

Vote Defence

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

DEPARTMENT ADMINISTERING THE VOTE: Ministry of Defence (A18)

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	2020/21		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Departmental Output Expenses			
Audit & Assessment (M22) (A18) This appropriation is limited to audits and assessments of the New Zealand Defence Force and the Ministry of Defence.	2,398	(872)	1,526
Management of Defence Capabilities (M22) (A18) 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.	10,983	1,676	12,659
Total Departmental Output Expenses	13,381	804	14,185
Departmental Capital Expenditure			
Ministry of Defence - Capital Expenditure PLA (M22) (A18) 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 Other Expenses			
Non-Capitalised Procurement Costs (M22) (A18) This appropriation is limited to non-capitalisable costs incurred during the purchase, modification or refurbishment of defence capabilities for the New Zealand Defence Force.	-	4,500	4,500
Total Non-Departmental Other Expenses	-	4,500	4,500
Non-Departmental Capital Expenditure			
Defence Capabilities (M22) (A18) This appropriation is limited to the purchase, modification or refurbishment of defence capabilities for the New Zealand Defence Force.	625,389	70,806	696,195
Total Non-Departmental Capital Expenditure	625,389	70,806	696,195

Titles and Scopes of Appropriations by Appropriation Type	2020/21		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Multi-Category Expenses and Capital Expenditure			
Policy Advice and Related Outputs MCA (M22) (A18)	9,883	1,409	11,292
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.			
Departmental Output Expenses			
Ministerial Services	1,171	35	1,206
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	5,871	1,194	7,065
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	2,841	180	3,021
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.			
Total Multi-Category Expenses and Capital Expenditure	9,883	1,409	11,292
Total Annual Appropriations and Forecast Permanent Appropriations	649,003	77,519	726,522

Capital Injection Authorisations

	2020/21		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Ministry of Defence - Capital Injection (M22) (A18)	-	-	-

Supporting Information

Part 1 - Vote as a Whole

1.2 - Trends in the Vote

Summary of Financial Activity

	2020/21				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
Appropriations					
Output Expenses	13,381	804	-	804	14,185
Benefits or Related Expenses	-	N/A	-	-	-
Borrowing Expenses	-	-	-	-	-
Other Expenses	-	-	4,500	4,500	4,500
Capital Expenditure	625,739	-	70,806	70,806	696,545
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Multi-Category Expenses and Capital Expenditure (MCA)					
<i>Output Expenses</i>	9,883	1,409	-	1,409	11,292
<i>Other Expenses</i>	-	-	-	-	-
<i>Capital Expenditure</i>	-	N/A	-	-	-
Total Appropriations	649,003	2,213	75,306	77,519	726,522
Crown Revenue and Capital Receipts					
Tax Revenue	-	N/A	-	-	-
Non-Tax Revenue	-	N/A	-	-	-
Capital Receipts	625,389	N/A	70,806	70,806	696,195
Total Crown Revenue and Capital Receipts	625,389	N/A	70,806	70,806	696,195

Part 2 - Details of Departmental Appropriations

2.1 - Departmental Output Expenses

Audit & Assessment (M22) (A18)

Scope of Appropriation

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

Reasons for Change in Appropriation

This appropriation decreased by \$872,000 to \$1.526 million for 2020/21 due to:

- a transfer of \$970,000 to the multi-category appropriation Policy Advice and Related Outputs MCA to fund the policy and legislative advice for the establishment of an independent Inspector General of Defence as recommended by the Operation Burnham Inquiry
- a reduction of \$2,000 due to a lower capital charge rate, and
- an offset from transferring \$100,000 from 2019/20 to 2020/21 to reflect the timing of audits and assessments.

Management of Defence Capabilities (M22) (A18)

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

	2020/21		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	10,983	1,676	12,659
Revenue from the Crown	10,983	(1,360)	9,623
Revenue from Others	-	3,036	3,036

Reasons for Change in Appropriation

This appropriation increased by \$1.676 million to \$12.659 million for 2020/21 due to:

- an increase of \$3.036 million in cost recoveries from the New Zealand Defence Force
- a transfer of \$486,000 from 2019/20 to 2020/21 due to timing of capability projects.

These are partially offset by:

- a transfer of \$1.500 million from 2020/21 to 2022/23 and 2023/24 to reflect the timing of capability projects
- a transfer of \$300,000 to the multi-category appropriation Policy Advice and Related Outputs MCA to fund the policy and legislative advice for the establishment of an independent Inspector General of Defence as recommended by the Operation Burnham Inquiry
- a transfer of \$35,000 to the Department of the Prime Minister and Cabinet for costs arising from a secondment to the all-of-government COVID-19 pandemic response, and
- a reduction of \$11,000 due to a lower capital charge rate.

2.3 - Departmental Capital Expenditure and Capital Injections

Ministry of Defence - Capital Expenditure PLA (M22) (A18)

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

	2020/21		Total \$000
	Estimates \$000	Supplementary Estimates \$000	
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	250	-	250
Intangibles	100	-	100
Other	-	-	-
Total Appropriation	350	-	350

Capital Injections and Movements in Departmental Net Assets

Ministry of Defence

Details of Net Asset Schedule	2020/21 Main Estimates Projections \$000	2020/21 Supplementary Estimates Projections \$000	Explanation of Projected Movements in 2020/21
Opening Balance	2,353	2,353	Supplementary Estimates opening balance reflects the audited results as at 30 June 2020.
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

3.4 - Non-Departmental Other Expenses

Non-Capitalised Procurement Costs (M22) (A18)

Scope of Appropriation

This appropriation is limited to non-capitalisable costs incurred during the purchase, modification or refurbishment of defence capabilities for the New Zealand Defence Force.

Expenses

	2020/21		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	4,500	4,500

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the procurement of major military capabilities for the New Zealand Defence Force in a transparent and fair way, and in accordance with government procurement policies.

How Performance will be Assessed and End of Year Reporting Requirements

	2020/21		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Assessment of Performance			
Each procurement or refurbishment project will be managed within its approved budget, inclusive of approved variations to the contract price and project budget (see Note 1).	New appropriation	100%	100%

Note 1 - Measured by the percentage of all projects that have project-related capital or other expenditure incurred in the year within the approved project expenditure budget.

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Minister of Defence and included in the Ministry of Defence's Annual Report.

Reasons for Change in Appropriation

This is a new appropriation in 2020/21 to address non-capitalisable costs incurred during the capital stage of procurement projects for the New Zealand Defence Force.

3.5 - Non-Departmental Capital Expenditure

Defence Capabilities (M22) (A18)

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 increased by \$70.806 million to \$696.195 million for 2020/21 due to approval of four new defence capability projects of \$93.404 million for the 2020/21 year.

This increase was partially offset by the rescheduling of project milestones to later years following contract negotiations of \$22.598 million.

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

4 - Multi-Category Expenses and Capital Expenditure

Policy Advice and Related Outputs (M22) (A18)

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

	2020/21		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	9,883	1,409	11,292
Departmental Output Expenses			
Ministerial Services	1,171	35	1,206
Policy Advice	5,871	1,194	7,065
Policy Support	2,841	180	3,021
Funding for Departmental Output Expenses			
Revenue from the Crown	9,883	1,309	11,192
Ministerial Services	1,171	35	1,206
Policy Advice	5,871	1,194	7,065
Policy Support	2,841	80	2,921
Revenue from Others	-	100	100
Policy Support	-	100	100

Reasons for Change in Appropriation

This appropriation increased by \$1.409 million to \$11.292 million for 2020/21 due to:

- a transfer of \$1.270 million from other departmental output appropriations to fund the policy and legislative advice for the establishment of an independent Inspector General of Defence as recommended by the Operation Burnham Inquiry
- an increase of \$100,000 in cost recoveries from other government agencies
- a transfer of \$49,000 from Crown Law to contribute to the policy and legislative advice for the establishment of an independent Inspector General of Defence.

These are partially offset by a reduction of \$10,000 due to a lower capital charge rate.