

# *Performance Information for Appropriations*

## *Vote Defence*

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

ADMINISTERING DEPARTMENT: Ministry of Defence

MINISTER RESPONSIBLE FOR MINISTRY OF DEFENCE: Minister of Defence

# Part 1 - Summary of the Vote

## Part 1.1 - Overview of the Vote

The Minister of Defence is responsible for appropriations in the Vote for the 2012/13 financial year covering the following:

- a total of \$1.927 million for audits and assessments of the New Zealand Defence Force and Ministry of Defence
- a total of just under \$4 million for managing procurement or refurbishment, on behalf of the Crown, of various items of equipment contributing to a capability of the New Zealand Defence Force
- a total of \$5.970 million for policy advice, management of international defence relations and services to the Minister, and
- a total of \$160 million for the purchase, modification, or refurbishment of major items of defence equipment for the New Zealand Defence Force.

Details of these appropriations are set out in Parts 2-6 below.

## Part 1.2 - High-Level Objectives of the Vote

### Government Priorities and Outcomes - Links to Appropriations

The White Paper establishes priorities for 2010 onward. The Minister has also outlined Governments priorities through to 2015 and we have illustrated the corresponding Ministry activities below.

#### Deployments

New Zealand's peace support in Afghanistan, Timor-Leste and Solomon Islands is scheduled to draw down. The Government will manage the draw-down, aiming for smooth transitions.

#### *Ministry support*

We will advise on developing whole-of-government strategies to ensure smooth transition of responsibility from New Zealand to the governments of Afghanistan, Timor-Leste and Solomon Islands.

#### Capability plan

The Capability Plan, approved by Government in 2011, sets out major areas of development through to 2020. The NZDF intends having a joint amphibious Taskforce at the core of its force structure by 2015.

#### *Ministry support*

We will advise on several major acquisition decisions that Cabinet will consider over the next three years. In particular, we will work to ensure proposals are affordable, aligned with Government policies and priorities, and scrutinised under Defence's revised capability management arrangements, and then manage the acquisition to its successful conclusion.

## Shifting resources

To achieve the best use of available funding, the Government has directed the Defence Forces to make specific savings up to 2015 and redirect resources to align them to Government priorities.

### *Ministry support*

We will work with the NZDF to set up a savings plan, while ensuring the NZDF can deliver on the Government's operational expectations over the longer term. This will include supporting the NZDF, and working with central agencies to complete an output review. We will continue to contain our own costs.

## Legislative change

Some White Paper policy changes require amendments to the Defence Act 1990. A Defence Amendment Bill has been introduced to the House.

### *Ministry support*

We will work with the NZDF to progress the Bill, supporting the Select Committee as required.

## Contribution of Appropriations to Government Priorities and Outcomes

Appropriations	Government Priorities	Government Outcomes
<b>Departmental Output Expenses</b> Audit and Assessment of Performance Management of Equipment Procurement Policy Advice	<b>Policy Theme:</b> New Zealand is secure	<b>High Level Outcome:</b> New Zealand is secure and the security of other nations is enhanced by New Zealand's efforts. <b>Intermediate Level Outcomes:</b> New Zealand identifies all credible military threats to its security. New Zealand's military capabilities are aligned with our needs. New Zealand's defence relationships are aligned with our security interests and foreign policy goals. New Zealand's military deployments support our regional and wider international objectives.
<b>Non-Departmental Capital Expenditure</b> Defence Equipment	<b>Policy Theme:</b> New Zealand is secure	<b>High Level Outcome:</b> New Zealand is secure and the security of other nations is enhanced by New Zealand's efforts. <b>Intermediate Level Outcomes:</b> New Zealand identifies all credible military threats to its security. New Zealand's military capabilities are aligned with our needs. New Zealand's defence relationships are aligned with our security interests and foreign policy goals. New Zealand's military deployments support our regional and wider international objectives.

## Part 1.3 - Trends in the Vote

### Summary of Financial Activity

	2007/08	2008/09	2009/10	2010/11	2011/12		2012/13			2013/14	2014/15	2015/16
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Budgeted \$000	Estimated Actual \$000	Departmental Transactions Budget \$000	Non- Departmental Transactions Budget \$000	Total Budget \$000	Estimated \$000	Estimated \$000	Estimated \$000
<b>Appropriations</b>												
Output Expenses	9,476	12,192	11,011	10,061	12,600	11,543	11,866	-	11,866	11,616	12,055	11,166
Benefits and Other Unrequited Expenses	-	-	-	-	-	-	N/A	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure	279,995	144,949	172,012	15,823	155,249	155,249	300	160,230	160,530	51,415	116,377	290
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	N/A	-	-	-	-
<b>Total Appropriations</b>	<b>289,471</b>	<b>157,141</b>	<b>183,023</b>	<b>25,884</b>	<b>167,849</b>	<b>166,792</b>	<b>12,166</b>	<b>160,230</b>	<b>172,396</b>	<b>63,031</b>	<b>128,432</b>	<b>11,456</b>
<b>Crown Revenue and Capital Receipts</b>												
Tax Revenue	-	-	-	-	-	-	N/A	-	-	-	-	-
Non-Tax Revenue	578	152	251	31	100	100	N/A	100	100	-	-	-
Capital Receipts	253,230	228,583	174,118	135,797	154,331	154,331	N/A	172,306	172,306	127,620	7,519	23,965
<b>Total Crown Revenue and Capital Receipts</b>	<b>253,808</b>	<b>228,735</b>	<b>174,369</b>	<b>135,828</b>	<b>154,431</b>	<b>154,431</b>	<b>N/A</b>	<b>172,406</b>	<b>172,406</b>	<b>127,620</b>	<b>7,519</b>	<b>23,965</b>

## New Policy Initiatives

Policy Initiative	Appropriation	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
IFRS & foreign exchange adjustment	Non-Departmental Capital Expenditure	2,163	-	-	-	-
Acquisition resources	Management of Equipment Procurement	200	200	200	-	-
Training Light Utility Project	Non-Departmental Capital Expenditure	48,100	3,496	-	-	-
Defence Command and Control System	Non-Departmental Capital Expenditure	1,469	461	3,632	3,632	-
ANZAC Platform System Upgrade	Non-Departmental Capital Expenditure	1,146	1,743	-	-	-
Strengthen resource for Compatibility	Departmental	1,793	1,693	1,693	1,693	1,693
Increase to Capital Charge rate of 0.5%	Departmental	17	17	17	17	17
Protector Remediation: Phase I	Departmental	1,298	-	-	-	-
Protector Remediation: Phase I	Non-Departmental Capital Expenditure	5,235	-	-	-	-
Anzac PSU upgrade: Phase II	Non-Departmental Capital Expenditure	20,585	6,465	-	-	-
Protector Remediation: Phase II	Non-Departmental Capital Expenditure	8,000	11,800	14,050	19,150	-
Naval Helicopter Study	Departmental	250				
Efficiency Savings	Departmental	(339)	(339)	(339)	(339)	(339)
C-130 Extension Production Phase	Non-Departmental Capital Expenditure	-	9,850	-	-	-

## Analysis of Significant Trends

The departmental appropriations in Vote Ministry of Defence, which are detailed in the Summary of Financial Activity table in Part 1.3 above, show the significant changes discussed below.

### *Departmental Output Expense Appropriations*

Year on year the individual output expenses are largely constant. The only impacts on the consistency of these expenses are any further projects or initiatives for which additional specific funding has been sought. The causes of these year on year fluctuations have been explained below.

Significant movements over this time period are:

- The increase of \$2.716 million between 2007/08 and 2008/09 is mainly due to contract mediation relating to warranty issues of an acquisition project.
- The decrease of \$1.181 million between 2008/09 and 2009/10 is mainly due to an increase of \$200,000 for additional project management resources, a further \$420,000 to total \$710,000 on the Defence Review 2009, and a reduction of \$1.800 million in contract warranty issues.

- The reduction of \$950,000 between 2009/10 and 2010/11 is mainly due to the cessation of associated one off funding of \$545,000 for the Defence Review 09, a reduction of \$1.200 million in contract warranty issues, a decrease of \$57,000 for pre-acquisition costs and an increase of \$760,000 for Protector remediation.
- The increase of \$1.482 million between 2010/11 and the 2011/12 estimated actuals is mainly due to \$1.793 million for strengthening resources for Capability support and a reduction in Protector remediation.
- The increase of \$323,000 between 2011/2012 estimated actuals and 2013 budget is mainly due to an increase of \$700,000 for the Protector remediation and \$339,000 reduction due to the introduction of the efficiency savings.
- The reduction of \$250,000 between 2012/2013 and 2013/2014 budget is due to a reduction of \$250,000 for the Protector remediation.
- The increase of \$439,000 between 2013/14 and 2014/15 is due to an increase of \$439,000 for the Protector remediation.
- The reduction of \$889,000 between 2014/15 and 2015/16 is due to no further cost for the Protector Remediation.

### *Departmental Capital Expenditure*

The majority of the capital expenditure over the years relates to the Ministry of Defence's contribution towards the construction of the new Defence House in Aitken Street in Wellington. Other capital expenditure relates primarily IT software and equipment identified as new and replacement items required by the Ministry to deliver its stated outcomes and outputs.

### *Non-Departmental Capital Expenditure*

The movements in capital expenditure in each of the years 2007/08 to 2015/16 relates to the volume of projects underway in each financial year and changes in the forecast timing of achievement of project milestones and associated changes in the timing of payments for those milestones.

### *Capital Receipts*

The Ministry of Defence receives Capital Receipts from the New Zealand Defence Force from the sale of defence equipment. Changes in Capital Receipts during the years 2007/08 to 2011/12 reflect the number, structure and scope of the projects undertaken on behalf of the Crown during the same time period. Years 2012/13 to 2015/16 reflect the anticipated number, structure and scope of the projects to be undertaken on behalf of the Crown during the same time period.

## Part 1.4 - Reconciliation of Changes in Appropriation Structure

2011/12 Appropriations in the 2011/12 Structure	2011/12 (Current) \$000	Appropriations to which Expenses (or Capital Expenditure) have been Moved from or to	Amount Moved \$000	2011/12 Appropriations in the 2012/13 Structure	2011/12 (Restated) \$000	2012/13 \$000
Policy Advice	6,334	Transferred to Policy Advice and Related Outputs MCOA	6,334	Policy Advice	-	-
Policy Advice and Related Outputs MCOA	-			Policy Advice and Related Outputs MCOA	6,334	5,970
Total Changes in Appropriations	6,334				6,334	5,970

Explanations of the reasons for changing the appropriation structure are noted in the details of each appropriation in Parts 2-6.

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

### Part 2.1 - Departmental Output Expenses

#### Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
An approved schedule of audits and assessments is satisfactorily completed, and other audits and assessments are conducted as required by the Minister of Defence.	Audit and Assessment of Performance
Military assets are procured on behalf of the Crown and transferred to the New Zealand Defence Force. Warranty issues which arise from the procurement of assets are well managed. Industry receives advice on defence requirements facilitating effective communication to enable opportunities for New Zealand industry to provide goods and services as required and receive opportunities to compete for work consistent with government procurement policies.	Management of Equipment Procurement
Government receives advice on significant issues that have an impact on defence policy and international relations. Capability reviews in cooperation with the New Zealand Defence Force identify options for achieving the Government's defence policy goals. International defence relationships with Australia and other regional countries and participation in regional multilateral security dialogues contribute to New Zealand's security.	Policy Advice and Related Outputs

#### Audit and Assessment of Performance (M22)

##### *Scope of Appropriation*

This appropriation is limited to audits and assessments of the New Zealand Defence Force and the Ministry of Defence.

##### *Expenses and Revenue*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	1,956	1,854	1,927
Revenue from Crown	1,889	1,789	1,927
Revenue from Other	67	65	-

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

The appropriation has reduced by \$29,000 due to the introduction of efficiency savings.



## Output Performance Measures and Standards

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Quantity: Delivery to the Minister of Defence of reports of audits and assessments, as required by the Minister or to a programme approved by the Minister, in accordance with s.24(2)(e) of the Defence Act 1990 and s.3(6) of the Hazardous Substances and New Organisms Act 1996. Assessments and audits will cover the following areas:			
<ul style="list-style-type: none"> <li>evaluations of NZDF output delivery</li> </ul>	1-4	1	N/A
<ul style="list-style-type: none"> <li>reviews of management performance</li> </ul>	10-15	11	N/A
<ul style="list-style-type: none"> <li>audits of capability projects</li> </ul>	1-4	1	N/A
<ul style="list-style-type: none"> <li>audits of controls on hazardous substances under the control of the Minister of Defence</li> </ul>	1	1	N/A
(The audits and assessments to be taken are approved by the Secretary of Defence and Chief of Defence Force on behalf of the Minister. An average of between 16 and 17 reports has been completed annually over the past five years.)			
Quality: Audits and assessments will be informative and the recommendations will be focused and feasible. Quality judgements will be made by the Minister, the Chief Executives and external assessors on a scale of: <ul style="list-style-type: none"> <li>Low</li> <li>Medium</li> <li>High</li> <li>Very High</li> </ul>	High	High	N/A
Timeliness: Audits and assessments will be timely and relevant to the Minister and the Defence organisations. Relevance relates to the ability of the Minister and the Defence organisations to use the findings and recommendations in future business improvement actions. Measurement will be on a scale of: <ul style="list-style-type: none"> <li>Unsuitable - the reports were not relevant. The matters reviewed were no longer current</li> <li>Appropriate - the reports were relevant and were able to be used in modifying the matter reviewed</li> <li>Timely - the reports were delivered in a timeframe that enabled them to be applied to business improvement actions</li> </ul>	Timely	Appropriate/Timely	N/A
Effectiveness: Audits and assessments will assist the Defence Organisations improve their performance. Assessments will be made by the Defence Evaluation Board, on a scale of: <ul style="list-style-type: none"> <li>Ineffective</li> <li>Effective</li> <li>Very Effective</li> </ul>	Effective	Effective/Very effective	N/A

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Delivery to the Minister of reports of audits and assessments, as required by the Minister or to a programme approved by the Minister, in accordance with s.24(2)(e) of the Defence Act 1990 and s.3(6) of the Hazardous Substances and New Organisms Act 1996. Assessments and audits will cover the following areas: <ul style="list-style-type: none"> <li>• evaluations of NZDF output delivery</li> <li>• reviews of management performance</li> <li>• audits of capability projects</li> <li>• audits of controls on hazardous substances under the control of the Minister of Defence.</li> </ul>	N/A	N/A	Target number of reports: 15-18
Audits and assessments will follow an appropriate methodology that reflects good practice for such audits and assessments.	N/A	N/A	The methodology used for audits and assessments will be assessed by periodic external review of a sample
Reports of audits and assessments will meet quality expectations in terms of the sufficiency of administrative and management context, report structure, presentation and format, and the reasonableness of conclusions and recommendations.	N/A	N/A	Positive management control and a minimum of two layers of quality assessment will be applied to every report
Key stakeholders (the Minister of Defence, the Secretary of Defence and the Chief of Defence Force) rate the quality and usefulness of reports of audits and assessments on a scale of 1-5. Aggregate assessments will be made at six-monthly intervals.	N/A	N/A	An overall score of 4 or better for each of quality and usefulness

Changes to Audit and Assessment performance measures have been made for the following reasons, after consultation with Audit New Zealand:

- The quantity measures used in 2011/12 were too specific. As the programme of work is determined by the Minister (or the Minister's delegates) the distribution of audits and assessments between the areas involved can change. Reverting to an overall annual target, while still indicating the nature of the work that might be included, is a better reflection of the nature of the evaluation activity.
- The quality, timeliness and effectiveness measures used in 2011/12 have been found to be very challenging to measure and of little practical value to the reader. Measures similar to those used by the Auditor-General (Vote Audit - Performance Audits and Inquiries) are seen to be a better reflection of the nature of the audit and assessment activity.

### *Conditions on Use of Appropriation*

Reference	Conditions
<b>Auditing Standards for Audits and Assessments of Performance</b>	
Authority	The audit or assessment will be selected from a list approved on behalf of the Minister or will be required by the Minister.
Scope and Objectives	The audit or assessment will have clear scope and objectives.
Focus	The audit or assessment will have suitable criteria that focus the work and provide a basis for developing observations and conclusions.
Evidence	The audit or assessment will have sufficient appropriate evidence to support the content of the report.
Objectivity	The audit or assessment will involve objective evaluation of the evidence against criteria to develop observations and conclusions.
Recommendations	The audit or assessment will include recommendations that will, if implemented, add value, improve efficiency and effectiveness, or ameliorate risk.

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Communication inter-operability project	2009/10	(3)	(2)	(2)	(2)	(2)
Strengthening resource for Capability support	2011/12	233	233	233	233	233
Increase to Capital Charge rate of 0.5%	2011/12	2	2	2	2	2
Efficiency savings	2012/13	-	(30)	(30)	(30)	(30)

## **Management of Equipment Procurement (M22)**

### *Scope of Appropriation*

Managing procurement or refurbishment, on behalf of the Crown, of various items of equipment contributing to a capability of the New Zealand Defence Force.

### *Expenses and Revenue*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	4,310	4,311	3,969
Revenue from Crown	3,992	3,996	3,969
Revenue from Other	318	315	-

### *Reasons for Change in Appropriation*

The appropriation in 2012/13 reduces by \$341,000 due the introduction of efficiency savings, costs for the Protector Remediation project and no budget allowance for any pre-acquisition costs.

## Output Performance Measures and Standards

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
<p>Cost: Each new equipment procurement or refurbishment project will be managed within its approved budget.</p> <p>The term 'approved' budget means the contract price plus the project discretionary budget price. It includes (1) the original contract price and (2) approved variations of the original contract price and (3) approved variations to the original project budget.</p>			
The measure is the % of all project-related expenditure incurred in the year that constitutes a cost over-run.	0%	0%	0%
<p>Quality of deliverable: Each new equipment procurement or refurbishment project will be managed to the quality standards negotiated for each project in accordance with the agreed/contracted specifications and Statement of Compliance or equivalent issued on delivery of the capability. This is measured by test, trial, evaluation, demonstration, independent audit or certification, and measurements as prescribed in contractual documents. Delivery should not be accepted unless specifications in the agreed Statement of Compliance that are critical to acceptance have all been met.</p>			
The measure is the number of accepted projects that do not meet all specifications that are critical to acceptance.	0	0	0
<p>Schedule: Each new equipment procurement or refurbishment project will be managed without avoidable delay with the aim of reducing the average schedule over-run.</p> <p>The term 'avoidable delay' means delay occasioned by the Ministry. It does not include delay occasioned by the contractor or covered under the contract's 'excusable delay' clauses.</p>			
The measure is the % of all contracts for which there has been an avoidable delay by the MoD.	5%	13%	5%

## Conditions on Use of Appropriation

Reference	Conditions
<b>Quality Standards for Equipment Procurement</b>	
Recommendations	<p>Recommendations are clear, and logical.</p> <p>They are sufficient to enable a decision to be made on a proposal or move to the next decision/action point</p>
Options	A range of options is presented that provide clearly differentiated choices and these are rigorously evaluated against the analytical framework. Costs, benefits, consequences, and risks/opportunities of the options are assessed as part of the analysis. Where it is not possible to use a range of options the reasons are clearly stated.
Consultation	Evidence of thorough and timely consultation with other government departments and interested parties is presented, and their views, including objections, incorporated as appropriate.
<b>Quality Standards for the promotion of domestic suppliers capabilities</b>	
Consultation	Evidence of thorough and timely consultation with other government departments and interest parties is presented.

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Additional Project Management Resources	2008/09	200	200	200	200	200
Protector Remediation Costs	2009/10	749	700	450	889	-
Communications inter-operability project	2009/10	(3)	(2)	(2)	(2)	(2)
Increase to Capital Charge rate to 0.5%	2011/12	13	13	13	13	13
Efficiency savings	2011/12	-	37	37	37	37

### **Policy Advice and Related Outputs MCOA (M22)**

#### *Scope of Appropriation*

#### **Ministerial Services**

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

#### **Policy Advice**

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

#### **Policy Support**

This output class is limited to the provision of services (other than defence policy) that support the development and procurement of military capability, and the conduct of international defence relations.

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

This appropriation is limited to the provision of advice to the Minister and contributions to policy advice led by other agencies, Ministerial services, and other services that support the development and procurement of military capability, and the conduct of international defence relations. This appropriation is a MCOA because Ministerial services, assistance to development and procurement of military capability, and international defence relations support the provision of policy advice.

*Expenses and Revenue*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Total Appropriation</b>	-	-	5,970
Ministerial Services	-	-	298
Policy Advice	-	-	3,770
Policy Support	-	-	1,902
<b>Revenue from Crown</b>	-	-	5,970
Ministerial Services	-	-	298
Policy Advice	-	-	3,770
Policy Support	-	-	1,902
<b>Revenue from Other</b>	-	-	-
Ministerial Services	-	-	-
Policy Advice	-	-	-
Policy Support	-	-	-

*Reasons for Change in Appropriation*

The appropriation has changed due to the restructure of the Policy Advice Output class after a review of the structure and cost attributes of the policy advice output expenses.

*Output Performance Measures and Standards*

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
<b>Prepare policy papers for the Minister, Including Cabinet papers</b>			
Quantity (number of items).	N/A	N/A	24-30
Quality as assessed by independent review of a sample of policy papers.			>50% graded 1 <30% graded 2 <20% graded 3
Timeliness as assessed by the percentage of papers that were submitted by the directed deadline.			> 95% of papers submitted by deadline
<b>Prepare ministerial correspondence for the Minister</b>			
Quantity (number of items).	N/A	N/A	35-55
Quality as assessed by the percentage of first draft of all correspondence accepted by the Ministers.	N/A	N/A	90%
Timeliness as assessed by the percentage of draft replies that were not submitted by the directed deadline.			> 95% of papers submitted by deadline

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
<b>Prepare answers to Parliamentary questions for the Minister</b>			
Quality as assessed by the percentage of first drafts of all questions accepted by the Ministers.	N/A	N/A	90%
Timeliness as assessed by the percentage of draft replies that were submitted to the Minister within the time specified in Standing Orders.	N/A	N/A	> 95% of papers submitted by deadline
<b>Prepare answers to Select Committee questions for the Minister.</b>			
Quality ratings of a sample of select committee replies assessed by independent review.	N/A	N/A	>50% graded 1 <30% graded 2 <20% graded 3
Timeliness as assessed by the percentage of draft replies that were not submitted by the deadline requested by the Select Committee.	N/A	N/A	> 95% of papers submitted by deadline
<b>Prepare responses to Official Information Act requests</b>			
Timeliness as assessed by the percentage of replies that were completed within the time set by statutory requirement (20 working days).	N/A	N/A	> 95% of papers submitted by deadline
<b>Prepare information notes and submissions to the Minister and senior Defence officials</b>			
Quantity (number of items).	N/A	N/A	35-55
Quality as assessed by independent review of a sample of policy papers.	N/A	N/A	>50% graded 1 <30% graded 2 <20% graded 3
Timeliness as assessed by the percentage of draft replies that were submitted by the directed deadline.	N/A	N/A	> 95% of papers submitted by deadline
<b>Hosting international engagement meetings in New Zealand</b>			
Quantity (number of engagement meetings).	N/A	N/A	10-15
Quality as assessed by formal feedback on selected meetings from senior Defence attendees (Sec Def, CDF, Dep Sec P&P, Dep Sec A, VCDF and AC Cap).	N/A	N/A	>50% graded 1 <30% graded 2 <20% graded 3
<b>Participating in International engagement meetings overseas</b>			
Quantity (number of engagement meetings).	N/A	N/A	10-15
Quality as assessed by formal feedback on selected meetings from senior Defence attendees (Sec Def, CDF, Dep Sec P&P, Dep Sec A, VCDF and AC Cap).	N/A	N/A	>50% graded 1 <30% graded 2 <20% graded 3

### *Conditions on Use of Appropriation*

Reference	Conditions
Purpose	The objective for the advice is clearly stated, it answers any defence and security issues raised by the Minister and demonstrates a clear understanding of the desired outcome(s) of the Government and/or the Minister.
Problem definition	Any public policy problem, including the underlying causes, size and materiality of issue, is identified and supported by data or other evidence.
Context	It is clear where the advice stands in the context of the wider policy process, including what has already been undertaken and what is expected to occur in the future.
Logic	An appropriate analytical framework is used. Assumptions behind the advice are explicit and the argument is logical and supported by facts.
Accuracy	All material facts are present and accurate. Known gaps that could significantly affect the conclusions are identified and the range of uncertainty stated.
Options	A range of options is presented that provides clearly differentiated choices and these are rigorously evaluated against the analytical framework. Costs, benefits, consequences, and risks/opportunities of the options are assessed as part of the analysis. Where it is not possible to use a range of options the reasons are clearly stated.
Recommendations	Recommendations are clear, logical and action oriented and can stand alone from the rest of the advice. They are sufficient to enable a decision to be made on the proposal or to move to the next decision/action point.
Consultation	Evidence of thorough and timely consultation with other government departments and interested parties is presented and their views, including objections, incorporated as appropriate.
Practicality	Issues of implementation, technical feasibility, practicality and timing are considered and budgetary implications identified.
Presentation	Material is presented to suit the target audience and: <ul style="list-style-type: none"> <li>is concise and structured in a way which assists others to understand the aim of the advice, key features of the information, analysis and recommendations, and their key implications</li> <li>uses appropriate language and style</li> <li>is consistent with departmental and Cabinet Office presentation requirements.</li> </ul>

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Defence Capability and Resourcing Review - Improved Organisational Capability	2005/06	844	844	844	844	844
Communications inter-operability project	2009/10	(4)	(2)	(2)	(2)	(2)
Strengthening resource for Capability support	2011/12	1,560	1,460	1,460	1,460	1,460
Increase to Capital Charge rate of 0.5%	2011/12	2	2	2	2	2
Efficiency saving	2012/13	-	(346)	(346)	(346)	(346)



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

### Part 6.1 - Departmental Capital Expenditure

#### Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Maintain and upgrade capability through routine replacement of the Ministry's information technology and office equipment.	Ministry of Defence - Capital Expenditure PLA (M22)

#### Ministry of Defence - 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 Ministry of Defence, as authorised by section 24(1) of the Public Finance Act 1989.

##### *Capital Expenditure*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	157	157	110
Intangibles	195	195	190
Other	-	-	-
<b>Total Appropriation</b>	<b>352</b>	<b>352</b>	<b>300</b>

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

The reduction in appropriation for 2012/13 is due to the timing for upgrades and replacement of information technology infrastructure.

##### *Expected Results*

	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Improved Infrastructure	352	352	300

## Part 6.2 - Non-Departmental Capital Expenditure

### Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Maintain and/or upgrade military capability through upgrades or procurement of new defence equipment for the New Zealand Defence Force.	Defence Equipment

### Defence Equipment (M22)

#### *Scope of Appropriation*

This appropriation is limited to the purchase, modification or refurbishment of major items of defence equipment for the New Zealand Defence Force.

#### *Capital Expenditure*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	154,897	154,897	160,230

#### *Reasons for Change in Appropriation*

The appropriation for Defence Equipment varies depending upon the number and scope of projects.

#### *Expected Results*

	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Improved Military Capability	154,897	154,897	160,230

#### *Conditions on Use of Appropriation*

Reference	Conditions
Defence Act 1990	Section 24
<b>Quality Standards for Defence Equipment</b>	
Effective Management	Equipment procurement, modification and refurbishment projects will be managed within the approved budget and to the quality standards negotiated for each project.
Options	A range of options are considered that provides clearly differentiated choices and these are rigorously evaluated. Costs, benefits, consequences, and risks/opportunities of the options are assessed as part of the analysis.
Practicality	Issues of implementation, technical feasibility, practicality and timing are accurately identified and addressed.

*Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
P-3 Mission Management, Communication and Navigation Systems Upgrade	2004/05	12,234	-	-	-	-
C-130 Life Extension	2006/07	2,200	2,200	-	-	-
Medium Utility Helicopter Capability	2006/07	3,496	-	-	-	-
ANZAC Platform Systems Upgrade	2008/09	1,743	-	-	-	-
Defence Control and Command System	2008/09	461	3,632	3,632	-	-
Training Light Utility Helicopter	2008/09	3,496	-	-	-	-
Protector Remediation Phase II	2010/11	5,325	-	-	-	-
Anzac Platform System Upgrade Phase II	2011/12	20,585	6,465	-	-	-
Protector Remediation Phase II	2011/12	8,000	11,800	14,050	19,150	-
C-130 Life Extension - Production Phase	2012/13	-	9,850	-	-	-

**Reporting Mechanisms**

Appropriation	Reporting Mechanism
Defence Equipment	Annual Report of the Ministry of Defence
Defence Equipment	Major Projects Report

The above table indicates the mechanisms to be used for reporting actual results for each non-departmental capital expenditure appropriation.