

# *Information Supporting the Supplementary Estimates*

## *Vote Defence Force*

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

ADMINISTERING DEPARTMENT: New Zealand Defence Force

MINISTER RESPONSIBLE FOR NEW ZEALAND DEFENCE FORCE: Minister of Defence

## Part 1 - Summary of the Vote

### Part 1.3 - Trends in the Vote

#### Summary of Financial Activity

	2008/09				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
<b>Appropriations</b>					
Output Expenses	2,086,176	13,121	-	13,121	2,099,297
Benefits and Other Unrequited Expenses	-	N/A	-	-	-
Borrowing Expenses	-	-	-	-	-
Other Expenses	-	3,340	-	3,340	3,340
Capital Expenditure	541,956	(153,590)	-	(153,590)	388,366
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
<b>Total Appropriations</b>	<b>2,628,132</b>	<b>(137,129)</b>	<b>-</b>	<b>(137,129)</b>	<b>2,491,003</b>
<b>Crown Revenue and Capital Receipts</b>					
Tax Revenue	-	N/A	-	-	-
Non-Tax Revenue	-	N/A	-	-	-
Capital Receipts	-	N/A	-	-	-
<b>Total Crown Revenue and Capital Receipts</b>	<b>-</b>	<b>N/A</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Part 2 - Details and Expected Performance for Output Expenses

### Part 2.1 - Departmental Output Expenses

#### Fixed Wing Transport Forces (M22)

##### *Scope of Appropriation*

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

##### *Reasons for Change in Appropriation*

This appropriation will increase by \$17.667 million to \$218.885 million for 2008/09.

The increase mainly relates to:

- capital charge increases of \$3.360 million as a result of asset revaluation
- increases of \$17.295 million from NZDF resource reprioritisation for personnel initiatives and operating cost pressures
- savings of \$2.396 million returned to the Crown, and
- savings of \$599,000 transferred to 2009/10.

#### Land Combat Forces (M22)

##### *Scope of Appropriation*

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

##### *Reasons for Change in Appropriation*

This appropriation will increase by \$2.214 million to \$357.046 million for 2008/09.

The increase mainly relates to:

- capital charge increases of \$4.830 million as a result of asset revaluation
- increases of \$6.829 million from NZDF resource reprioritisation, mainly for personnel initiatives
- savings of \$7.556 million returned to the Crown, and
- savings of \$1.889 million transferred to 2009/10.

## Land Combat Service Support Forces (M22)

### *Scope of Appropriation*

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

### *Reasons for Change in Appropriation*

This appropriation will decrease by \$3.006 million to \$151.978 million for 2008/09.

The decrease mainly relates to:

- capital charge increases of \$1.712 million as a result of asset revaluation
- savings of \$3.616 million returned to the Crown, and
- savings of \$904,000 transferred to 2009/10.

## Land Combat Support Forces (M22)

### *Scope of Appropriation*

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

### *Reasons for Change in Appropriation*

This appropriation will decrease by \$2.789 million to \$198.810 million for 2008/09.

The decrease mainly relates to:

- savings of \$4.479 million returned to the Crown
- savings of \$1.120 million transferred to 2009/10, and
- capital charge increases of \$2.308 million as a result of asset revaluation.

## Maritime Patrol Forces (M22)

### *Scope of Appropriation*

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

### *Reasons for Change in Appropriation*

This appropriation will decrease by \$1.122 million to \$165.733 million for 2008/09.

The decrease mainly relates to:

- capital charge increases of \$2.664 million as a result of asset revaluation
- savings of \$2.309 million returned to the Crown, and
- savings of \$578,000 transferred to 2009/10.

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

### *Scope of Appropriation*

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

### *Reasons for Change in Appropriation*

This appropriation will increase by \$257,000 to \$16.253 million for 2008/09.

## **Military Policy Development, Coordination and Advice (M22)**

### *Scope of Appropriation*

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

### *Reasons for Change in Appropriation*

This appropriation will increase by \$3.022 million to \$13.374 million for 2008/09 for personnel initiatives and operating cost pressures met from NZDF resource reprioritisation.

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

### *Scope of Appropriation*

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

### *Reasons for Change in Appropriation*

This appropriation will decrease by \$3.265 million to \$27.685 million for 2008/09.

The decrease mainly relates to:

- savings of \$680,000 returned to the Crown
- savings of \$170,000 transferred to 2009/10, and
- savings of \$2.415 million for NZDF reprioritisation.

## Miscellaneous Support Activities MCOA (M22)

### *Scope of Appropriation*

#### **Support to Limited Service Volunteer Scheme**

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

#### **Support to Mutual Assistance Programme (MAP)**

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

#### **Support to New Zealand Cadet Forces**

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

#### **Support to Service Military Museums**

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

### *Explanation for Use of Multi-Class Output Expense Appropriation*

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

### *Reasons for Change in Appropriation*

This appropriation will increase by \$2.619 million to \$16.393 million for 2008/09 met from NZDF resource reprioritisation.

The increase mainly relates to:

- The appropriation for Support to the Limited Service Volunteer Scheme that has increased by \$1.502 million to \$4.078 million due to increased delivery against the scheme.
- The appropriation for Support to the Mutual Assistance Programme (MAP) that has decreased by \$300,000 to \$1.677 million due to reduced operating costs.
- The appropriation for Support to New Zealand Cadet Forces that has increased by \$388,000 to \$3.285 million due to personnel initiatives and increased operating costs.
- The appropriation for Support to Service Military Museums that has increased by \$1.029 million to \$7.353 million due to enhanced security measures and increased operating costs.

## Naval Combat Forces (M22)

### *Scope of Appropriation*

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

### *Reasons for Change in Appropriation*

This appropriation will decrease by \$393,000 to \$397.663 million for 2008/09.

The decrease mainly relates to:

- capital charge increases of \$8.900 million as a result of asset revaluation
- savings of \$9.287 million returned to the Crown, and
- savings of \$2.322 million transferred to 2009/10.

## Naval Helicopter Forces (M22)

### *Scope of Appropriation*

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

### *Reasons for Change in Appropriation*

This appropriation will increase by \$598,000 to \$82.873 million for 2008/09.

The increase mainly relates to:

- capital charge increases of \$1.689 million as a result of asset revaluation
- savings of \$1.523 million returned to the Crown, and
- savings of \$381,000 transferred to 2009/10.

## Naval Patrol Forces (M22)

### *Scope of Appropriation*

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

### *Reasons for Change in Appropriation*

This appropriation will decrease by \$21.793 million to \$82.859 million for 2008/09.

The decrease mainly relates to:

- savings of \$2.449 million returned to the Crown
- savings of \$613,000 transferred to 2009/10
- depreciation and operating savings of \$20.715 million for NZDF resource reprioritisation, and
- capital charge increases of \$1.984 million as a result of asset revaluation.

## Naval Support Forces (M22)

### *Scope of Appropriation*

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

### *Reasons for Change in Appropriation*

This appropriation will decrease by \$6.575 million to \$102.089 million for 2008/09.

The decrease mainly relates to:

- savings of \$2.851 million returned to the Crown
- savings of \$713,000 transferred to 2009/10
- savings of \$5 million identified for NZDF resource reprioritisation, and
- capital charge increases of \$2 million as a result of asset revaluation.

## Operationally Deployed Forces Annual (M22)

### *Scope of Appropriation*

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



### *Reasons for Change in Appropriation*

This appropriation will increase by \$24.523 million to \$78.633 million for 2008/09.

The change recognises that the final level of activities agreed for 2008/09 is similar to 2007/08 and the increased operating costs of those deployments.

## **Rotary Wing Transport Forces (M22)**

### *Scope of Appropriation*

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

### *Reasons for Change in Appropriation*

This appropriation will increase by \$3.887 million to \$128.778 million for 2008/09.

The increase mainly relates to:

- capital charge increases of \$2.273 million as a result of asset revaluation
- increases of \$2.760 million from NZDF resource reprioritisation mainly for personnel initiatives
- savings of \$916,000 returned to the Crown, and
- savings of \$230,000 transferred to 2009/10.

## **Special Operations Forces (M22)**

### *Scope of Appropriation*

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

### *Reasons for Change in Appropriation*

This appropriation will decrease by \$2.723 million to \$60.245 million for 2008/09.

This decrease mainly relates to:

- capital charge increases of \$521,000 as a result of asset revaluation
- savings of \$1.783 million returned to the Crown, and
- savings of \$446,000 transferred to 2009/10.

## Part 5 - Details and Expected Results for Other Expenses

### Part 5.1 - Departmental Other Expenses

#### **Asset Write-Offs (M22)**

##### *Scope of Appropriation*

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

##### *Reasons for Change in Appropriation*

This appropriation will increase by \$3 million to \$3 million for 2008/09. The increase relates to a technical adjustment to provide should it be necessary, for the expensing of items that have been included in the New Zealand Defence (NZDF) Statement of Financial Position.

#### **Loss on Sale of Physical Assets (M22)**

##### *Scope of Appropriation*

This appropriation is limited to providing for the gifting of the Putiki rifle range to the Te Poho o Matapihi Trust.

##### *Reasons for Change in Appropriation*

This appropriation will increase by \$340,000 to \$340,000 for 2008/09 to provide for the disposal of the Putiki Rifle Range.

## Part 6 - Details and Expected Results for Capital Expenditure

### Part 6.1 - Departmental Capital Expenditure

#### New Zealand Defence Force - Capital Expenditure PLA (M22)

##### *Scope of Appropriation*

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

##### *Capital Expenditure*

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	533,956	(152,123)	381,833
Intangibles	8,000	(1,467)	6,533
Other	-	-	-
<b>Total Appropriation</b>	<b>541,956</b>	<b>(153,590)</b>	<b>388,366</b>

##### *Reasons for Change in Appropriation*

This appropriation will decrease by \$153.590 million to \$388.366 million for 2008/09.

The change mainly relates to decreased Specialised Military Equipment (SME) related payments to the Ministry of Defence and decreased payments for NZDF managed capital projects.