100%	100%
Subject to availability of resources, the percentage of requests met for specialised military capabilities to assist New Zealand Police operations to maintain law and order and public safety.	100%	100%	100%

	2016/17		2017/18
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Percentage of contingency plans in place to mobilise the Armed Forces to assist the Department of Corrections to maintain the integrity of prisons when normal custodial arrangements fail.	100%	100%	100%
Percentage of NZDF participation in central and local governments' planning and multi-agency training exercises to enhance the all-of-government preparedness for responses to community-scale crises.	100%	100%	100%
Defence International Engagement			
This category is intended to support foreign policy objectives that strengthen security and avert conflict.			
Ensure the programme of military engagement through a network of multilateral and bilateral military relationships provides for a range of interactions that informs Defence of emerging advances in military operations, provides for professional development, fosters interoperability and enhances the reputation of New Zealand and the NZDF.	Meet	Met	Meet
Percentage of exercises and related activities participated in that support the Government's foreign policy objectives through recognised alliance and other arrangements that foster peace and security.	100%	100%	100%
Percentage of approved Senior Officer visit programme completed that maintains a strong network of professional relationships and complements the Government's broader foreign policy objectives.	100%	100%	100%
Percentage of maritime deployments, exercises with security partners and ship visits to selected nations completed that are cognisant of the Government's foreign policy and defence engagement priorities and satisfies all-of-government efforts to enhance New Zealand's reputation.	100%	100%	100%
Percentage of regional activities participated in that contribute to the Government's foreign policy objectives to improve the resilience, economic and social wellbeing of Pacific Island nations.	100%	100%	100%
Percentage of multilateral and bilateral confidence and security building activities participated in that contribute to initiatives that prevent the proliferation of weapons of mass destruction and further New Zealand's foreign policy objectives, as directed by the Government.	100%	100%	100%
Percentage of resident and non-resident Defence representation maintained through the assignment of Defence Attaches and Advisers in host nations and in accordance with the Government's direction.	100%	100%	100%
The NZDF remains well-informed about defence doctrine and advances in defence-related technology through: 1. maintaining active participation in specific military fora to enable the NZDF to remain well-informed about military doctrine, current military operations and future changes and exchanges of information related to the profession-of-arms; and 2. maintaining a network of relationships with external scientific and technology organisations that contribute to the development of solutions for the Government, the Defence Force, and New Zealand's national security agencies and supports the provision of military capability and promotion of security.	Meet	Met	Meet

Assessment of Performance	2016/17		2017/18
	Final Budgeted Standard	Estimated Actual	Budget Standard
Defence Support to the Community			
This category is intended to provide Defence Force resources for the betterment of the community at large and to inform the public's awareness of the proficiency and practice of the Armed Forces.			
Percentage of satisfaction with the NZDF's provision of leadership and skills training for the New Zealand Cadet Forces to develop confident, responsible young citizens who are valued in their community by providing them with safe, enjoyable and challenging opportunities.	Not less than 90%	Not less than 90%	Not less than 90%
Percentage of satisfaction of the Ministry of Social Development requirements for trainees selected for Limited Service Volunteer courses to gain life skills, develop core values, teamwork and trust, which boost self-esteem and confidence.	Not less than 90%	Not less than 90%	Not less than 90%
Percentage of satisfaction of the Ministry of Education Youth Life Skills programme requirements for Service Academies and the provision of leadership development and outdoors adventure-based training opportunities within high schools.	Not less than 90%	Not less than 90%	Not less than 90%
Percentage of satisfaction of the Justice sector (Child, Youth and Family) to deliver the physical aspects of Military-Style Activity Camps and the development of discipline, routine and a sense of self-respect amongst the participants.	Not less than 90%	Not less than 90%	Not less than 90%
Percentage of satisfaction of the New Zealand Police Blue Light Trust with NZDF services to enhance the Trust's youth development programmes nationwide.	Not less than 90%	Not less than 90%	Not less than 90%
Percentage of satisfaction of Service Museum Trust Boards with NZDF support to Service Museums and the development, management and display of New Zealand's military history collections for the preservation of New Zealand's military history and culture for the enjoyment of future generations.	Not less than 90%	Not less than 90%	Not less than 90%
Percentage of satisfaction to support significant national and local events that benefit the community through the provision of services at hui of significance and national and local events, including ceremonial and military displays that contribute to the success of the occasion and enhances the identity and professional reputation of the NZDF.	Not less than 90%	Not less than 90%	Not less than 90%
Military Assistance to Civil Authorities in Non-Emergency Situations			
This category is intended to provide periodic Defence Force resources, services and non-emergency assistance to the Government and civil authorities.			
Percentage of requests met to provide military guards, suitably tailored for the occasion, military bands and associated support to support State ceremonial activities that represent the nation and meet the Government's direction.	100%	100%	100%
Percentage of requests met to provide military guards, suitably tailored for the occasion, military bands and associated support to support significant military anniversaries, nationally recognised commemorative events and significant commemorative events overseas.	100%	100%	100%
Percentage of requests met to provide representational staff for the Viceregal House, military guards, suitably tailored for the occasion, military bands, air, land and sea transport and associated support for viceregal activities.	100%	100%	100%

Assessment of Performance	2016/17		2017/18
	Final Budgeted Standard	Estimated Actual	Budget Standard
Percentage of requests met to provide air, land and sea transport for members of the Government and guests of the State to support the Government's internal and external transportation requirements.	100%	100%	100%
Resource and Border Protection Operations			
This category is intended to provide the sharing of information and provision of resources to support all-of-government efforts to protect New Zealand's borders and offshore maritime interests.			
Percentage of information on maritime traffic, suitably adapted for civil needs, that is passed to the National Maritime Coordination Centre in an actionable timeframe so that government agencies are informed of activities going-on in the maritime zones of national interest to New Zealand.	100%	100%	100%
Percentage of the total agreed pre-planned air surveillance tasks requested by the National Maritime Coordination Centre met.	Not less than 90%	Not less than 90%	Not less than 90%
Percentage of the total air surveillance response tasks requested by the National Maritime Coordination Centre within the agreed notice to move to meet the Centre's requirement to investigate vessels of interest and respond to actual or potential non-compliance with New Zealand and international legislation met.	Not less than 90%	Not less than 90%	Not less than 90%
Percentage of the total agreed pre-planned maritime tasks requested by the National Maritime Coordination Centre met.	Not less than 90%	Not less than 90%	Not less than 90%
Percentage of the total response tasks requested by the National Maritime Coordination Centre within the agreed notice to move to meet the Centre's requirement to investigate vessels of interest and respond to actual or potential non-compliance with New Zealand and international legislation met.	Not less than 90%	Not less than 90%	Not less than 90%
Percentage of satisfaction of the NZDF's specialised military capabilities to support Antarctic New Zealand's operations in New Zealand and on the Antarctic continent, including contributions to the joint United States/New Zealand logistics pool to support New Zealand's right to sovereignty over the Ross Dependency and continuous presence on the Antarctic continent.	Not less than 90%	Not less than 90%	Not less than 90%
Percentage of satisfaction of the Ministry of Foreign Affairs and Trade for the NZDF's provision of specialised military capabilities to support New Zealand's efforts to manage marine living resources on and about the Antarctic continent.	Not less than 90%	Not less than 90%	Not less than 90%
Percentage of total pre-planned tasks requested by the National Maritime Coordination Centre to conduct pre-planned missions to service the offshore islands and demonstrate New Zealand's sovereignty met.	Not less than 90%	Not less than 90%	Not less than 90%

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Chief of Defence Force in the NZDF Annual Report for the year ended 30 June 2018 to be presented in the House.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2016/17 Final Budgeted \$000	2017/18 Budget \$000	2018/19 Estimated \$000	2019/20 Estimated \$000	2020/21 Estimated \$000
Defence White Paper 2016	2017/18	-	4,041	12,510	12,510	12,219
Deployment of an Inshore Patrol Vessel to Fiji	2016/17	403	1,088	-	-	-
Defence Mid-Point Rebalancing Review - Funding Track	2016/17	2,895	8,163	8,163	8,163	8,163
Share of costs for Budget 2015 whole-of-government initiative	2015/16	(878)	(631)	(475)	(475)	(475)

Reasons for Change in Appropriation

The appropriation increased by \$7.268 million to \$444.522 million for 2017/18. This increase between 2016/17 and 2017/18 relates to:

- increased funding of \$8.571 million as a result of the Defence Mid-Point Rebalancing Review
- increased funding of \$4.041 million as a result of the Defence White Paper 2016 funding decisions
- a fiscally neutral transfer of \$2.742 million from other appropriations to align the resource requirements with demand and activities
- increased funding of \$685,000 for the deployment to Fiji, and
- a reduction of \$247,000 in the contribution towards the share of the costs for Budget 2015 whole-of-government initiative.

This was partially offset by:

- reduced carry forward funding of \$3.738 million from prior years
- reduced funding of \$3.029 million due to the lowering of the capital charge rate between 2016/17 and 2017/18
- reduced funding of \$2.166 million for the 2017 Air Tattoo, and
- reduced funding of \$85,000 transferred to the Ministry of Culture and Heritage for the funding of the Military Heritage Ambassador.