

# The Treasury

## Budget 2011 Information Release

### Release Document

June 2011

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



# Cabinet Economic Growth and Infrastructure Committee

EGI Min (11) 5/5

Copy No: 28

## Minute of Decision

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### Vote Defence Force: Transfer of Funding from 2010/11 to 2011/12

Portfolio: Defence

On 23 March 2011, the Cabinet Economic Growth and Infrastructure Committee:

#### Background

- 1 **noted** that the broad approach to defence funding endorsed in the Defence White Paper is that resources realised from efficiencies will be reinvested in the front line capabilities of the New Zealand Defence Force (NZDF);

#### Savings initiatives

- 2 **noted** that NZDF is projecting a \$25.179 million underspend in 2010/11 as a result of delays in the implementation of Value for Money savings initiatives;
- 3 **agreed** that \$20.000 million of the 2010/11 underspend referred to above be transferred to 2011/12 to provide funding for delayed one-off operating costs of savings initiatives;



- 4 **approved** the following changes to appropriations to implement an appropriation transfer, as described in paragraph 3 above, with no impact on the operating balance or debt:

Vote Defence Force Minister of Defence	\$m – increase/(decrease)				2014/15 & Outyears
	2010/11	2011/12	2012/13	2013/14	
Departmental Output Expenses:					
Fixed Wing Transport Forces (funded by revenue Crown)	(1.769)	1.769	-	-	-
Land Combat Forces (funded by revenue Crown)	(3.431)	3.431	-	-	-
Land Combat Service Support Forces (funded by revenue Crown)	(1.788)	1.788	-	-	-
Land Combat Support Forces (funded by revenue Crown)	(2.410)	2.410	-	-	-
Maritime Patrol Forces (funded by revenue Crown)	(1.469)	1.469	-	-	-
Military Hydrography, and Hydrographic Data Collection and Processing for LINZ (funded by revenue Crown)	(0.052)	0.052	-	-	-
Mine Countermeasures (MCM) and MCM Diving Forces (funded by revenue Crown)	(0.178)	0.178	-	-	-
Naval Combat Forces (funded by revenue Crown)	(3.768)	3.768	-	-	-
Naval Helicopter Forces (funded by revenue Crown)	(0.716)	0.716	-	-	-
Naval Patrol Forces (funded by revenue Crown)	(1.342)	1.342	-	-	-
Naval Support Forces (funded by revenue Crown)	(1.327)	1.327	-	-	-
Rotary Wing Transport Forces (funded by revenue Crown)	(0.600)	0.600	-	-	-
Special Operations Forces (funded by revenue Crown)	(1.150)	1.150	-	-	-
<b>Total Operating</b>	<b>(20.000)</b>	<b>20.000</b>	-	-	-
<b>Total Capital</b>	-	-	-	-	-

### Capital projects

- 5 **noted** that NZDF is projecting an underspend of \$25.000 million in depreciation expenses due to project slippage;
- 6 **approved** the transfer of the underspend referred to in paragraph 5 above as a capital contribution to Vote Defence Force to 2011/12, to be applied to the following capital projects:
- 6.1 [2] and/or
- 6.2 other priority capital projects approved by the Minister of Finance and the Minister of Defence;

- 7 **approved** the following changes to appropriations to give effect to paragraph 6 above, with no impact on the operating balance or debt:

Vote Defence Force Minister of Defence	\$m – increase/(decrease)				2014/15 & Outyears
	2010/11	2011/12	2012/13	2013/14	
Departmental Output Expenses:					
Fixed Wing Transport Forces (funded by revenue Crown)	(2.211)	-	-	-	-
Land Combat Forces (funded by revenue Crown)	(4.289)	-	-	-	-
Land Combat Service Support Forces (funded by revenue Crown)	(2.234)	-	-	-	-
Land Combat Support Forces (funded by revenue Crown)	(3.013)	-	-	-	-
Maritime Patrol Forces (funded by revenue Crown)	(1.837)	-	-	-	-
Military Hydrography, and Hydrographic Data Collection and Processing for LINZ (funded by revenue Crown)	(0.064)	-	-	-	-
Mine Countermeasures (MCM) and MCM Diving Forces (funded by revenue Crown)	(0.223)	-	-	-	-
Naval Combat Forces (funded by revenue Crown)	(4.710)	-	-	-	-
Naval Helicopter Forces (funded by revenue Crown)	(0.895)	-	-	-	-
Naval Patrol Forces (funded by revenue Crown)	(1.678)	-	-	-	-
Naval Support Forces (funded by revenue Crown)	(1.659)	-	-	-	-
Rotary Wing Transport Forces (funded by revenue Crown)	(0.749)	-	-	-	-
Special Operations Forces (funded by revenue Crown)	(1.438)	-	-	-	-
Net Asset Schedule of New Zealand Defence Force: Capital Injection	-	25.000	-	-	-
<b>Total Operating</b>	<b>(25.000)</b>	-	-	-	-
<b>Total Capital</b>	-	<b>25.000</b>	-	-	-

- 8 **agreed** to fund the capital charge implications of the proposals in paragraph 6 above for one year only;
- 9 **noted** that ongoing capital charge implications of the capital injection referred to in paragraph 6 above will be addressed in the individual project decisions;

- 10 **approved** the following changes to appropriations to fund the capital charge identified in paragraph 8 above, with no impact on operating balance or debt:

Vote Defence Force Minister of Defence	\$m – increase/(decrease)				2014/15 & Outyears
	2010/11	2011/12	2012/13	2013/14	
Departmental Output Expenses: Fixed Wing Transport Forces (funded by revenue Crown)		0.200	-	-	-
Land Combat Forces (funded by revenue Crown)		0.440	-	-	-
Naval Combat Forces (funded by revenue Crown)		0.360	-	-	-
<b>Total Operating</b>	-	<b>1.000</b>	-	-	-
<b>Total Capital</b>	-	-	-	-	-

### Operationally deployed forces

- 11 **noted** that there are projected underspends in 2010/11 of \$17.000 million in Vote Defence Force Departmental Output Expense: Operationally Deployed Forces Annual, due to the transfer of excess appropriations from 2009/10;
- 12 **agreed** that \$17.000 million in Vote Defence Force Departmental Output Expense: Operationally Deployed Forces Annual be transferred to 2011/12;
- 13 **approved** the following changes to appropriations to fund future Operationally Deployed Forces Annual activity only, with no impact on the operating balance or debt:

Vote Defence Force Minister of Defence	\$m – increase/(decrease)				2014/15 & Outyears
	2010/11	2011/12	2012/13	2013/14	
Departmental Output Expense: Operationally Deployed Forces Annual (funded by revenue Crown)	(17.000)	17.000	-	-	-
<b>Total Operating</b>	<b>(17.000)</b>	<b>17.000</b>	-	-	-
<b>Total Capital</b>	-	-	-	-	-

- 14 **noted** that the management of the Vote Defence Force Departmental Output Expense: Operationally Deployed Forces appropriation is currently being reviewed, and that a report will be provided to Joint Ministers;

### Ministry of Defence: policy and evaluation capability

- 15 **agreed** that \$5.179 million of the NZDF underspend identified in paragraph 2 above be transferred to 2011/12, 2012/13 and 2013/14 in order to offset the cost of funding a Ministry of Defence (Vote Defence) budget initiative entitled “Strengthening the Ministry’s Policy and Evaluation Capability”;

- 16 **approved** the following changes to appropriations between Vote Defence Force and Vote Defence to provide for the cost of strengthening the Ministry of Defence Policy and Evaluation Capability, with no impact on the operating balance or debt:

Vote Defence Force Minister of Defence	\$m – increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Departmental Output Expenses:					
Fixed Wing Transport Forces (funded by revenue Crown)	(1.178)	-	-	-	(0.384)
Land Combat Forces (funded by revenue Crown)	(2.271)	-	-	-	(0.741)
Naval Combat Forces (funded by revenue Crown)	(1.730)	-	-	-	(0.568)
<b>Total Operating</b>	<b>(5.179)</b>	-	-	-	<b>(1.693)</b>
<b>Total Capital</b>	-	-	-	-	-

Vote Defence Force Minister of Defence	\$m – increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Departmental Output Expense:					
Policy Advice		1.560	1.460	1.460	1.460
Departmental Output Expense:					
Audit and Assessment of Performance		0.233	0.233	0.233	0.233
<b>Total Operating</b>		<b>1.793</b>	<b>1.693</b>	<b>1.693</b>	<b>1.693</b>
<b>Total Capital</b>	-	-	-	-	-

- 17 **agreed** that the changes to appropriations for 2010/11 above be included in the 2010/11 Supplementary Estimates, and that, in the interim, the increases be met from Imprest Supply.

Committee Secretary

Reference: EGI (11) 43

**Present:**

Hon Bill English (Chair)  
 Hon Tony Ryall  
 Hon Anne Tolley  
 Hon David Carter  
 Hon Dr Wayne Mapp  
 Hon Phil Heatley  
 Hon Kate Wilkinson  
 Hon Hekia Parata  
 Hon Maurice Williamson  
 Hon Nathan Guy

**Officials present from:**

Officials Committee for EGI