

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	2021/22		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Departmental Output Expenses			
Ministry of Defence Outputs (M22) (A18)	24,832	2,352	27,184
This appropriation is limited to the development, procurement and delivery of defence capability for the New Zealand Defence Force and providing policy advice, audit and assessments, and other support to Ministers to discharge their policy decision-making and other portfolio responsibilities relating to defence.			
Total Departmental Output Expenses	24,832	2,352	27,184
Departmental Capital Expenditure			
Ministry of Defence - Capital Expenditure PLA (M22) (A18)	350	-	350
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.			
Total Departmental Capital Expenditure	350	-	350
Multi-Category Expenses and Capital Expenditure			
Defence Capabilities MCA (M22) (A18)	875,354	213,522	1,088,876
The single overarching purpose of this appropriation is to purchase, modify or refurbish defence capabilities for the New Zealand Defence Force.			
Non-Departmental Other Expenses			
Procurement Expenses	2,000	4,500	6,500
This category is limited to non-capitalisable costs incurred during the purchase, modification or refurbishment of defence capabilities for the New Zealand Defence Force.			
Non-Departmental Capital Expenditure			
Defence Capability Delivery	873,354	209,022	1,082,376
This category is limited to the purchase, modification or refurbishment of defence capabilities for the New Zealand Defence Force.			
Total Multi-Category Expenses and Capital Expenditure	875,354	213,522	1,088,876
Total Annual Appropriations and Forecast Permanent Appropriations	900,536	215,874	1,116,410

Capital Injection Authorisations

	2021/22		
	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

	2021/22				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
Appropriations					
Output Expenses	24,832	2,352	-	2,352	27,184
Benefits or Related Expenses	-	N/A	-	-	-
Borrowing Expenses	-	-	-	-	-
Other Expenses	-	-	-	-	-
Capital Expenditure	350	-	-	-	350
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Multi-Category Expenses and Capital Expenditure (MCA)					
<i>Output Expenses</i>	-	-	-	-	-
<i>Other Expenses</i>	2,000	-	4,500	4,500	6,500
<i>Capital Expenditure</i>	873,354	N/A	209,022	209,022	1,082,376
Total Appropriations	900,536	2,352	213,522	215,874	1,116,410
Crown Revenue and Capital Receipts					
Tax Revenue	-	N/A	-	-	-
Non-Tax Revenue	-	N/A	-	-	-
Capital Receipts	873,354	N/A	209,022	209,022	1,082,376
Total Crown Revenue and Capital Receipts	873,354	N/A	209,022	209,022	1,082,376

Part 2 - Details of Departmental Appropriations

2.1 - Departmental Output Expenses

Ministry of Defence Outputs (M22) (A18)

Scope of Appropriation

This appropriation is limited to the development, procurement and delivery of defence capability for the New Zealand Defence Force and providing policy advice, audit and assessments, and other support to Ministers to discharge their policy decision-making and other portfolio responsibilities relating to defence.

Expenses and Revenue

	2021/22		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	24,832	2,352	27,184
Revenue from the Crown	24,832	(156)	24,676
Revenue from Others	-	2,508	2,508

Reasons for Change in Appropriation

This appropriation increased by \$2.352 million to \$27.184 million for 2021/22 due to:

- an increase of \$2.508 million in cost recoveries from the New Zealand Defence Force
- a transfer of \$894,000 from 2020/21 to 2021/22 to reflect the timing of travel impacted by the COVID-19 pandemic.

These were offset by a transfer of \$1.050 million from 2021/22 to 2024/25 due to the timing of capability projects.

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

4 - Multi-Category Expenses and Capital Expenditure

Defence Capabilities (M22) (A18)

Overarching Purpose Statement

The single overarching purpose of this appropriation is to purchase, modify or refurbish defence capabilities for the New Zealand Defence Force.

Scope of Appropriation

Non-Departmental Other Expenses

Procurement Expenses

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

Non-Departmental Capital Expenditure

Defence Capability Delivery

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

Expenses, Revenue and Capital Expenditure

	2021/22		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	875,354	213,522	1,088,876
Non-Departmental Other Expenses			
Procurement Expenses	2,000	4,500	6,500
Non-Departmental Capital Expenditure			
Defence Capability Delivery	873,354	209,022	1,082,376

Reasons for Change in Appropriation

This appropriation increased by \$213.522 million to \$1,088.876 million for 2021/22 due to a \$185.417 million transfer from 2020/21 to 2021/22 of unused headroom in the appropriation required to accommodate:

- the accounting of potential foreign exchange rate movements affecting the reported New Zealand dollar value of hedged foreign currency expenditure
- the uncertainty of the timing of prepaid monies being recognised as capital expenditure under accounting standards for capabilities being acquired under the United States' Foreign Military Sales programme
- capability project costs deemed uncapitalisable.

Other increases in the appropriation were caused by:

- the approval two new defence capability projects of \$13.935 million in 2021/22
- the realignment of tasks within two capability projects between the Ministry and the New Zealand Defence Force resulting in an increase of \$13.585 million for 2021/22
- two capability projects budgets increasing by a combined \$585,000 for non-cash technical adjustments to accommodate the increased reported New Zealand dollar value of hedged foreign currency expenditure.