

Vote Defence

APPROPRIATION MINISTER(S): Minister of Defence (M22)

APPROPRIATION ADMINISTRATOR: Ministry of Defence

RESPONSIBLE MINISTER FOR MINISTRY OF DEFENCE: Minister of Defence

Details of Appropriations and Capital Injections

Annual Appropriations and Forecast Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2018/19		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Departmental Output Expenses			
Audit & Assessment (M22) This appropriation is limited to audits and assessments of the New Zealand Defence Force and the Ministry of Defence.	2,294	(47)	2,247
Management of Equipment Procurement (M22) Managing procurement or refurbishment, on behalf of the Crown, of various items of equipment contributing to a capability of the New Zealand Defence Force.	9,628	2,229	11,857
Total Departmental Output Expenses	11,922	2,182	14,104
Departmental Capital Expenditure			
Ministry of Defence - Capital Expenditure PLA (M22) This appropriation is limited to the purchase or development of assets by and for the use of the Ministry of Defence, as authorised by section 24(1) of the Public Finance Act 1989.	350	-	350
Total Departmental Capital Expenditure	350	-	350
Non-Departmental Capital Expenditure			
Defence Equipment (M22) This appropriation is limited to the purchase, modification or refurbishment of major items of defence equipment for the New Zealand Defence Force.	294,121	151,671	445,792
Total Non-Departmental Capital Expenditure	294,121	151,671	445,792
Multi-Category Expenses and Capital Expenditure			
Policy Advice and Related Outputs MCA (M22) The overarching purpose of this appropriation is to provide policy advice, other support to Ministers in discharging their policy decision-making and other portfolio responsibilities.	8,171	1,563	9,734
Departmental Output Expenses			
Ministerial 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.	981	157	1,138
Policy Advice This category 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 national security.	4,919	791	5,710
Policy Support This category is limited to the provision of services (other than defence policy) that support the development and procurement of military capability, and the conduct of international defence relations.	2,271	615	2,886
Total Multi-Category Expenses and Capital Expenditure	8,171	1,563	9,734
Total Annual Appropriations and Forecast Permanent Appropriations	314,564	155,416	469,980

Capital Injection Authorisations

	2018/19		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Ministry of Defence - Capital Injection (M22)	-	-	-

Supporting Information

Part 1 - Vote as a Whole

1.2 - Trends in the Vote

Summary of Financial Activity

	2018/19				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
Appropriations					
Output Expenses	11,922	2,182	-	2,182	14,104
Benefits or Related Expenses	-	N/A	-	-	-
Borrowing Expenses	-	-	-	-	-
Other Expenses	-	-	-	-	-
Capital Expenditure	294,471	-	151,671	151,671	446,142
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Multi-Category Expenses and Capital Expenditure (MCA)					
<i>Output Expenses</i>	8,171	1,563	-	1,563	9,734
<i>Other Expenses</i>	-	-	-	-	-
<i>Capital Expenditure</i>	-	N/A	-	-	-
Total Appropriations	314,564	3,745	151,671	155,416	469,980
Crown Revenue and Capital Receipts					
Tax Revenue	-	N/A	-	-	-
Non-Tax Revenue	-	N/A	-	-	-
Capital Receipts	294,121	N/A	151,671	151,671	445,792
Total Crown Revenue and Capital Receipts	294,121	N/A	151,671	151,671	445,792

Part 2 - Details of Departmental Appropriations

2.1 - Departmental Output Expenses

Audit & Assessment (M22)

Scope of Appropriation

This appropriation is limited to audits and assessments of the New Zealand Defence Force and the Ministry of Defence.

Expenses and Revenue

	2018/19		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	2,294	(47)	2,247
Revenue from the Crown	2,294	(141)	2,153
Revenue from Others	-	94	94

Reasons for Change in Appropriation

The decrease in this appropriation is due to a:

- \$116,000 reduction in the amount of the Ministry's indirect costs allocated to this output following a review of the Ministry's indirect allocation methodology, and
- \$25,000 reduction due to transfer of funding to other Ministry outputs to align resourcing with demand and activities.

These are partially offset by a \$94,000 increase in costs due to the November 2016 Kaikōura earthquake, funded by Revenue from Others.

Management of Equipment Procurement (M22)

Scope of Appropriation

Managing procurement or refurbishment, on behalf of the Crown, of various items of equipment contributing to a capability of the New Zealand Defence Force.

Expenses and Revenue

	2018/19		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	9,628	2,229	11,857
Revenue from the Crown	9,628	(770)	8,858
Revenue from Others	-	2,999	2,999

Reasons for Change in Appropriation

The increase in this appropriation is due to:

- a \$2.845 million increase in costs arising from definition-phase and pre-acquisition-stage Defence capability project costs, funded by Revenue from Others
- a \$154,000 increase due to costs incurred due to the November 2016 Kaikōura earthquake, funded by Revenue from Others, and
- a \$50,000 increase in the amount of the Ministry's indirect costs allocated to this output following a review of the Ministry's indirect allocation methodology, funded by Revenue from the Crown.

This increase is partly offset by a \$820,000 reduction due to transfer of funding to other Ministry outputs to align resource requirements with demand and activities.

2.3 - Departmental Capital Expenditure and Capital Injections

Ministry of Defence - 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 Ministry of Defence, as authorised by section 24(1) of the Public Finance Act 1989.

Capital Expenditure

	2018/19		Total \$000
	Estimates \$000	Supplementary Estimates \$000	
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	325	(75)	250
Intangibles	25	75	100
Other	-	-	-
Total Appropriation	350	-	350

Capital Injections and Movements in Departmental Net Assets

Ministry of Defence

Details of Net Asset Schedule	2018/19 Main Estimates Projections \$000	2018/19 Supplementary Estimates Projections \$000	Explanation of Projected Movements in 2018/19
Opening Balance	2,353	2,353	Supplementary Estimates opening balance reflects the audited results as at 30 June 2018.
Capital Injections	-	-	
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
Closing Balance	2,353	2,353	

Part 3 - Details of Non-Departmental Appropriations

3.5 - Non-Departmental Capital Expenditure

Defence Equipment (M22)

Scope of Appropriation

This appropriation is limited to the purchase, modification or refurbishment of major items of defence equipment for the New Zealand Defence Force.

Capital Expenditure

	2018/19		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	294,121	151,671	445,792

Reasons for Change in Appropriation

The increase in this appropriation is due to the approval of six new Defence capability projects, totalling \$235,024,000 during 2018/19, offset by \$83.353 million due to the rescheduling of project milestones to later years following contract negotiations.

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

4 - Multi-Category Expenses and Capital Expenditure

Policy Advice and Related Outputs (M22)

Overarching Purpose Statement

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

Scope of Appropriation

Departmental Output Expenses

Ministerial 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.

Policy Advice

This category 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 national security.

Policy Support

This category is limited to the provision of services (other than defence policy) that support the development and procurement of military capability, and the conduct of international defence relations.

Expenses, Revenue and Capital Expenditure

	2018/19		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	8,171	1,563	9,734
Departmental Output Expenses			
Ministerial Services	981	157	1,138
Policy Advice	4,919	791	5,710
Policy Support	2,271	615	2,886
Funding for Departmental Output Expenses			
Revenue from the Crown	8,171	911	9,082
Ministerial Services	981	109	1,090
Policy Advice	4,919	549	5,468
Policy Support	2,271	253	2,524
Revenue from Others	-	652	652
Ministerial Services	-	48	48
Policy Advice	-	242	242
Policy Support	-	362	362

Reasons for Change in Appropriation

The increase in this appropriation is due to a:

- \$845,000 increase due to transfer of funding from other Ministry outputs to align resource requirements with demand and activities
- \$66,000 increase in the amount of the Ministry's indirect costs allocated to this output following a review of the Ministry's indirect allocation methodology
- \$402,000 increase in costs incurred due to the November 2016 Kaikōura earthquake, funded by Revenue from Others and
- \$250,000 increase due to the Ministry incurring costs that are funded by another department, funded by Revenue from Others.