

# *Vote Defence*

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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	2019/20		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
<b>Departmental Output Expenses</b>			
<b>Audit &amp; Assessment (M22)</b> This appropriation is limited to audits and assessments of the New Zealand Defence Force and the Ministry of Defence.	2,378	(287)	2,091
<b>Management of Defence Capabilities (M22)</b> This appropriation is limited to the management of procurement, refurbishment and delivery of defence capabilities, on behalf of the Crown, for the New Zealand Defence Force.	9,658	1,487	11,145
<b>Total Departmental Output Expenses</b>	12,036	1,200	13,236
<b>Departmental Capital Expenditure</b>			
<b>Ministry of Defence - Capital Expenditure PLA (M22)</b> 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
<b>Total Departmental Capital Expenditure</b>	350	-	350
<b>Non-Departmental Capital Expenditure</b>			
<b>Defence Capabilities (M22)</b> This appropriation is limited to the purchase, modification or refurbishment of defence capabilities for the New Zealand Defence Force.	744,376	(77,128)	667,248
<b>Total Non-Departmental Capital Expenditure</b>	744,376	(77,128)	667,248
<b>Multi-Category Expenses and Capital Expenditure</b>			
<b>Policy Advice and Related Outputs MCA (M22)</b> The single overarching purpose of this appropriation is to provide policy advice, other support to Ministers in discharging their policy decision-making and other portfolio responsibilities.	9,285	1,187	10,472
<b>Departmental Output Expenses</b>			
<b>Ministerial Services</b> This category is limited to the provision of services to Ministers to enable them to discharge their portfolio (other than policy decision-making) responsibilities.	1,115	112	1,227
<b>Policy Advice</b> 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.	5,590	564	6,154
<b>Policy Support</b> 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.	2,580	511	3,091
<b>Total Multi-Category Expenses and Capital Expenditure</b>	9,285	1,187	10,472
<b>Total Annual Appropriations and Forecast Permanent Appropriations</b>	766,047	(74,741)	691,306

## Capital Injection Authorisations

	2019/20		
	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

	2019/20				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
<b>Appropriations</b>					
Output Expenses	12,036	1,200	-	1,200	13,236
Benefits or Related Expenses	-	N/A	-	-	-
Borrowing Expenses	-	-	-	-	-
Other Expenses	-	-	-	-	-
Capital Expenditure	744,726	-	(77,128)	(77,128)	667,598
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Multi-Category Expenses and Capital Expenditure (MCA)					
<i>Output Expenses</i>	9,285	1,187	-	1,187	10,472
<i>Other Expenses</i>	-	-	-	-	-
<i>Capital Expenditure</i>	-	N/A	-	-	-
<b>Total Appropriations</b>	766,047	2,387	(77,128)	(74,741)	691,306
<b>Crown Revenue and Capital Receipts</b>					
Tax Revenue	-	N/A	-	-	-
Non-Tax Revenue	-	N/A	-	-	-
Capital Receipts	744,376	N/A	(77,128)	(77,128)	667,248
<b>Total Crown Revenue and Capital Receipts</b>	744,376	N/A	(77,128)	(77,128)	667,248

## 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*

	2019/20		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	2,378	(287)	2,091
Revenue from the Crown	2,378	(329)	2,049
Revenue from Others	-	42	42

##### *Reasons for Change in Appropriation*

This appropriation decreased by \$287,000 to \$2.091 million for 2019/20 due to:

- a transfer of \$345,000 to other departmental output expense appropriations to align resourcing with demand and activities, and
- a transfer of \$90,000 to other departmental output expense appropriations to meet changes in cost drivers in 2019/20.

These are partially offset by:

- a transfer of \$100,000 from 2018/19 to 2019/20 to reflect the timing of audits and assessments
- a one-off increase of \$42,000 from insurance proceeds for costs incurred as a result of the November 2016 Kaikōura earthquake, and
- a transfer of \$6,000 from 2018/19 to 2019/20 to reflect the timing of the Ministry's relocation to Defence House.

## Management of Defence Capabilities (M22)

### *Scope of Appropriation*

This appropriation is limited to the management of procurement, refurbishment and delivery of defence capabilities, on behalf of the Crown, for the New Zealand Defence Force.

### *Expenses and Revenue*

	2019/20		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	9,658	1,487	11,145
Revenue from the Crown	9,658	(1,095)	8,563
Revenue from Others	-	2,582	2,582

### *Reasons for Change in Appropriation*

This appropriation increased by \$1.487 million to \$11.145 million for 2019/20 due to:

- an increase of \$2.487 million in cost recoveries from the New Zealand Defence Force
- a transfer of \$303,000 from other departmental output expense appropriations to meet changes in cost drivers in 2019/20
- a transfer of \$131,000 from 2018/19 to 2019/20 due to timing of capability projects capability
- a one-off increase of \$95,000 from insurance proceeds for costs incurred as a result of the November 2016 Kaikōura earthquake, and
- a transfer of \$12,000 from 2018/19 to 2019/20 to reflect the timing of the Ministry's relocation to Defence House.

These are partially offset by:

- a transfer of \$1.200 million from 2019/20 to the three following years to reflect the timing of the capability projects
- a transfer of \$277,000 to other departmental output expense appropriations to align resourcing with demand and activities, and
- a one-off reduction of \$64,000 in capital charge.

## 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*

	2019/20		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	250	-	250
Intangibles	100	-	100
Other	-	-	-
<b>Total Appropriation</b>	<b>350</b>	<b>-</b>	<b>350</b>

#### *Capital Injections and Movements in Departmental Net Assets*

##### Ministry of Defence

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	2,353	2,353	Supplementary Estimates opening balance reflects the audited results as at 30 June 2019.
Capital Injections	-	-	
Capital Withdrawals	-	(1,063)	Return of capital to the Crown.
Surplus to be Retained (Deficit Incurred)	-	1,063	Retention of insurance proceeds for assets damaged or destroyed as a result of the November 2016 Kaikōura earthquake.
Other Movements	-	-	
<b>Closing Balance</b>	<b>2,353</b>	<b>2,353</b>	

## Part 3 - Details of Non-Departmental Appropriations

### 3.5 - Non-Departmental Capital Expenditure

#### Defence Capabilities (M22)

##### *Scope of Appropriation*

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

##### *Reasons for Change in Appropriation*

This appropriation decreased by \$77.128 million to \$667.248 million for 2019/20 due to the rescheduling of project milestones to later years following contract negotiations of \$111.975 million, offset by approval of four new defence capability projects of \$34.847 million.



# 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 single 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*

	2019/20		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
<b>Total Appropriation</b>	<b>9,285</b>	<b>1,187</b>	<b>10,472</b>
<b>Departmental Output Expenses</b>			
Ministerial Services	1,115	112	1,227
Policy Advice	5,590	564	6,154
Policy Support	2,580	511	3,091
<b>Funding for Departmental Output Expenses</b>			
<b>Revenue from the Crown</b>	<b>9,285</b>	<b>441</b>	<b>9,726</b>
Ministerial Services	1,115	53	1,168
Policy Advice	5,590	265	5,855
Policy Support	2,580	123	2,703
<b>Revenue from Others</b>	<b>-</b>	<b>746</b>	<b>746</b>
Ministerial Services	-	59	59
Policy Advice	-	299	299
Policy Support	-	388	388

*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			
<b>Departmental Output Expenses</b>			
<b>Ministerial Services</b>			
<i>This category is intended to achieve the provision of quality and timely Ministerial support to the Minister.</i>			
Quality, as assessed by the percentage of first draft of all correspondence accepted by the Minister.	>= 95%	>= 90%	>= 90%
<b>Policy Advice</b>			
<i>This category is intended to achieve the provision of accurate, timely and responsive policy advice.</i>			
Technical quality of policy advice, as assessed by independent review of a sample of policy papers (see Note 1).	Under review	>= 3.5	>= 3.5
Minister's satisfaction with the quality of policy advice, as assessed by survey (see Note 1).	Under review	>= 3.5	>= 3.5

Note 1 - At the time of setting the Estimates, both of these measures were being reviewed by Treasury with a view to creating an all-of-government methodology. This methodology was finalised during 2019/20 with both measures being a rating out of 5.

*Reasons for Change in Appropriation*

This appropriation increased by \$1.187 million to \$10.472 million for 2019/20 due to:

- a transfer of \$622,000 to other departmental output expense appropriations to align resourcing with demand and activities
- an increase of \$529,000 in cost recoveries from other government agencies
- a one-off increase of \$217,000 from insurance proceeds for costs incurred as a result of the November 2016 Kaikōura earthquake, and
- a transfer of \$32,000 from 2018/19 to 2019/20 to reflect the timing of the Ministry's relocation to Defence House.

These are partially offset by a transfer of \$213,000 to other departmental output expense appropriations to meet changes in cost drivers in 2019/20.