

Information Supporting the Supplementary Estimates

Vote Defence Force

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

ADMINISTERING DEPARTMENT: New Zealand Defence Force

MINISTER RESPONSIBLE FOR NEW ZEALAND DEFENCE FORCE: Minister of Defence

Part 1 - Summary of the Vote

Part 1.3 - Trends in the Vote

Summary of Financial Activity

	2011/12				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
Appropriations					
Output Expenses	2,308,387	(130,882)	-	(130,882)	2,177,505
Benefits and Other Unrequited Expenses	-	N/A	-	-	-
Borrowing Expenses	-	-	-	-	-
Other Expenses	2,750	100	-	100	2,850
Capital Expenditure	600,000	(168,000)	-	(168,000)	432,000
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Total Appropriations	2,911,137	(298,782)	-	(298,782)	2,612,355
Crown Revenue and Capital Receipts					
Tax Revenue	-	N/A	-	-	-
Non-Tax Revenue	-	N/A	-	-	-
Capital Receipts	-	N/A	-	-	-
Total Crown Revenue and Capital Receipts	-	N/A	-	-	-

Part 2 - Details and Expected Performance for Output Expenses

Part 2.1 - Departmental Output Expenses

Airborne Surveillance and Response Forces (M22)

Scope of Appropriation

This appropriation is limited to the provision of the capabilities of No 5 Squadron RNZAF (P-3K2 Orion aircraft) prepared to conduct airborne surveillance of New Zealand's EEZ, the Pacific region and the Southern Ocean, to conduct search and rescue missions, and to conduct maritime and land air operations, in accordance with NZDF Output Plan specifications. This output expense also includes some support services to the community.

Reasons for Change in Appropriation

This appropriation will decrease by \$12.042 million to \$164.662 million for 2011/12. This decrease relates to:

- a decrease (\$12.187 million) to provide for 2011/12 NZDF resource reprioritisation and the management of future operating pressures through the Retention of Underspends, and
- a technical revenue recognition increase (\$145,000).

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 decrease by \$17.279 million to \$243.731 million for 2011/12. This decrease relates to:

- a decrease (\$17.503 million) to provide for 2011/12 NZDF resource reprioritisation and the management of future operating pressures through the Retention of Underspends, and
- a technical revenue recognition increase (\$224,000).

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 decrease by \$19.047 million to \$365.186 million for 2011/12. This decrease relates to:

- a decrease (\$19.482 million) to provide for 2011/12 NZDF resource reprioritisation and the management of future operating pressures through the Retention of Underspends, and
- a technical revenue recognition increase (\$435,000).

Land Combat Service Support Forces (M22)

Scope of Appropriation

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

Reasons for Change in Appropriation

This appropriation will increase by \$2.525 million to \$160.666 million for 2011/12. This increase relates to:

- an increase (\$2.349 million) in input costs met from NZDF resource reprioritisation, and
- a technical revenue recognition increase (\$176,000).

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 \$2.351 million to \$212.941 million for 2011/12. This decrease relates to:

- a decrease (\$2.587 million) to provide for 2011/12 NZDF resource reprioritisation and the management of future operating pressures through the Retention of Underspends, and
- a technical revenue recognition increase (\$236,000).

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 decrease by \$1,000 to \$13.862 million for 2011/12. This relates to input costs identified for NZDF resource reprioritisation.

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 \$217,000 to \$17.398 million for 2011/12. This increase relates to:

- a decrease for a transfer to Vote Veterans' Affairs (\$37,000), and
- an increase, largely for technical revenue recognition (\$254,000).

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

Scope of Appropriation

Provision of the capabilities of the Mine Countermeasures (MCM) Forces, including HMNZS MANAWANUI, 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 \$1.015 million to \$24.060 million for 2011/12 to provide for NZDF resource reprioritisation and the management of future operating pressures through the Retention of Underspends.

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 resource support to the defence forces of MAP partner countries, both in New Zealand and in the partner countries. Specialist niche training is also provided to the law enforcement agencies of South Pacific MAP partner countries.

Support to New Zealand Cadet Forces

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

Support to Service Military Museums

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

Support to Youth Development

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

Explanation for Use of Multi-Class Output Expense Appropriation

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

Reasons for Change in Appropriation

This appropriation will decrease by \$1.255 million to \$23.992 million for 2011/12. This decrease relates to:

- a decrease (\$434,000) in Support to Mutual Assistance Programme (MAP) input costs
- a decrease (\$171,000) in Support to New Zealand Cadet Forces input costs
- a decrease (\$1.580 million) in Support to Service Military Museums input costs
- a decrease (\$242,000) in Support to Youth Development input costs, and
- an increase (\$1.172 million) for contracts with the Ministry of Social Development and the Ministry of Education for the Support to Youth Development programme.

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 \$54.893 million to \$353.306 million for 2011/12. This decrease relates to:

- a decrease (\$55.342 million) to provide for 2011/12 NZDF resource reprioritisation and the management of future operating pressures through the Retention of Underspends, and
- a technical revenue recognition increase (\$449,000).

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 decrease by \$626,000 to \$88.122 million for 2011/12. This decrease relates to:

- a decrease (\$697,000) to provide for 2011/12 NZDF resource reprioritisation and the management of future operating pressures through the Retention of Underspends, and
- a technical revenue recognition increase (\$71,000).

Naval Patrol Forces (M22)

Scope of Appropriation

Provision of the capabilities of the Offshore and Inshore Patrol Vessels (OPVs, IPVVs) 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. 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 \$10.325 million to \$129.515 million for 2011/12. This decrease relates to:

- a decrease (\$10.457 million) to provide for 2011/12 NZDF resource reprioritisation and the management of future operating pressures through the Retention of Underspends, and
- a technical revenue recognition increase (\$132,000).

Naval Support Forces (M22)

Scope of Appropriation

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

Reasons for Change in Appropriation

This appropriation will decrease by \$4.080 million to \$101.723 million for 2011/12. This decrease relates to:

- a decrease (\$4.211 million) to provide for 2011/12 NZDF resource reprioritisation and the management of future operating pressures through the Retention of Underspends, and
- a technical revenue recognition increase (\$131,000).

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 decrease by \$9.455 million to \$61.086 million for 2011/12. This decrease relates to:

- increased funding (\$545,000) to support a new deployment, and subsequently
- a decrease (\$10 million) to manage future deployed force cost pressures through the Retention of Underspends.

Rotary Wing Transport Forces (M22)

Scope of Appropriation

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

Reasons for Change in Appropriation

This appropriation will decrease by \$3.013 million to \$140.582 million for 2011/12. This decrease relates to:

- a decrease (\$3.073 million) to provide for 2011/12 NZDF resource reprioritisation and the management of future operating pressures through the Retention of Underspends, and
- a technical revenue recognition increase (\$60,000).

Special Operations Forces (M22)

Scope of Appropriation

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

Reasons for Change in Appropriation

This appropriation will increase by \$1.758 million to \$76.673 million for 2011/12. This increase relates to:

- an increase (\$1.645 million) in input costs met from 2011/12 NZDF resource reprioritisation, and
- a technical revenue recognition increase (\$113,000).

Part 5 - Details and Expected Results for Other Expenses

Part 5.1 - Departmental Other Expenses

Disposal of Decommissioned Assets (M22)

Scope of Appropriation

This appropriation is limited to the disposal costs of decommissioned assets.

Reasons for Change in Appropriation

This appropriation will increase by \$100,000 to \$600,000 in 2011/12 as a result of final decisions for the disposal of decommissioned assets.

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

	2011/12		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	600,000	(168,000)	432,000
Intangibles	-	-	-
Other	-	-	-
Total Appropriation	600,000	(168,000)	432,000

Reasons for Change in Appropriation

This appropriation will decrease by \$168 million to \$432 million in 2011/12, mainly as a result of less than expected payments to the Ministry of Defence for the purchase of Specialist Military Equipment (SME).