

The Treasury

Budget 2017 Information Release

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[1]	to prevent prejudice to the security or defence of New Zealand or the international relations of the government	6(a)
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[11]	to damage seriously the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the entering into of overseas trade agreements.	6(e)(vi)
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[33]	to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials	9(2)(f)(iv)
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[40]	Not in scope	

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) and section 18 of the Official Information Act.

New Zealand Defence Force: Counter Explosive Hazards Project

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Purpose

This paper seeks approval from Cabinet for the creation of a dedicated “counter-explosive hazard and counter-improvised explosive device” capability for use in overseas deployments (including accommodation, personnel, protective gear, explosive detection devices, and robotics). This capability is intended to help protect NZDF personnel, as well as local populations, from explosive threats.

Comment

The Defence Force’s preferred option would allow for the provision of counter explosive activity concurrently in:

- two conventional land operations including explosive detection dogs
- one special forces operation, and
- two maritime operations.

The capital cost of the preferred option is \$28.238 million, with operating costs of \$1.51 million per year. The estimated whole of life cost (WOLC) is \$34.4 million.

This capability requirement was included in the Defence White Paper (DWP) and the costs are consistent with those envisaged when the DWP was agreed.

Due to a misalignment between the costs of various Defence capability agreed in the DWP and the funding appropriated in Budget 2016, the capital costs will need to be funded as a pre-commitment against Budget 2017. The operating costs will be funded from the tagged-contingency established in Budget 2016.

Currently the Defence Force provides counter explosive capability for deployments on an ad hoc basis. It uses personnel and equipment otherwise committed to the domestic “bomb squad”.

Other options presented in the paper are:

- continue the use of an ad hoc capability for deployments (\$1.4 million WOLC),
- have the capability to support one special forces deployment and two maritime deployments concurrently (\$21.5 million WOLC), or
- the Defence Force preferred option without detection dogs (\$31.7 million WOLC).

Given that funding this investment will require a pre-commitment against Budget 17 you may wish to consider the priority of the investment and whether the other options provide sufficient capability.

Treasury Recommendation

On the basis that the proposed investment is consistent with the Defence White Paper, we recommend that you **support** the recommendations in this paper.

The following table goes into the Executive Summary of the paper

Title	Pg	Recommend	Fiscal Implications (\$m GST excl.)					Treasury Comment
			15/16	16/17	17/18	18/19	Out years	
New Zealand Defence Force: Counter Explosive Hazards Project		Support	<i>Operating</i>					Approves the creation of a dedicated, deployable counter-explosive hazard and counter-improvised explosive device capability for the NZDF.
			-	-	-	-	-	
			<i>Capital</i>					
			-	28.238	-	-	-	