

Vote Defence Force

APPROPRIATION MINISTER(S): Minister of Defence (M22), Minister for Veterans (M75)

APPROPRIATION ADMINISTRATOR: New Zealand Defence Force

RESPONSIBLE MINISTER FOR NEW ZEALAND DEFENCE FORCE: Minister of Defence

Details of Appropriations and Capital Injections

Annual Appropriations and Forecast Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2019/20		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Departmental Output Expenses			
Air Force Capabilities Prepared for Joint Operations and Other Tasks (M22) This appropriation is limited to the generation of Air Force capabilities that achieve the levels of readiness for military operations and other tasks as directed by the Government of New Zealand.	907,237	27,632	934,869
Army Capabilities Prepared for Joint Operations and Other Tasks (M22) This appropriation is limited to the generation of Army capabilities that achieve the levels of readiness for military operations and other tasks as directed by the Government of New Zealand.	916,039	15,056	931,095
Navy Capabilities Prepared for Joint Operations and Other Tasks (M22) This appropriation is limited to the generation of Navy capabilities that achieve the levels of readiness for military operations and other tasks as directed by the Government of New Zealand.	492,818	(24,633)	468,185
Total Departmental Output Expenses	2,316,094	18,055	2,334,149
Departmental Other Expenses			
Loss on Sale of Physical Assets (M22) This appropriation is limited to providing for the loss on sale of certain New Zealand Defence Force commercial properties.	-	7,260	7,260
Total Departmental Other Expenses	-	7,260	7,260
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.	1,330,035	(474,966)	855,069
Total Departmental Capital Expenditure	1,330,035	(474,966)	855,069
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
Total Non-Departmental Output Expenses	746	-	746
Benefits or Related Expenses			
Assessments, Treatment & Rehabilitation (M75) This appropriation is limited to the payment of the costs of assessments, treatment (including associated aids and appliances), and social and vocational rehabilitation provided for under the Veterans' Support Act 2014 and associated regulations.	11,996	56	12,052
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.	92	(14)	78
Veterans' Independence Programme (M75) This appropriation is limited to provision of services and support to assist eligible veterans and their families.	14,675	(747)	13,928

	2019/20		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Titles and Scopes of Appropriations by Appropriation Type			
Veterans Support Entitlement (M75)	84,480	(16,097)	68,383
This appropriation is limited to the payment of entitlements (in respect of the impairment or death of veterans determined to be related to qualifying operational service occurring at any time or qualifying routine service occurring prior to 1 April 1974) to veterans and their spouses, partners, children and dependants under the Veterans' Support Act 2014 and associated regulations and to the provision for grandparented loans of the differential between 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.			
Total Benefits or Related Expenses	111,243	(16,802)	94,441
Non-Departmental Other Expenses			
Debt Write-Down for Benefits and Other Unrequited Expenses (M75)	250	-	250
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.			
Ex-Gratia Payments and Comprehensive Medical Assessments for Vietnam Veterans (M75)	1,100	-	1,100
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.			
Fair Value Write Down on Veteran Trust Loans and Thirty-Year Endowment (M75)	203	-	203
This appropriation is limited to providing for the fair value write down on the Veteran Trust loans and the thirty-year endowment to the Vietnam Veterans and their Families Trust.			
Grant Payments to Non-Government Organisations (M75)	275	-	275
This appropriation is limited to grant payments to Non-Government Organisations in their support of veterans and their families.			
Initial Recognition of Liability for Veterans' Entitlements (M75)	-	3,500,000	3,500,000
This appropriation is limited to the initial recognition in accordance with the new accounting standard Public Benefit Entity - International Public Sector Accounting Standard (PBE IPSAS) 39 Employee Benefits of the liability at 1 July 2018 (and subsequently at 1 July 2019) for Veterans' entitlements resulting from qualifying service or qualifying operational service in the current year or prior years provided for under Parts 3, 4 and 5 of the Veterans' Support Act and for annuities authorised by Cabinet to recognise a special contribution by the recipient to New Zealand society as part of their qualifying service or qualifying operational service.			
Service Cost - Veterans' Entitlements (M75)	-	20,000	20,000
This appropriation is limited to the present value of entitlements resulting from qualifying service or qualifying operational service in the current year or prior years, provided for under Parts 3, 4 and 5 of the Veterans' Support Act 2014, and annuities authorised by Cabinet to recognise a special contribution by the recipient to New Zealand society as a part of their qualifying service or qualifying operational service.			
Unwind of Discount Rate - Veterans' Entitlements (M75)	-	50,000	50,000
This appropriation is limited to the unwinding of the discount rate (interest expense) of the liability for the Veterans' entitlements provided for under Parts 3, 4 and 5 of the Veterans' Support Act 2014, and annuities authorised by Cabinet to recognise a special contribution by the recipient to New Zealand society as a part of their qualifying service or qualifying operational service.			
Veteran Assistance to Attend Commemorations and Revisit Battlefields (M75)	200	-	200
This appropriation is limited to providing assistance to veterans to enable them to attend official commemorations or revisit battlefields.			
Total Non-Departmental Other Expenses	2,028	3,570,000	3,572,028

Titles and Scopes of Appropriations by Appropriation Type	2019/20		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Multi-Category Expenses and Capital Expenditure			
Advice to the Government MCA (M22) The single overarching purpose of this appropriation is to support Ministers in discharging their portfolio responsibilities.	16,288	1,038	17,326
Departmental Output Expenses			
<i>Policy Advice</i> This category is limited to the provision of advice (including second opinion advice and policy advice led by other agencies) to support decision-making by Ministers on Government policy matters relating to defence and the NZDF.	3,904	10	3,914
<i>Situational Awareness</i> This category is limited to the provision of effective military intelligence services to the Government in support of decision-making for the defence and security of New Zealand.	10,364	1,021	11,385
<i>Supporting Ministers</i> This category is limited to the provision of services to Ministers to enable them to discharge their portfolio (other than policy decision-making) responsibilities.	2,020	7	2,027
Operations Contributing to New Zealand's Security, Stability and Interests MCA (M22) The single overarching purpose of this appropriation is the employment of New Zealand's Armed Forces overseas at the Government's direction.	26,297	16,922	43,219
Departmental Output Expenses			
<i>Military Operations in Support of a Rules-Based International Order</i> This category is limited to the costs of generating operational military capabilities and the employment of the New Zealand Armed Forces for the conduct of operations, as directed by the Government.	25,788	16,772	42,560
<i>Military Operations that Contribute to Regional Security</i> This category is limited to the costs of providing specialised support to all-of-government efforts to maintain security and stability in New Zealand's immediate neighbourhood including responses to events that impact on the safety and wellbeing of regional populations, as directed by the Government.	509	150	659
Policy Advice And Other Services For Veterans MCA (M75) The single overarching purpose of this appropriation is to provide policy advice and other support to Ministers in discharging their policy decision-making and other portfolio responsibilities, and the provision of services and payments to veterans.	10,259	13	10,272
Departmental Output Expenses			
<i>Administration Services</i> This category 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.	2,960	2	2,962
<i>Policy Advice</i> This category 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.	230	-	230
<i>Services and Payments to Veterans</i> This category 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.	7,069	11	7,080

	2019/20		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Titles and Scopes of Appropriations by Appropriation Type			
Protection of New Zealand and New Zealanders MCA (M22)	478,162	39,406	517,568
The single overarching purpose of this appropriation is to protect New Zealand's sovereignty and provide security and other services for New Zealanders.			
Departmental Output Expenses			
<i>Assistance to the Civil Power and Provision of a Public Service in Emergency Situations</i>	78,657	10,656	89,313
This category is limited to the costs of specialist military capabilities and Defence Force resources provided to the civil power in an emergency and for urgent work of national importance.			
<i>Defence International Engagement</i>	101,968	2,143	104,111
This category is limited to the provision of services and utility of the Defence Force to support foreign policy objectives that strengthen security and avert conflict.			
<i>Defence Support to the Community</i>	52,670	6,953	59,623
This category is limited to the costs of providing Defence Force resources for the betterment of the community at large and to inform the public's awareness of the proficiency and practice of the Armed Forces.			
<i>Military Assistance to Civil Authorities in Non-Emergency Situations</i>	37,043	3,193	40,236
This category is limited to the costs of Defence Force resources, services and non-emergency assistance periodically provided to the Government and civil authorities.			
<i>Resource and Border Protection Operations</i>	207,824	16,461	224,285
This category is limited to the sharing of information and provision of resources to support all-of-government efforts to protect New Zealand's borders and offshore maritime interests.			
Total Multi-Category Expenses and Capital Expenditure	531,006	57,379	588,385
Total Annual Appropriations and Forecast Permanent Appropriations	4,291,152	3,160,926	7,452,078

Capital Injection Authorisations

	2019/20		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
New Zealand Defence Force - Capital Injection (M22)	568,567	406,791	975,358

Supporting Information

Part 1 - Vote as a Whole

1.2 - Trends in the Vote

Summary of Financial Activity

	2019/20				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
Appropriations					
Output Expenses	2,316,840	18,055	-	18,055	2,334,895
Benefits or Related Expenses	111,243	N/A	(16,802)	(16,802)	94,441
Borrowing Expenses	-	-	-	-	-
Other Expenses	2,028	7,260	3,570,000	3,577,260	3,579,288
Capital Expenditure	1,330,035	(474,966)	-	(474,966)	855,069
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Multi-Category Expenses and Capital Expenditure (MCA)					
<i>Output Expenses</i>	531,006	57,379	-	57,379	588,385
<i>Other Expenses</i>	-	-	-	-	-
<i>Capital Expenditure</i>	-	N/A	-	-	-
Total Appropriations	4,291,152	(392,272)	3,553,198	3,160,926	7,452,078
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 of Departmental Appropriations

2.1 - Departmental Output Expenses

Air Force Capabilities Prepared for Joint Operations and Other Tasks (M22)

Scope of Appropriation

This appropriation is limited to the generation of Air Force capabilities that achieve the levels of readiness for military operations and other tasks as directed by the Government of New Zealand.

Expenses and Revenue

	2019/20		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	907,237	27,632	934,869
Revenue from the Crown	905,263	20,782	926,045
Revenue from Others	1,974	6,850	8,824

Reasons for Change in Appropriation

This appropriation increased by \$27.632 million to \$934.869 million in 2019/20. This increase relates to:

- increased funding of \$14.510 million transferred from other appropriations as NZDF has adjusted how its funding is allocated to reflect the activities completed by NZDF to deliver outputs
- increased funding of \$4.992 million for capital charge as a result of the revaluation of assets
- increased funding of \$4.831 million received from Service personnel for the provision of service housing and barracks
- increased funding of \$1.369 million for rental income received from other tenants for increased expenditure incurred in relation to the new Defence Headquarters building
- increased funding of \$1.280 million approved in Tranche 2 of the Wellington Accommodation Project for increased lease costs incurred in relation to the new Defence Headquarters building
- increased funding of \$550,000 for the provision of increased fire rescue services to Marlborough Airport, and
- increased funding of \$100,000 for the provision of an alternate commercial runway at Base Ohakea for emergency purposes.

Army Capabilities Prepared for Joint Operations and Other Tasks (M22)

Scope of Appropriation

This appropriation is limited to the generation of Army capabilities that achieve the levels of readiness for military operations and other tasks as directed by the Government of New Zealand.

Expenses and Revenue

	2019/20		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	916,039	15,056	931,095
Revenue from the Crown	915,156	746	915,902
Revenue from Others	883	14,310	15,193

Reasons for Change in Appropriation

This appropriation increased by \$15.056 million to \$931.095 million in 2019/20. This increase relates to:

- increased funding of \$11.586 million received from Service personnel for the provision of service housing and barracks
- increased funding of \$6.538 million for the delivery and implementation of Tranche 2 of the Network Enabled Army Programme
- increased funding of \$2.928 million for capital charge as a result of the revaluation of assets
- increased funding of \$2.724 million for rental income received from other tenants for increased expenditure incurred in relation to the new Defence Headquarters building, and
- increased funding of \$1.280 million approved in Tranche 2 of the Wellington Accommodation Project for increased lease costs incurred in relation to the new Defence Headquarters building.

This is partially offset by decreased funding of \$10 million transferred to other appropriations as NZDF has adjusted how funding is allocated to reflect the activities completed by NZDF to deliver outputs.

Navy Capabilities Prepared for Joint Operations and Other Tasks (M22)

Scope of Appropriation

This appropriation is limited to the generation of Navy capabilities that achieve the levels of readiness for military operations and other tasks as directed by the Government of New Zealand.

Expenses and Revenue

	2019/20		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	492,818	(24,633)	468,185
Revenue from the Crown	491,495	(30,031)	461,464
Revenue from Others	1,323	5,398	6,721

Reasons for Change in Appropriation

This appropriation decreased by \$24.633 million to \$468.185 million in 2019/20. This decrease relates to decreased funding of \$33.000 million transferred to other appropriations as NZDF has adjusted how funding is allocated to reflect the activities completed by NZDF to deliver outputs.

This decrease is partially offset by:

- increased funding of \$4.412 million received from Service personnel for the provision of service housing and barracks
- increased funding of \$2.329 million for capital charge as a result of the revaluation of assets
- increased funding of \$986,000 from rental income received from other tenants for increased expenditure incurred in relation to the new Defence Headquarters building, and
- increased funding of \$640,000 approved in Tranche 2 of the Wellington Accommodation Project for increased lease costs incurred in relation to the new Defence Headquarters building.

2.2 - Departmental Other Expenses

Loss on Sale of Physical Assets (M22)

Scope of Appropriation

This appropriation is limited to providing for the loss on sale of certain New Zealand Defence Force commercial properties.

Expenses

	2019/20		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	7,260	7,260

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the provision for the loss on sale of certain New Zealand Defence Force commercial properties.

How Performance will be Assessed and End of Year Reporting Requirements

	2019/20		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Assessment of Performance			
Expenditure reflects the loss on sale of certain New Zealand Defence Force commercial properties	-	Met	Meet

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Chief of Defence Force in the NZDF Annual Report for the year ended 30 June 2020 to be presented in the House.

Reasons for Change in Appropriation

This appropriation increased by \$7.260 million to \$7.260 million in 2019/20. This increase relates to an expense transfer of \$7.260 million from 2018/19 to 2019/20 for the loss on the disposal of NZDF property as part of Treaty settlements.

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

	2019/20		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	1,312,285	(465,545)	846,740
Intangibles	17,750	(9,421)	8,329
Other	-	-	-
Total Appropriation	1,330,035	(474,966)	855,069

Reasons for Change in Appropriation

This appropriation decreased by \$474.966 million to \$855.069 million in 2019/20. This decrease reflects changes in the forecast assumptions regarding the timing of capital projects of \$502.725 million.

This decrease is partially offset by:

- an increase in appropriation of \$22.643 million in for the delivery and implementation of Tranche 2 of the Network Enabled Army Programme, and
- an increase in appropriation of \$5.116 million for the delivery and implementation of an enhanced Fixed High Frequency Radio Capability.

*Capital Injections and Movements in Departmental Net Assets***New Zealand Defence Force**

Details of Net Asset Schedule	2019/20 Main Estimates Projections \$000	2019/20 Supplementary Estimates Projections \$000	Explanation of Projected Movements in 2019/20
Opening Balance	7,095,080	6,927,066	Supplementary Estimates opening balance reflects the audited results as at 30 June 2019.
Capital Injections	568,567	975,358	Capital injections for projects to enhance and maintain the capability of the New Zealand Defence Force in line with the Defence White Paper 2016 and the Defence Capability Plan 2019. The capital injections increased by \$406.791 million due to a capital injections transfer forward from the 2018/19 year (\$363.871 million), the retention of surplus from 2018/19 of insurance proceeds received in relation to the Kāikoura/Hurunui earthquakes (\$13.660 million), and additional capital injections approved as part of tranche 2 of the Wellington Accommodation Project (\$29.260 million).
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
Closing Balance	7,663,647	7,902,424	

Part 3 - Details of Non-Departmental Appropriations

3.2 - Non-Departmental Benefits or Related Expenses

Assessments, Treatment & Rehabilitation (M75)

Scope of Appropriation

This appropriation is limited to the payment of the costs of assessments, treatment (including associated aids and appliances), and social and vocational rehabilitation provided for under the Veterans' Support Act 2014 and associated regulations.

Reasons for Change in Appropriation

This appropriation increased by \$56,000 to \$12.052 million in 2019/20. This increase relates to an increase of \$2.956 million due to increases in the cost of services provided and an increased level of demand for services.

This increase was partially offset by a decrease of \$2.663 million following the discontinuation of this appropriation due to a change in the accounting treatment of Veterans' Entitlements.

Special Annuities (M75)

Scope of Appropriation

This appropriation is limited to paying annuities authorised by Cabinet to recognise a special contribution by the recipient to New Zealand society.

Reasons for Change in Appropriation

This appropriation decreased by \$14,000 to \$78,000 in 2019/20 due to a reduction in the number of recipients.

Veterans' Independence Programme (M75)

Scope of Appropriation

This appropriation is limited to provision of services and support to assist eligible veterans and their families.

Reasons for Change in Appropriation

This appropriation decreased by \$747,000 to \$13.928 million in 2019/20. This decrease relates to a decrease of \$3.817 million due to the discontinuation of this appropriation following a change in the accounting treatment of Veterans' Entitlements.

This decrease was partially offset by an increase in appropriation of \$3.070 million due to an increase in the cost of services provided and an increased level of demand for services.

Veterans Support Entitlement (M75)

Scope of Appropriation

This appropriation is limited to the payment of entitlements (in respect of the impairment or death of veterans determined to be related to qualifying operational service occurring at any time or qualifying routine service occurring prior to 1 April 1974) to veterans and their spouses, partners, children and dependants under the Veterans' Support Act 2014 and associated regulations and to the provision for grandparented loans of the differential between 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 decreased by \$16.097 million to \$68.383 million in 2019/20. This decrease relates to a decrease in appropriation of \$20.414 million due to the discontinuation of this appropriation following a change in the accounting treatment of Veterans' Entitlements.

This is partially offset by an increase in appropriation of \$4.317 million due to an increase in the cost of services provided and an increased level of demand for services.

3.4 - Non-Departmental Other Expenses

Initial Recognition of Liability for Veterans' Entitlements (M75)

Scope of Appropriation

This appropriation is limited to the initial recognition in accordance with the new accounting standard Public Benefit Entity - International Public Sector Accounting Standard (PBE IPSAS) 39 Employee Benefits of the liability at 1 July 2018 (and subsequently at 1 July 2019) for Veterans' entitlements resulting from qualifying service or qualifying operational service in the current year or prior years provided for under Parts 3, 4 and 5 of the Veterans' Support Act and for annuities authorised by Cabinet to recognise a special contribution by the recipient to New Zealand society as part of their qualifying service or qualifying operational service.

Expenses

	2019/20		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	3,500,000	3,500,000

What is Intended to be Achieved with this Appropriation

This appropriation is intended to recognise the future liability to provide support for veterans through the ongoing provision of medical assessments and treatment; the provision of services; and the payment of entitlements resulting from qualifying service or qualifying operational service in the current year or prior years, provided for under Parts 3, 4 and 5 of the Veterans' Support Act 2014, and annuities authorised by Cabinet to recognise a special contribution by the recipient to New Zealand society as a part of their qualifying service or qualifying operational service.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted under s15D(2)(b)(ii) of the Public Finance Act 1989 as performance information is unlikely to be informative.

Reasons for Change in Appropriation

This appropriation increased by \$3,500 million to \$3,500 million in 2019/20 the initial recognition of the future liability of Veterans' Entitlements following a change in the accounting treatment of these entitlements.

Service Cost - Veterans' Entitlements (M75)

Scope of Appropriation

This appropriation is limited to the present value of entitlements resulting from qualifying service or qualifying operational service in the current year or prior years, provided for under Parts 3, 4 and 5 of the Veterans' Support Act 2014, and annuities authorised by Cabinet to recognise a special contribution by the recipient to New Zealand society as a part of their qualifying service or qualifying operational service.

Expenses

	2019/20		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	20,000	20,000

What is Intended to be Achieved with this Appropriation

This appropriation is intended to recognise the service costs related to the future liability to provide support for veterans through the ongoing provision of medical assessments and treatments; the provision of services; and the payment of entitlements resulting from qualifying service or qualifying operational service in the current year or prior years, provided for under Parts 3, 4 and 5 of the Veterans' Support Act 2014, and annuities authorised by Cabinet to recognise a special contribution by the recipient to New Zealand society as a part of their qualifying operational service.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted under s15D(2)(b)(ii) of the Public Finance Act 1989 as performance information is unlikely to be informative.

Reasons for Change in Appropriation

This appropriation increased by \$20 million to \$20 million in 2019/20. This increase relates to a change in the accounting treatment of Veterans' Entitlements.

Unwind of Discount Rate - Veterans' Entitlements (M75)

Scope of Appropriation

This appropriation is limited to the unwinding of the discount rate (interest expense) of the liability for the Veterans' entitlements provided for under Parts 3, 4 and 5 of the Veterans' Support Act 2014, and annuities authorised by Cabinet to recognise a special contribution by the recipient to New Zealand society as a part of their qualifying service or qualifying operational service.

Expenses

	2019/20		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	50,000	50,000

What is Intended to be Achieved with this Appropriation

This appropriation is intended to recognise the unwinding of discount rates to provide support to veterans through the ongoing provision of medical assessments and treatments; the provision of services; and the payment of entitlements resulting from qualifying service and qualifying operational service in the current year or prior years, provided for under Parts 3, 4 and 5 of the Veterans' Support Act 2014, and annuities authorised by Cabinet to recognise a special contribution by the recipient to New Zealand society as a part of their qualifying service or qualifying operational service.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted under s15D(2)(b)(ii) of the Public Finance Act 1989 as performance information is unlikely to be informative.

Reasons for Change in Appropriation

This appropriation increased by \$50 million to \$50 million in 2019/20. This increase is due to a changes in the accounting treatment of Veterans' Entitlements.

Part 4 - Details of Multi-Category Expenses and Capital Expenditure

4 - Multi-Category Expenses and Capital Expenditure

Advice to the Government (M22)

Overarching Purpose Statement

The single overarching purpose of this appropriation is to support Ministers in discharging their portfolio responsibilities.

Scope of Appropriation

Departmental Output Expenses

Policy Advice

This category is limited to the provision of advice (including second opinion advice and policy advice led by other agencies) to support decision-making by Ministers on Government policy matters relating to defence and the NZDF.

Situational Awareness

This category is limited to the provision of effective military intelligence services to the Government in support of decision-making for the defence and security of New Zealand.

Supporting Ministers

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

Expenses, Revenue and Capital Expenditure

	2019/20		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	16,288	1,038	17,326
Departmental Output Expenses			
Policy Advice	3,904	10	3,914
Situational Awareness	10,364	1,021	11,385
Supporting Ministers	2,020	7	2,027
Funding for Departmental Output Expenses			
Revenue from the Crown	16,288	1,006	17,294
Policy Advice	3,904	2	3,906
Situational Awareness	10,364	1,003	11,367
Supporting Ministers	2,020	1	2,021
Revenue from Others	-	32	32
Policy Advice	-	8	8
Situational Awareness	-	18	18
Supporting Ministers	-	6	6

What is Intended to be Achieved with each Category and How Performance will be Assessed

Assessment of Performance	2019/20		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Departmental Output Expenses			
Policy Advice			
<i>This category is intended to achieve the provision of accurate, timely and responsive policy advice.</i>			
The satisfaction of the Minister of Defence with the policy advice service, as per the refreshed satisfaction survey	At least 3.5 out of 5 or 70%	At least 3.5 out of 5 or 70%	At least 3.5 out of 5 or 70%
Technical quality of policy advice papers assessed by a survey with a methodical robustness of 90%. (The higher the robustness score, the stronger the methodical quality of the completed assessment.)	See Note 1	See Note 1	See Note 1

Note 1 - Measure for technical quality of policy advice papers - At least 70% of assessed papers score 3 or higher, 30% score 4 or higher, and no more than 10% score 2.5 or less.

Reasons for Change in Appropriation

This appropriation increased by \$1.038 million to \$17.326 million in 2019/20. This increase relates to:

- increased funding of \$1 million transferred from other appropriations as NZDF had adjusted how its funding is allocated to reflect the activities completed by NZDF to deliver outputs
- increased funding of \$23,000 from rental income received from other tenants for increased expenditure incurred in relation to the new Defence Headquarters building
- increased funding of \$9,000 received from Service personnel for the provision of service housing and barracks, and
- increased funding of \$6,000 for capital charge as a result of the revaluation of assets.

Operations Contributing to New Zealand's Security, Stability and Interests (M22)

Overarching Purpose Statement

The single overarching purpose of this appropriation is the employment of New Zealand's Armed Forces overseas at the Government's direction.

Scope of Appropriation

Departmental Output Expenses

Military Operations in Support of a Rules-Based International Order

This category is limited to the costs of generating operational military capabilities and the employment of the New Zealand Armed Forces for the conduct of operations, as directed by the Government.

Military Operations that Contribute to Regional Security

This category is limited to the costs of providing specialised support to all-of-government efforts to maintain security and stability in New Zealand's immediate neighbourhood including responses to events that impact on the safety and wellbeing of regional populations, as directed by the Government.

Expenses, Revenue and Capital Expenditure

	2019/20		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	26,297	16,922	43,219
Departmental Output Expenses			
Military Operations in Support of a Rules-Based International Order	25,788	16,772	42,560
Military Operations that Contribute to Regional Security	509	150	659
Funding for Departmental Output Expenses			
Revenue from the Crown	25,988	16,772	42,760
Military Operations in Support of a Rules-Based International Order	25,524	16,772	42,296
Military Operations that Contribute to Regional Security	464	-	464
Revenue from Others	309	150	459
Military Operations in Support of a Rules-Based International Order	264	-	264
Military Operations that Contribute to Regional Security	45	150	195

What is Intended to be Achieved with each Category and How Performance will be Assessed

	2019/20		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Assessment of Performance			
Departmental Output Expenses			
Military Operations in Support of a Rules-Based International Order			
<i>Contribute to Operation Solar (Middle East)</i>	Meet	Meet	Met
Contribute to Operation Takahe (Middle East)	Meet	Meet	Met
Contribute to Operation Tiki (Middle East)	Meet	Meet	Met
Contribute to Operation Whio (UNSCAR sanctions against North Korea)	Meet	Meet	Met

Reasons for Change in Appropriation

This appropriation increased by \$16.922 million to \$43.219 million in 2019/20. This increase relates to:

- increased funding of \$17.282 million for the support of United Nations and Multi-National force operations through the provision of training in the Middle East, and
- increased funding of \$150,000 for the refuelling of a Canadian C-17 as part of NZDF's response to the Australian bushfires.

This increase is partially offset by decreased funding of \$510,000 transferred to 'Air Force Capabilities Prepared for Joint Operations and Other Tasks' to reflect the cancellation of operations.

Policy Advice And Other Services For Veterans (M75)

Overarching Purpose Statement

The single overarching purpose of this appropriation is to provide policy advice and other support to Ministers in discharging their policy decision-making and other portfolio responsibilities, and the provision of services and payments to veterans.

Scope of Appropriation

Departmental Output Expenses

Administration Services

This category 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 category 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.

Repatriation of New Zealanders Interred Overseas as a Result of a Military Burial: Te Auraki (The Return)

This category is limited to the repatriation of service personnel and dependants buried abroad as a result of a military burial since 1 January 1955.

Services and Payments to Veterans

This category 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.

Expenses, Revenue and Capital Expenditure

	2019/20		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	10,259	13	10,272
Departmental Output Expenses			
Administration Services	2,960	2	2,962
Policy Advice	230	-	230
Services and Payments to Veterans	7,069	11	7,080

	2019/20		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Funding for Departmental Output Expenses			
Revenue from the Crown	10,259	13	10,272
Administration Services	2,960	2	2,962
Policy Advice	230	-	230
Services and Payments to Veterans	7,069	11	7,080

How Performance will be Assessed for this Appropriation

	2019/20		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Assessment of Performance			
<i>How performance will be assessed for the MCA as a whole</i>			
The satisfaction of veterans as expressed in the annual Veteran Survey rating of overall satisfaction with Veterans' Affairs	70%	85%	85%
The satisfaction of the Minister for Veterans with the policy advice service, as per the refreshed satisfaction survey	At least 3.5 out of 5 or 70%	At least 3.5 out of 5 or 70%	At least 3.5 out of 5 or 70%

What is Intended to be Achieved with each Category and How Performance will be Assessed

	2019/20		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Assessment of Performance			
Departmental Output Expenses			
Policy Advice			
<i>This category is intended to achieve the provision of policy advice to the Minister to support decision making by the Minister on Government policy matters relating to Veterans' Affairs.</i>			
All revocations, replacements and new Statements of Principles are reported and decided by the Minister for Veterans and Cabinet Legislation Committee regarding adoption	100%	100%	100%
Services and Payments to Veterans			
<i>This category is intended to achieve the assessment, determination, review and appeal of entitlements and services to veterans and their spouses, children and dependants provided for under the Veterans' Support Act 2014.</i>			
Reviews will be completed within 65 days of receipt	100%	100%	100%

Reasons for Change in Appropriation

This appropriation increased by \$13,000 to \$10.272 million in 2019/20. This increase related to increased funding of \$13,000 for capital charge as a result of the revaluation of assets.

Protection of New Zealand and New Zealanders (M22)

Overarching Purpose Statement

The single overarching purpose of this appropriation is to protect New Zealand's sovereignty and provide security and other services for New Zealanders.

Scope of Appropriation

Departmental Output Expenses

Assistance to the Civil Power and Provision of a Public Service in Emergency Situations

This category is limited to the costs of specialist military capabilities and Defence Force resources provided to the civil power in an emergency and for urgent work of national importance.

Defence International Engagement

This category is limited to the provision of services and utility of the Defence Force to support foreign policy objectives that strengthen security and avert conflict.

Defence Support to the Community

This category is limited to the costs of providing Defence Force resources for the betterment of the community at large and to inform the public's awareness of the proficiency and practice of the Armed Forces.

Military Assistance to Civil Authorities in Non-Emergency Situations

This category is limited to the costs of Defence Force resources, services and non-emergency assistance periodically provided to the Government and civil authorities.

Resource and Border Protection Operations

This category is limited to the sharing of information and provision of resources to support all-of-government efforts to protect New Zealand's borders and offshore maritime interests.

Expenses, Revenue and Capital Expenditure

	2019/20		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	478,162	39,406	517,568
Departmental Output Expenses			
Assistance to the Civil Power and Provision of a Public Service in Emergency Situations	78,657	10,656	89,313
Defence International Engagement	101,968	2,143	104,111
Defence Support to the Community	52,670	6,953	59,623
Military Assistance to Civil Authorities in Non-Emergency Situations	37,043	3,193	40,236
Resource and Border Protection Operations	207,824	16,461	224,285

	2019/20		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Funding for Departmental Output Expenses			
Revenue from the Crown	463,889	29,609	493,498
Assistance to the Civil Power and Provision of a Public Service in Emergency Situations	78,595	9,211	87,806
Defence International Engagement	98,527	(1,962)	96,565
Defence Support to the Community	42,447	6,133	48,580
Military Assistance to Civil Authorities in Non-Emergency Situations	37,043	2,043	39,086
Resource and Border Protection Operations	207,277	14,184	221,461
Revenue from Others	14,273	9,797	24,070
Assistance to the Civil Power and Provision of a Public Service in Emergency Situations	62	1,445	1,507
Defence International Engagement	3,441	4,105	7,546
Defence Support to the Community	10,223	820	11,043
Military Assistance to Civil Authorities in Non-Emergency Situations	-	1,150	1,150
Resource and Border Protection Operations	547	2,277	2,824

Reasons for Change in Appropriation

This appropriation increased by \$39.406 million to \$517.568 million in 2019/20. This increase relates to:

- increased funding of \$28 million transferred from other appropriations as NZDF has adjusted how its funding is allocated to reflect the activities completed by NZDF to deliver outputs
- increased funding of \$5.733 million received from Service personnel for the provision of service housing and barracks
- increased funding of \$2.389 million from the Ministry of Foreign Affairs and Trade for the delivery of the Pacific Leaders Development Programme
- increased funding of \$1.609 million capital charge as a result of the revaluation of assets
- increased funding of \$1.475 million from rental income received from other tenants for increased expenditure incurred in relation to the new Defence Headquarters building, and
- increased funding of \$200,000 from the Department of Conservation to support the clean-up of the Fox River.