

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

Supplementary Estimates of Appropriations

Details of Appropriations

Annual and Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2013/14		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Departmental Output Expenses			
Airborne Surveillance and Response Forces (M22) 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.	202,606	1,068	203,674
Fixed Wing Transport Forces (M22) 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.	263,888	(463)	263,425
Land Combat Forces (M22) 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.	348,124	1,586	349,710
Land Combat Service Support Forces (M22) 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.	170,020	4,977	174,997
Land Combat Support Forces (M22) 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.	204,850	16,002	220,852
Littoral Warfare Support Forces (M22) This appropriation is limited to the provision of capabilities necessary to ensure access to and the use of harbours, inshore waters and associated coastal zones in New Zealand and wherever NZDF deployed maritime forces are required to operate. This capability is delivered through the combination of HMNZS Manawanui, and similar support vessels including Survey Motor Boat Adventure and the Rapid Environmental Assessment Boats Takapu and Tarapunga, the Mine Countermeasures Team, the Operational Diving Team and the Maritime Survey Team. This output expense also includes contributions to a range of services to other government agencies and the community.	32,583	(636)	31,947
Miscellaneous Support Activities MCOA (M22) <i>Support to Mutual Assistance Programme (MAP)</i>	24,293	5,100	29,393
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.	5,087	196	5,283

	2013/14		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Titles and Scopes of Appropriations by Appropriation Type			
<i>Support to New Zealand Cadet Forces</i> This output class is limited to the provision of leadership and skills training for all approved New Zealand Cadet Force (NZCF) units.	2,887	921	3,808
<i>Support to Service Military Museums</i> This output class is limited to collection development, collection management and exhibits related to New Zealand's military history.	5,421	2,573	7,994
<i>Support to Youth Development</i> This output class is limited to New Zealand Defence Force support to government initiated youth development schemes in New Zealand, being the conduct of Limited Service Volunteer courses and contributions to Youth Life Skills programmes (Service Academies and Military-style Activity Camps).	10,898	1,410	12,308
Naval Combat Forces (M22) 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.	325,357	11,529	336,886
Naval Helicopter Forces (M22) 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.	90,994	(7,434)	83,560
Naval Patrol Forces (M22) This appropriation is limited to the provision of the capabilities of the Offshore and Inshore Patrol Vessels (OPVs, IPVs) prepared for the conduct of maritime operations in support of Domestic Tasks, and for the security and protection of New Zealand's economic border and EEZ, in accordance with NZDF Output Plan specifications. The OPVs will also be prepared to conduct sovereignty and resource protection patrol operations in the Southern Ocean, Ross Dependency, South Pacific region and further afield when directed.	131,171	(14,160)	117,011
Naval Support Forces (M22) 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.	110,432	2,261	112,693
Operationally Deployed Forces Annual (M22) 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.	27,658	(488)	27,170
Policy Advice And Other Services For Veterans MCOA (M75)	11,137	280	11,417
<i>Administration Services</i> This output class is limited to the provision of services to Ministers to enable them to discharge their portfolio (other than policy decision-making) responsibilities, the coordination of commemorations, the provision of administration services to relevant boards and committees and the administration of contracts for service for maintenance and development work carried out in Service Cemeteries.	4,625	280	4,905
<i>Policy Advice</i> This output class is limited to the provision of policy advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters relating to Veterans' Affairs.	220	-	220

	2013/14		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Titles and Scopes of Appropriations by Appropriation Type			
Departmental Output Expenses - cont'd			
<i>Services and Payments to Veterans</i> This output class is limited to the assessment, review and payment of entitlements and benefits (War Disablement Pensions and related concessions, and allowances and Surviving Spouse Pensions), the assessment and review of entitlement for burial in Service Cemeteries, the installation of ex-service memorials for eligible veterans, and the provision of case management for veterans and their families.	6,292	-	6,292
Policy Advice and Related Outputs MCOA (M22)	14,519	405	14,924
<i>Ministerial Services</i> This output class is limited to the provision of services to Ministers to enable them to discharge their portfolio (other than policy decision-making) responsibilities.	1,658	(353)	1,305
<i>Policy Advice</i> This output class is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters relating to Defence and the New Zealand Defence Force.	1,746	303	2,049
<i>Strategic Military Intelligence</i> This output class is limited to the collection, collation, analysis and dissemination of strategic military intelligence on areas of interest to New Zealand.	11,115	455	11,570
Rotary Wing Transport Forces (M22) This appropriation is limited to the provision of the capabilities of No 3 Squadron RNZAF (Iroquois helicopters) prepared to conduct tactical air transport, including aeromedical evacuation, and counter-terrorist operations, and to contribute support services to the community, in accordance with NZDF Output Plan specifications. In addition, the Helicopter Transition Unit, while conducting capability development, will be able on occasion to provide limited domestic transport tasks using the NH-90 and A-109 helicopters.	245,899	(16,376)	229,523
Special Operations Forces (M22) 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.	87,239	2,436	89,675
Total Departmental Output Expenses	2,290,770	6,087	2,296,857
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.	583,000	(151,026)	431,974
Total Departmental Capital Expenditure	583,000	(151,026)	431,974
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
Support for Veterans and Their Families (M75) This appropriation is limited to providing for the support of veterans and their families. This includes the provision of counselling for veterans' families, the reimbursement of out of pocket expenses for veterans' children with specified conditions; additional support for veterans to facilitate them remaining in their own homes for as long as possible; additional support to facilitate veterans' rehabilitation; support for the surviving partner after the death of the veteran and for the provision of grants to Non-Government Organisations for the support of veterans and their families.	1,027	150	1,177
Total Non-Departmental Output Expenses	1,773	150	1,923

Titles and Scopes of Appropriations by Appropriation Type	2013/14		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Benefits and Other Unrequited Expenses			
Medical Treatment (M75) This appropriation is limited to the payment of assessment costs as set out in the War Pensions Regulations 1956 for War Disablement Pension applications and reviews, medical treatment costs for accepted service-related disabilities, and the costs of appliances and aids required as a result of an accepted disability.	19,367	(1,353)	18,014
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.	44	-	44
War Disablement Pensions (M75) This appropriation is limited to the payment of War Disablement Pensions to ex-service people who have a disability attributable to, or aggravated by, service in a declared war or emergency at any time, or in routine service prior to 1 April 1974 as set out in the War Pensions Act 1954, the payment of Surviving Spouse Pensions as set out in the War Pensions Act 1954 and the payment of allowances as set out in the War Pensions Act 1954 and the War Pensions Regulations 1956. This appropriation is also limited to the provision for grandparented loans of the differential between the 3% or 5% Rehabilitation Loan rate and the current market rate as set out in the Rehabilitation Act 1941 for interest concessions on land and buildings.	122,398	(36)	122,362
Total Benefits and Other Unrequited Expenses	141,809	(1,389)	140,420
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
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.	1,300	(306)	994
Forgiveness of Interest on Veteran Trusts' Loans (M75) This appropriation is limited to the forgiveness of interest on Crown loans to Montecillo and Rannerdale Trusts.	-	2,039	2,039
Total Non-Departmental Other Expenses	1,550	1,733	3,283
Total Annual and Permanent Appropriations	3,018,902	(144,445)	2,874,457

Details of Projected Movements in Departmental Net Assets

New Zealand Defence Force

Details of Net Asset Schedule	2013/14 Main Estimates Projections \$000	2013/14 Supplementary Estimates Projections \$000	Explanation of Projected Movements in 2013/14
Opening Balance	5,545,708	5,737,210	Supplementary Estimates opening balance reflects the audited results as at 30 June 2013.
Capital Injections	14,188	15,817	Three new capital injections approved: one for \$551,000 and one for \$538,000 to fund new asset purchases for functions transferred from other New Zealand government departments; the other for \$540,000 to recognise an operating expenditure to capital expenditure swap for personnel costs.
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	-	(10,351)	Deficit as a result of remeasurements.
Other Movements	12,492	(283,082)	The 2013/14 Supplementary Estimates Projections includes the outcomes of a revaluation of property, plant and equipment undertaken by NZDF as at 31 December 2013.
Closing Balance	5,572,388	5,459,594	

Supporting Information

Part 1 - Vote as a Whole

1.2 - Trends in the Vote

Summary of Financial Activity

	2013/14				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
Appropriations					
Output Expenses	2,292,543	6,087	150	6,237	2,298,780
Benefits and Other Unrequited Expenses	141,809	N/A	(1,389)	(1,389)	140,420
Borrowing Expenses	-	-	-	-	-
Other Expenses	1,550	-	1,733	1,733	3,283
Capital Expenditure	583,000	(151,026)	-	(151,026)	431,974
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Multi-Category Expenses and Capital Expenditure (MCA)					
<i>Output Expenses</i>	-	-	-	-	-
<i>Other Expenses</i>	-	-	-	-	-
<i>Capital Expenditure</i>	-	N/A	-	-	-
Total Appropriations	3,018,902	(144,939)	494	(144,445)	2,874,457
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	-	-	-

Mapping the Layout of the 2013/14 Supplementary Estimates to the Layout of the 2013/14 Estimates

Supplementary Estimates Structure 2013/14		Estimates Structure 2013/14	
Part #	Part Name	Part #	Part Name
2.1	Departmental Output Expenses	2.1	Departmental Output Expenses
2.2	Departmental Other Expenses	5.1	Departmental Other Expenses
2.3	Departmental Capital Expenditure and Capital Injections	6.1	Departmental Capital Expenditure
3.1	Non-Departmental Output Expenses	2.2	Non-Departmental Output Expenses
3.2	Non-Departmental Benefits and Other Unrequited Expenses	3.2	Non-Departmental Benefits and Other Unrequited Expenses
3.3	Non-Departmental Borrowing Expenses	4.2	Non-Departmental Borrowing Expenses
3.4	Non-Departmental Other Expenses	5.2	Non-Departmental Other Expenses
3.5	Non-Departmental Capital Expenditure	6.2	Non-Departmental Capital Expenditure
4	Multi-Category Expenses and Capital Expenditure	N/A	Did not exist in the Estimates

Part 2 - Details of Departmental Appropriations

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.

Expenses and Revenue

	2013/14		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	202,606	1,068	203,674
Revenue from the Crown	201,279	1,622	202,901
Revenue from Others	1,327	(554)	773

Reasons for Change in Appropriation

This appropriation will increase by \$1.068 million to \$203.674 million for 2013/14. This increase relates to:

- an increase of \$955,000 for fiscally neutral budget reprioritisations across the NZDF and technical changes including a reduction in capital charge and third party funded expenditure
- an increase of \$113,000 for transfers from other New Zealand government departments.

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.

Expenses and Revenue

	2013/14		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	263,888	(463)	263,425
Revenue from the Crown	261,967	424	262,391
Revenue from Others	1,921	(887)	1,034

Reasons for Change in Appropriation

This appropriation will decrease by \$463,000 to \$263.425 million for 2013/14. This decrease relates to:

- a decrease of \$636,000 for fiscally neutral budget reprioritisations across the NZDF and technical changes including a reduction in capital charge and third party funded expenditure
- an increase of \$173,000 for transfers from other New Zealand government departments.

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.

Expenses and Revenue

	2013/14		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	348,124	1,586	349,710
Revenue from the Crown	346,096	3,135	349,231
Revenue from Others	2,028	(1,549)	479

Reasons for Change in Appropriation

This appropriation will increase by \$1.586 million to \$349.710 million for 2013/14. This increase relates to:

- an increase of \$1.341 million for fiscally neutral budget reprioritisations across the NZDF and technical changes including a reduction in capital charge and third party funded expenditure
- an increase of \$245,000 for transfers from other New Zealand government departments.

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.

Expenses and Revenue

	2013/14		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	170,020	4,977	174,997
Revenue from the Crown	168,923	5,812	174,735
Revenue from Others	1,097	(835)	262

Reasons for Change in Appropriation

This appropriation will increase by \$4.977 million to \$174.997 million for 2013/14. This increase relates to:

- an increase of \$4.847 million for fiscally neutral budget reprioritisations across the NZDF and technical changes including a reduction in capital charge and third party funded expenditure
- an increase of \$130,000 for transfers from other New Zealand government departments.

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.

Expenses and Revenue

	2013/14		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	204,850	16,002	220,852
Revenue from the Crown	203,477	17,055	220,532
Revenue from Others	1,373	(1,053)	320

Reasons for Change in Appropriation

This appropriation will increase by \$16.002 million to \$220.852 million for 2013/14. This increase relates to:

- an increase of \$15.839 million for fiscally neutral budget reprioritisations across the NZDF and technical changes including a reduction in capital charge and third party funded expenditure
- an increase of \$163,000 for transfers from other New Zealand government departments.

Littoral Warfare Support Forces (M22)

Scope of Appropriation

This appropriation is limited to the provision of capabilities necessary to ensure access to and the use of harbours, inshore waters and associated coastal zones in New Zealand and wherever NZDF deployed maritime forces are required to operate. This capability is delivered through the combination of HMNZS Manawanui, and similar support vessels including Survey Motor Boat Adventure and the Rapid Environmental Assessment Boats Takapu and Tarapunga, the Mine Countermeasures Team, the Operational Diving Team and the Maritime Survey Team. This output expense also includes contributions to a range of services to other government agencies and the community.

Expenses and Revenue

	2013/14		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	32,583	(636)	31,947
Revenue from the Crown	31,370	268	31,638
Revenue from Others	1,213	(904)	309

Reasons for Change in Appropriation

This appropriation will decrease by \$636,000 to \$31.947 million for 2013/14. This decrease relates to:

- a decrease of \$654,000 for fiscally neutral budget reprioritisations across the NZDF and technical changes including a reduction in capital charge and third party funded expenditure
- an increase of \$18,000 for transfers from other New Zealand government departments.

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.

Expenses and Revenue

	2013/14		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	24,293	5,100	29,393
Support to Mutual Assistance Programme (MAP)	5,087	196	5,283
Support to New Zealand Cadet Forces	2,887	921	3,808
Support to Service Military Museums	5,421	2,573	7,994
Support to Youth Development	10,898	1,410	12,308
Revenue from the Crown	14,994	4,734	19,728
Support to Mutual Assistance Programme (MAP)	5,087	196	5,283
Support to New Zealand Cadet Forces	2,887	921	3,808
Support to Service Military Museums	5,421	2,573	7,994
Support to Youth Development	1,599	1,044	2,643
Revenue from Others	9,299	366	9,665
Support to Mutual Assistance Programme (MAP)	-	-	-
Support to New Zealand Cadet Forces	-	-	-
Support to Service Military Museums	-	-	-
Support to Youth Development	9,299	366	9,665

Reasons for Change in Appropriation

This appropriation will increase by \$5.100 million to \$29.393 million for 2013/14. This increase relates to fiscally neutral budget reprioritisations across the NZDF and technical changes including a reduction in capital charge and third party funded expenditure.

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.

Expenses and Revenue

	2013/14		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	325,357	11,529	336,886
Revenue from the Crown	321,308	14,160	335,468
Revenue from Others	4,049	(2,631)	1,418

Reasons for Change in Appropriation

This appropriation will increase by \$11.529 million to \$336.886 million for 2013/14. This increase relates to:

- an increase of \$11.829 million for fiscally neutral budget reprioritisations across the NZDF and technical changes including a reduction in capital charge and third party funded expenditure
- an increase of \$240,000 for transfers from other New Zealand government departments
- a decrease of \$540,000 for personnel costs treated as capital expenditure and funded by a capital injection.

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.

Expenses and Revenue

	2013/14		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	90,994	(7,434)	83,560
Revenue from the Crown	90,341	(7,163)	83,178
Revenue from Others	653	(271)	382

Reasons for Change in Appropriation

This appropriation will decrease by \$7.434 million to \$83.560 million for 2013/14. This decrease relates to:

- a decrease of \$7.491 million for fiscally neutral budget reprioritisations across the NZDF and technical changes including a reduction in capital charge and third party funded expenditure
- an increase of \$57,000 for transfers from other New Zealand government departments.

Naval Patrol Forces (M22)*Scope of Appropriation*

This appropriation is limited to the provision of the capabilities of the Offshore and Inshore Patrol Vessels (OPVs, IPVVs) prepared for the conduct of maritime operations in support of Domestic Tasks, and for the security and protection of New Zealand's economic border and EEZ, in accordance with NZDF Output Plan specifications. The OPVs will also be prepared to conduct sovereignty and resource protection patrol operations in the Southern Ocean, Ross Dependency, South Pacific region and further afield when directed.

Expenses and Revenue

	2013/14		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	131,171	(14,160)	117,011
Revenue from the Crown	130,062	(13,303)	116,759
Revenue from Others	1,109	(857)	252

Reasons for Change in Appropriation

This appropriation will decrease by \$14.160 million to \$117.011 million for 2013/14. This decrease relates to:

- a decrease of \$14.256 million for fiscally neutral budget reprioritisations across the NZDF and technical changes including a reduction in capital charge and third party funded expenditure
- an increase of \$96,000 for transfers from other New Zealand government departments.

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.

Expenses and Revenue

	2013/14		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	110,432	2,261	112,693
Revenue from the Crown	108,997	3,189	112,186
Revenue from Others	1,435	(928)	507

Reasons for Change in Appropriation

This appropriation will increase by \$2.261 million to \$112.693 million for 2013/14. This increase relates to:

- an increase of \$2.157 million for fiscally neutral budget reprioritisations across the NZDF and technical changes including a reduction in capital charge and third party funded expenditure
- an increase of \$104,000 for transfers from other New Zealand government departments.

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.

Expenses and Revenue

	2013/14		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	27,658	(488)	27,170
Revenue from the Crown	27,073	(212)	26,861
Revenue from Others	585	(276)	309

Reasons for Change in Appropriation

This appropriation will decrease by \$488,000 to \$27.170 million for 2013/14. This decrease relates to:

- a decrease of \$395,000 for technical changes including a reduction in capital charge and third party funded expenditure
- a decrease of \$93,000 for transfers to other New Zealand government departments.

Policy Advice And Other Services For Veterans MCOA (M75)

Scope of Appropriation

Administration 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, 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 output class is limited to the provision of policy advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters relating to Veterans' Affairs.

Services and Payments to Veterans

This output class is limited to the assessment, review and payment of entitlements and benefits (War Disablement Pensions and related concessions, and allowances and Surviving Spouse Pensions), the assessment and review of entitlement for burial in Service Cemeteries, the installation of ex-service memorials for eligible veterans, and the provision of case management for veterans and their families.

Explanation for Use of Multi-Class Output Expense Appropriation

This appropriation is a MCOA because the output classes of Administration Services, Policy Advice, and Services and Payments to Veterans contribute to a common outcome of providing support to veterans.

Expenses and Revenue

	2013/14		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	11,137	280	11,417
Administration Services	4,625	280	4,905
Policy Advice	220	-	220
Services and Payments to Veterans	6,292	-	6,292
Revenue from the Crown	10,660	280	10,940
Administration Services	4,625	280	4,905
Policy Advice	220	-	220
Services and Payments to Veterans	5,815	-	5,815

	2013/14		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Revenue from Others	477	-	477
Administration Services	-	-	-
Policy Advice	-	-	-
Services and Payments to Veterans	477	-	477

Reasons for Change in Appropriation

This appropriation will increase by \$280,000 to \$11.417 million for 2013/14 due to additional funding for the Gallipoli 2015 Commemorations.

Policy Advice and Related Outputs MCOA (M22)

Scope of Appropriation

<p>Ministerial Services</p> <p>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.</p>
<p>Policy Advice</p> <p>This output class is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters relating to Defence and the New Zealand Defence Force.</p>
<p>Strategic Military Intelligence</p> <p>This output class is limited to the collection, collation, analysis and dissemination of strategic military intelligence on areas of interest to New Zealand.</p>

Explanation for Use of Multi-Class Output Expense Appropriation

This appropriation is limited to the provision of policy advice to the Minister and contributions to policy advice led by other agencies, Ministerial services, and the collection and dissemination of strategic military intelligence and contributions to the national intelligence community. This appropriation is a MCOA because Ministerial services and strategic military intelligence support the provision of policy advice.

Expenses and Revenue

	2013/14		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	14,519	405	14,924
Ministerial Services	1,658	(353)	1,305
Policy Advice	1,746	303	2,049
Strategic Military Intelligence	11,115	455	11,570

	2013/14		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Revenue from the Crown	14,304	357	14,661
Ministerial Services	1,658	(353)	1,305
Policy Advice	1,746	303	2,049
Strategic Military Intelligence	10,900	407	11,307
Revenue from Others	215	48	263
Ministerial Services	-	-	-
Policy Advice	-	-	-
Strategic Military Intelligence	215	48	263

Reasons for Change in Appropriation

This appropriation will increase by \$405,000 to \$14.924 million for 2013/14. This increase relates to fiscally neutral budget reprioritisations across the NZDF and technical changes including a reduction in capital charge and third party funded expenditure.

Rotary Wing Transport Forces (M22)

Scope of Appropriation

This appropriation is limited to the provision of the capabilities of No 3 Squadron RNZAF (Iroquois helicopters) prepared to conduct tactical air transport, including aeromedical evacuation, and counter-terrorist operations, and to contribute support services to the community, in accordance with NZDF Output Plan specifications. In addition, the Helicopter Transition Unit, while conducting capability development, will be able on occasion to provide limited domestic transport tasks using the NH-90 and A-109 helicopters.

Expenses and Revenue

	2013/14		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	245,899	(16,376)	229,523
Revenue from the Crown	244,398	(16,146)	228,252
Revenue from Others	1,501	(230)	1,271

Reasons for Change in Appropriation

This appropriation will decrease by \$16.376 million to \$229.523 million for 2013/14. This decrease relates to:

- a decrease of \$16.502 million for fiscally neutral budget reprioritisations across the NZDF and technical changes including a reduction in capital charge and third party funded expenditure
- an increase of \$126,000 for transfers from other New Zealand government departments.

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.

Expenses and Revenue

	2013/14		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	87,239	2,436	89,675
Revenue from the Crown	86,456	3,036	89,492
Revenue from Others	783	(600)	183

Reasons for Change in Appropriation

This appropriation will increase by \$2.436 million to \$89.675 million for 2013/14. This increase relates to:

- an increase of \$2.351 million for fiscally neutral budget reprioritisations across the NZDF and technical changes including a reduction in capital charge and third party funded expenditure
- an increase of \$85,000 for transfers from other New Zealand government departments.

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

	2013/14		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	569,483	(150,026)	419,457
Intangibles	13,517	(1,000)	12,517
Other	-	-	-
Total Appropriation	583,000	(151,026)	431,974

Reasons for Change in Appropriation

This appropriation will decrease by \$151 million to \$432 million for 2013/14, mainly as a result of less than expected payments to the Ministry of Defence for the purchase of Specialist Military Equipment (SME).

Capital Injections and Movements in Departmental Net Assets

New Zealand Defence Force

Details of Net Asset Schedule	2013/14 Main Estimates Projections \$000	2013/14 Supplementary Estimates Projections \$000	Explanation of Projected Movements in 2013/14
Opening Balance	5,545,708	5,737,210	Supplementary Estimates opening balance reflects the audited results as at 30 June 2013.
Capital Injections	14,188	15,817	Three new capital injections approved: one for \$551,000 and one for \$538,000 to fund new asset purchases for functions transferred from other New Zealand government departments; the other for \$540,000 to recognise an operating expenditure to capital expenditure swap for personnel costs.
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	-	(10,351)	Deficit as a result of remeasurements.
Other Movements	12,492	(283,082)	The 2013/14 Supplementary Estimates Projections includes the outcomes of a revaluation of property, plant and equipment undertaken by NZDF as at 31 December 2013.
Closing Balance	5,572,388	5,459,594	

Part 3 - Details of Non-Departmental Appropriations

3.1 - Non-Departmental Output Expenses

Support for Veterans and Their Families (M75)

Scope of Appropriation

This appropriation is limited to providing for the support of veterans and their families. This includes the provision of counselling for veterans' families, the reimbursement of out of pocket expenses for veterans' children with specified conditions; additional support for veterans to facilitate them remaining in their own homes for as long as possible; additional support to facilitate veterans' rehabilitation; support for the surviving partner after the death of the veteran and for the provision of grants to Non-Government Organisations for the support of veterans and their families.

Reasons for Change in Appropriation

This appropriation will increase by \$150,000 from \$1.027 million to \$1.177 million for 2013/14 owing to a transfer from the Non-Departmental Other Expenses appropriation Ex-gratia Payments and Comprehensive Medical Assessments for Vietnam Veterans.

3.2 - Non-Departmental Benefits and Other Unrequited Expenses

Medical Treatment (M75)

Scope of Appropriation

This appropriation is limited to the payment of assessment costs as set out in the War Pensions Regulations 1956 for War Disablement Pension applications and reviews, medical treatment costs for accepted service-related disabilities, and the costs of appliances and aids required as a result of an accepted disability.

Reasons for Change in Appropriation

This appropriation will decrease by \$1.353 million from \$19.367 million to \$18.014 million for 2013/14 owing to lower than expected costs for aids and appliances and medical treatment payments.

War Disablement Pensions (M75)

Scope of Appropriation

This appropriation is limited to the payment of War Disablement Pensions to ex-service people who have a disability attributable to, or aggravated by, service in a declared war or emergency at any time, or in routine service prior to 1 April 1974 as set out in the War Pensions Act 1954, the payment of Surviving Spouse Pensions as set out in the War Pensions Act 1954 and the payment of allowances as set out in the War Pensions Act 1954 and the War Pensions Regulations 1956. This appropriation is also limited to the provision for grandparented loans of the differential between the 3% or 5% Rehabilitation Loan rate and the current market rate as set out in the Rehabilitation Act 1941 for interest concessions on land and buildings.

Reasons for Change in Appropriation

This appropriation will decrease by \$36,000 from \$122.398 million to \$122.362 million owing to fewer than expected recipients, lower than forecast average payments, and lower than expected concession payments such as funeral grants and travel costs.

3.4 - Non-Departmental Other Expenses**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.

Reasons for Change in Appropriation

This appropriation will decrease by \$306,000 from \$1.300 million to \$994,000 for 2013/14 owing to a transfer of \$150,000 to the Non-Departmental Output Expenses appropriation 'Support for Veterans and Their Families' and a transfer of \$156,000 to Non-Departmental Other Expenses appropriation 'Forgiveness of Interest on Veteran Trusts' Loans'.

Forgiveness of Interest on Veteran Trusts' Loans (M75)*Scope of Appropriation*

This appropriation is limited to the forgiveness of interest on Crown loans to Montecillo and Rannerdale Trusts.

Expenses

	2013/14		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	2,039	2,039

Reasons for Change in Appropriation

This appropriation was created in 2013/14 to provide for the forgiveness of interest on Crown loans to Montecillo and Rannerdale Trusts. \$156,000 was transferred into the new appropriation from Ex-Gratia Payments and Comprehensive Medical Assessments for Vietnam Veterans' and the balance of \$1.883 million is newly appropriated.