

# *Vote Defence Force*

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

DEPARTMENT ADMINISTERING THE VOTE: New Zealand Defence Force (A27)

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   | 2023/24                |                                      |                    |
|---|------------------------|--------------------------------------|--------------------|
|   | Estimates Budget \$000 | Supplementary Estimates Budget \$000 | Total Budget \$000 |
| <b>Departmental Output Expenses</b>   |                        |                                      |                    |
| <b>Air Force Capabilities Prepared for Joint Operations and Other Tasks (M22) (A27)</b><br>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. | 1,046,183              | 19,224                               | 1,065,407          |
| <b>Army Capabilities Prepared for Joint Operations and Other Tasks (M22) (A27)</b><br>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.           | 1,132,393              | 21,324                               | 1,153,717          |
| <b>Navy Capabilities Prepared for Joint Operations and Other Tasks (M22) (A27)</b><br>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.           | 713,991                | 38,464                               | 752,455            |
| <b>Total Departmental Output Expenses</b>   | 2,892,567              | 79,012                               | 2,971,579          |
| <b>Departmental Capital Expenditure</b>   |                        |                                      |                    |
| <b>New Zealand Defence Force - Capital Expenditure PLA (M22) (A27)</b><br>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.                            | 1,612,896              | (87,403)                             | 1,525,493          |
| <b>Total Departmental Capital Expenditure</b>   | 1,612,896              | (87,403)                             | 1,525,493          |
| <b>Non-Departmental Output Expenses</b>   |                        |                                      |                    |
| <b>Development and Maintenance of Services Cemeteries (M75) (A27)</b><br>This appropriation is limited to the development and maintenance of Services Cemeteries.   | 746                    | -                                    | 746                |
| <b>Total Non-Departmental Output Expenses</b>   | 746                    | -                                    | 746                |
| <b>Non-Departmental Other Expenses</b>  |                        |                                      |                    |
| <b>Fair Value Write Down on Veteran Trust Loans and Thirty-Year Endowment (M75) (A27)</b><br>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.                | 203                    | -                                    | 203                |
| <b>Grant Payments to Non-Government Organisations (M75) (A27)</b><br>This appropriation is limited to grant payments to Non-Government Organisations in their support of veterans and their families.   | 275                    | -                                    | 275                |
| <b>Impairment of Debt for Benefits or Related Expenses (M75) (A27)</b><br>This appropriation is limited to the impairment and write-down of Crown Debt associated with previous payments of Benefits or Related Expenses administered by the New Zealand Defence Force.                         | 250                    | -                                    | 250                |
| <b>Military Veterans Kaupapa Inquiry Claimant Costs (M22) (A27)</b><br>This appropriation is limited to the costs of claimants, their witnesses and necessary support people to participate in the Wai 2500 Military Veterans Kaupapa Inquiry.  | 250                    | -                                    | 250                |

|  | 2023/24                      |   |                          |
|--|------------------------------|---|--------------------------|
|  | Estimates<br>Budget<br>\$000 | Supplementary<br>Estimates<br>Budget<br>\$000 | Total<br>Budget<br>\$000 |
| <b>Titles and Scopes of Appropriations by Appropriation Type</b>   |                              |   |                          |
| <b>Service Cost - Veterans' Entitlements (M75) (A27)</b><br>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. | 12,000                       | -   | 12,000                   |
| <b>Support for Early Childhood Education Services Associated with Defence Bases (M22) (A27)</b><br>This appropriation is limited to support for Early Childhood Education services whose ongoing operation is essential to the viability of Defence bases.   | 350                          | -   | 350                      |
| <b>Support for Vietnam Veterans (M75) (A27)</b><br>This appropriation is limited to annual comprehensive medical assessments for Vietnam veterans, the monitoring of trends in the health and wellbeing of Vietnam veterans and providing this information to veterans, and ex-gratia payments to Vietnam veterans and/or members of their family with accepted conditions.  | 3,100                        | -   | 3,100                    |
| <b>Veteran Assistance to Attend Commemorations and Revisit Battlefields (M75) (A27)</b><br>This appropriation is limited to providing assistance to veterans to enable them to attend official commemorations or revisit battlefields.   | 200                          | -   | 200                      |
| <b>Total Non-Departmental Other Expenses</b>   | 16,628                       | -   | 16,628                   |
| <b>Multi-Category Expenses and Capital Expenditure</b>   |                              |   |                          |
| <b>Advice to the Government MCA (M22) (A27)</b><br>The single overarching purpose of this appropriation is to support Ministers in discharging their portfolio responsibilities.   | 15,690                       | 4,000   | 19,690                   |
| <b>Departmental Output Expenses</b>  |                              |   |                          |
| <i>Policy Advice</i><br>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.   | 3,687                        | -   | 3,687                    |
| <i>Situational Awareness</i><br>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.   | 9,955                        | 3,796   | 13,751                   |
| <i>Supporting Ministers</i><br>This category is limited to the provision of services to Ministers to enable them to discharge their portfolio (other than policy decision-making) responsibilities.  | 2,048                        | 204   | 2,252                    |
| <b>Operations Contributing to New Zealand's Security, Stability and Interests MCA (M22) (A27)</b><br>The single overarching purpose of this appropriation is the employment of New Zealand's Armed Forces overseas and provision of military capabilities overseas at the Government's direction.  | 30,883                       | (500)   | 30,383                   |
| <b>Departmental Output Expenses</b>  |                              |   |                          |
| <i>Military Operations in Support of a Rules-Based International Order</i><br>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.   | 30,368                       | (500)   | 29,868                   |
| <i>Military Operations that Contribute to Regional Security</i><br>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.   | 515                          | -   | 515                      |

|  | 2023/24                      |   |                          |
|--|------------------------------|---|--------------------------|
|  | Estimates<br>Budget<br>\$000 | Supplementary<br>Estimates<br>Budget<br>\$000 | Total<br>Budget<br>\$000 |
| <b>Titles and Scopes of Appropriations by Appropriation Type</b>   |                              |   |                          |
| <b>Policy Advice And Other Services For Veterans MCA (M75) (A27)</b>   | 12,870                       | 2,068   | 14,938                   |
| 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.  |                              |   |                          |
| <b>Departmental Output Expenses</b>  |                              |   |                          |
| <b>Administration Services</b>   | 4,176                        | 2,000   | 6,176                    |
| 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.    |                              |   |                          |
| <b>Policy Advice</b>   | 230                          | -   | 230                      |
| 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.  |                              |   |                          |
| <b>Services and Payments to Veterans</b>   | 8,464                        | 68  | 8,532                    |
| 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. |                              |   |                          |
| <b>Protection of New Zealand and New Zealanders MCA (M22) (A27)</b>  | 574,544                      | (8,712)                                       | 565,832                  |
| The single overarching purpose of this appropriation is to protect New Zealand's sovereignty and provide security and other services for New Zealanders.   |                              |   |                          |
| <b>Departmental Output Expenses</b>  |                              |   |                          |
| <b>Assistance to the Civil Power and Provision of a Public Service in Emergency Situations</b>   | 92,444                       | 19,121  | 111,565                  |
| 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.  |                              |   |                          |
| <b>Defence International Engagement</b>  | 107,966                      | 6,865   | 114,831                  |
| 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.   |                              |   |                          |
| <b>Defence Support to the Community</b>  | 64,235                       | (699)   | 63,536                   |
| 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.  |                              |   |                          |
| <b>Military Assistance to Civil Authorities in Non-Emergency Situations</b>  | 40,163                       | 13,731  | 53,894                   |
| This category is limited to the costs of Defence Force resources, services and non-emergency assistance periodically provided to the Government and civil authorities.   |                              |   |                          |
| <b>Resource and Border Protection Operations</b>   | 269,736                      | (47,730)                                      | 222,006                  |
| 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.   |                              |   |                          |
| <b>Total Multi-Category Expenses and Capital Expenditure</b>   | 633,987                      | (3,144)                                       | 630,843                  |
| <b>Total Annual Appropriations and Forecast Permanent Appropriations</b>   | 5,156,824                    | (11,535)                                      | 5,145,289                |

## Multi-Year Appropriations

| Type, Title, Scope and Period of Appropriations   | Appropriations, Adjustments and Use | \$000   |
|---|-------------------------------------|---------|
| <b>Non-Departmental Other Expenses</b>  |                                     |         |
| <b>Unwind of Discount Rate - Veterans' Entitlements (M75) (A27)</b><br>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.<br><br>Commences: 01 July 2023<br><br>Expires: 30 June 2026 | Original Appropriation              | 317,000 |
|   | Adjustments to 2022/23              | -       |
|   | Adjustments for 2023/24             | 70,000  |
|   | Adjusted Appropriation              | 387,000 |
|   | Actual to 2022/23 Year End          | -       |
|   | Estimated Actual for 2023/24        | 144,000 |
|   | Estimate for 2024/25                | 130,000 |
|   | Estimated Appropriation Remaining   | 113,000 |

## Total Annual Appropriations and Forecast Permanent Appropriations and Multi-Year Appropriations

|  | 2023/24                |                                      |                    |
|--|------------------------|--------------------------------------|--------------------|
|  | Estimates Budget \$000 | Supplementary Estimates Budget \$000 | Total Budget \$000 |
| Total Annual Appropriations and Forecast Permanent Appropriations                                      | 5,156,824              | (11,535)                             | 5,145,289          |
| Total Forecast MYA Non-Departmental Other Expenses   | 105,000                | 39,000                               | 144,000            |
| <b>Total Annual Appropriations and Forecast Permanent Appropriations and Multi-Year Appropriations</b> | <b>5,261,824</b>       | <b>27,465</b>                        | <b>5,289,289</b>   |

## Capital Injection Authorisations

|   | 2023/24                |                                      |                    |
|---|------------------------|--------------------------------------|--------------------|
|   | Estimates Budget \$000 | Supplementary Estimates Budget \$000 | Total Budget \$000 |
| New Zealand Defence Force - Capital Injection (M22) (A27) | 664,878                | 84,666                               | 749,544            |

# Supporting Information

## Part 1 - Vote as a Whole

### 1.2 - Trends in the Vote

#### Summary of Financial Activity

|   | 2023/24            |                                       |   |                                |                  |
|---|--------------------|---------------------------------------|---|--------------------------------|------------------|
|   | Estimates<br>\$000 | Supplementary Estimates               |   |                                | Total<br>\$000   |
|   |                    | Departmental<br>Transactions<br>\$000 | Non-<br>Departmental<br>Transactions<br>\$000 | Total<br>Transactions<br>\$000 |                  |
| <b>Appropriations</b>   |                    |                                       |   |                                |                  |
| Output Expenses   | 2,893,313          | 79,012                                | -   | 79,012                         | 2,972,325        |
| Benefits or Related Expenses  | -                  | N/A                                   | -   | -                              | -                |
| Borrowing Expenses  | -                  | -                                     | -   | -                              | -                |
| Other Expenses  | 121,628            | -                                     | 39,000  | 39,000                         | 160,628          |
| Capital Expenditure   | 1,612,896          | (87,403)                              | -   | (87,403)                       | 1,525,493        |
| Intelligence and Security Department Expenses and Capital Expenditure | -                  | -                                     | N/A   | -                              | -                |
| Multi-Category Expenses and Capital Expenditure (MCA)                 |                    |                                       |   |                                |                  |
| <i>Output Expenses</i>  | 633,987            | (3,144)                               | -   | (3,144)                        | 630,843          |
| <i>Other Expenses</i>   | -                  | -                                     | -   | -                              | -                |
| <i>Capital Expenditure</i>  | -                  | N/A                                   | -   | -                              | -                |
| <b>Total Appropriations</b>   | <b>5,261,824</b>   | <b>(11,535)</b>                       | <b>39,000</b>                                 | <b>27,465</b>                  | <b>5,289,289</b> |
| <b>Crown Revenue and Capital Receipts</b>                             |                    |                                       |   |                                |                  |
| Tax Revenue   | -                  | N/A                                   | -   | -                              | -                |
| Non-Tax Revenue   | -                  | N/A                                   | -   | -                              | -                |
| Capital Receipts  | -                  | N/A                                   | -   | -                              | -                |
| <b>Total Crown Revenue and Capital Receipts</b>                       | <b>-</b>           | <b>N/A</b>                            | <b>-</b>                                      | <b>-</b>                       | <b>-</b>         |

## Part 2 - Details of Departmental Appropriations

### 2.1 - Departmental Output Expenses

#### Air Force Capabilities Prepared for Joint Operations and Other Tasks (M22) (A27)

##### *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*

|                        | 2023/24            |                                     |                |
|------------------------|--------------------|-------------------------------------|----------------|
|                        | Estimates<br>\$000 | Supplementary<br>Estimates<br>\$000 | Total<br>\$000 |
| Total Appropriation    | 1,046,183          | 19,224                              | 1,065,407      |
| Revenue from the Crown | 1,035,055          | 8,866                               | 1,043,921      |
| Revenue from Others    | 11,128             | 1,250                               | 12,378         |

##### *How Performance will be Assessed and End of Year Reporting Requirements*

| Assessment of Performance  | 2023/24               |  |                   |
|--|-----------------------|--|-------------------|
|  | Estimates<br>Standard | Supplementary<br>Estimates<br>Standard | Total<br>Standard |
| Percentage of Government directed readiness levels achieved and maintained to provide air surveillance and response capabilities prepared for counter sea and surveillance operations (see Note 1)     | 100%                  | (45%)                                  | 55%               |
| Percentage of Government directed readiness levels achieved and maintained to provide naval aviation operations capabilities prepared for maritime warfare and security operations (see Note 2)        | 100%                  | (20%)                                  | 80%               |
| Percentage of Government directed readiness levels achieved and maintained to provide tactical air mobility capabilities prepared for tactical air transport and air manoeuvre operations (see Note 3) | 100%                  | (16%)                                  | 84%               |

The reduction in the Supplementary Estimates Performance Standards for 2023/24 is due to:

Note 1 - The introduction into service of the P8-A Poseidon and the early retirement of the P-3K2 Orion has caused a reduction in the ability to meet readiness levels.

Note 2 - The Sea Sprite not being capable of fulfilling both regional and global Naval Aviation combat. One aircraft was able to be embarked on a naval vessel during the year, with the vessel committed to global operations.

Note 3 - There were insufficient air crews available to sustain full readiness as required by the output specification.

### *End of Year Performance Reporting*

Performance will be reported by the Chief of Defence Force in the NZDF Annual Report for the year ended 30 June 2024 to be presented to the House.

### *Reasons for Change in Appropriation*

This appropriation increased by \$19.224 million to \$1,065.407 million for 2023/24 due to:

- \$19.391 million as a result of an increase to fund capital charge and depreciation expenses following revaluation increases to land and building assets of the New Zealand Defence Force
- \$1.500 million as a result of fiscally neutral adjustments within the Vote to align appropriations to the delivery of outputs
- \$1.250 million as a result of additional departmental revenue received to support the Solomon Islands elections
- \$759,000 to support the delivery of the Ohakea Infrastructure Programme Tranche 2 - Fuels Precinct, and
- \$24,000 following a drawdown against the Tagged Contingency: Housing Programme Tranche 1.

This is partially offset by:

- \$3.700 million as a result of an expense transfer from 2023/24 to 2024/25 to support the future delivery of outputs.

### **Army Capabilities Prepared for Joint Operations and Other Tasks (M22) (A27)**

#### *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*

|                        | 2023/24            |                                     |                |
|------------------------|--------------------|-------------------------------------|----------------|
|                        | Estimates<br>\$000 | Supplementary<br>Estimates<br>\$000 | Total<br>\$000 |
| Total Appropriation    | 1,132,393          | 21,324                              | 1,153,717      |
| Revenue from the Crown | 1,113,198          | 9,940                               | 1,123,138      |
| Revenue from Others    | 19,195             | -                                   | 19,195         |



### *How Performance will be Assessed and End of Year Reporting Requirements*

| Assessment of Performance  | 2023/24            |                                  |                |
|--|--------------------|----------------------------------|----------------|
|  | Estimates Standard | Supplementary Estimates Standard | Total Standard |
| Percentage of Government directed readiness levels achieved and maintained to provide land combat capabilities prepared for regional stabilisation operations (see Note 1)     | 100%               | (53%)                            | 47%            |
| Percentage of Government directed readiness levels achieved and maintained to provide land combat capabilities prepared for global complex warfighting operations (see Note 1) | 100%               | (100%)                           | 0%             |

The reduction in the Supplementary Estimates Performance Standards for 2023/24 are due to:

Note 1 - Unprecedented rates of attrition that have resulted in a degradation of trained states and have had a significant impact on the Army's ability to regenerate capability.

### *End of Year Performance Reporting*

Performance will be reported by the Chief of Defence Force in the NZDF Annual Report for the year ended 30 June 2024 to be presented to the House.

### *Reasons for Change in Appropriation*

This appropriation increased by \$21.324 million to \$1,153.717 million for 2023/24 due to:

- \$21.436 million as a result of an increase to fund capital charge and depreciation expenses following revaluation increases to land and building assets of the New Zealand Defence Force
- \$1.302 million for the preparation and management of the Military Veterans Kaupapa Inquiry, and
- \$54,000 following a drawdown against the Tagged Contingency: Housing Programme Tranche 1.

This is partially offset by:

- \$1.400 million as a result of an expense transfer from 2023/24 to 2024/25 to support the future delivery of outputs, and
- \$68,000 as a result of fiscally neutral adjustments within the Vote to fund a rental increase for Veterans' Affairs.

## Navy Capabilities Prepared for Joint Operations and Other Tasks (M22) (A27)

### 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

|                        | 2023/24            |                                     |                |
|------------------------|--------------------|-------------------------------------|----------------|
|                        | Estimates<br>\$000 | Supplementary<br>Estimates<br>\$000 | Total<br>\$000 |
| Total Appropriation    | 713,991            | 38,464                              | 752,455        |
| Revenue from the Crown | 705,395            | 28,580                              | 733,975        |
| Revenue from Others    | 8,596              | 3,967                               | 12,563         |

### How Performance will be Assessed and End of Year Reporting Requirements

|   | 2023/24               |  |                   |
|---|-----------------------|--|-------------------|
|   | Estimates<br>Standard | Supplementary<br>Estimates<br>Standard | Total<br>Standard |
| Assessment of Performance   |                       |  |                   |
| Percentage of Government directed readiness levels achieved and maintained to provide naval combat capabilities prepared for maritime warfare operations (see Note 1)                                     | 100%                  | (7%)                                   | 93%               |
| Percentage of Government directed readiness levels achieved and maintained to provide naval combat capabilities prepared for maritime security operations (see Note 1)                                    | 100%                  | (7%)                                   | 93%               |
| Percentage of Government directed readiness levels achieved and maintained to provide naval patrol capabilities prepared for domestic and regional resource and border protection operations (see Note 2) | 100%                  | (50%)                                  | 50%               |
| Percentage of Government directed readiness levels achieved and maintained to provide projection and sustainment capabilities prepared for amphibious sealift (see Note 3)                                | 100%                  | (7%)                                   | 93%               |

The reduction in the Supplementary Estimates Performance Standards for 2023/24 are due to:

Note 1 - The transition of Naval Combat Force duties from HMNZS Te Mana to HMNZS Te Kaha was affected by personnel shortages.

Note 2 - Personnel shortages and Offshore Patrol Vessels being held in low readiness resulted in the Navy being able to achieve domestic resource and border protection tasks, but not regional tasks. Southern Ocean resource and border protection operations were not achieved due to a capability gap.

Note 3 - A maintenance period for the vessels in the first six months of 2023/24 resulted in a reduction in readiness.

### *End of Year Performance Reporting*

Performance will be reported by the Chief of Defence Force in the NZDF Annual Report for the year ended 30 June 2024 to be presented to the House.

### *Reasons for Change in Appropriation*

This appropriation increased by \$38.464 million to \$752.455 million for 2023/24 due to:

- \$24 million as a result of fiscally neutral adjustments within the Vote to align appropriations to the delivery of outputs
- \$12.597 million as a result of an increase to fund capital charge and depreciation expenses following revaluation increases to land and building assets of the New Zealand Defence Force
- \$2.717 million received on the sale of fuel to third parties
- \$1.250 million as a result of additional departmental revenue received to support the Solomon islands elections, and
- \$1 million to support the delivery of the Canterbury and Offshore Patrol Vessel Communications Upgrade Project.

This is partially offset by:

- \$3.100 million as a result of an expense transfer from 2023/24 to 2024/25 to support the future delivery of outputs.

## 2.3 - Departmental Capital Expenditure and Capital Injections

### New Zealand Defence Force - Capital Expenditure PLA (M22) (A27)

#### *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*

|                               | 2023/24            |                                     |                  |
|-------------------------------|--------------------|-------------------------------------|------------------|
|                               | Estimates<br>\$000 | Supplementary<br>Estimates<br>\$000 | Total<br>\$000   |
| Forests/Agricultural          | -                  | -                                   | -                |
| Land                          | -                  | -                                   | -                |
| Property, Plant and Equipment | 1,603,277          | (84,546)                            | 1,518,731        |
| Intangibles                   | 9,619              | (2,857)                             | 6,762            |
| Other                         | -                  | -                                   | -                |
| <b>Total Appropriation</b>    | <b>1,612,896</b>   | <b>(87,403)</b>                     | <b>1,525,493</b> |

#### *Reasons for Change in Appropriation*

This appropriation decreased by \$87.403 million to \$1,525.493 million due to the re-phasing of capital projects in line with current project approvals and a change to the forecasted timing for delivery of these capital projects.

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

##### **New Zealand Defence Force**

| Details of Net Asset Schedule                | 2023/24<br>Main Estimates<br>Projections<br>\$000 | 2023/24<br>Supplementary<br>Estimates<br>Projections<br>\$000 | Explanation of Projected Movements in 2023/24  |
|--|---|---|--|
| Opening Balance                              | 10,198,888  | 10,833,150  | Supplementary Estimates opening balance reflects the audited results as at 30 June 2023.   |
| Capital Injections                           | 664,878   | 749,544   | Capital injections of \$84.666 million related to: \$41.362 million for the retention of 2022/23 operating surplus; \$25 million as a result of a Cabinet decision to fund Bushmaster Communications for the Defence force; \$15.189 million as a result of a Cabinet decision to fund Ohakea Infrastructure Programme Tranche 2 - Fuels Precinct; and \$3.115 million as a result of a Cabinet Policy decision to fund Tagged Contingency: Housing Programme Tranche 1. |
| Capital Withdrawals                          | -   | -   |  |
| Surplus to be Retained<br>(Deficit Incurred) | -   | (13,485)  | The New Zealand Defence Force have forecasted a deficit in 2023/24 as a result of unfunded depreciation expenditure arising from revalued land and building assets.  |
| Other Movements                              | -   | -   |  |
| <b>Closing Balance</b>                       | <b>10,863,766</b>                                 | <b>11,569,209</b>   |  |

## Part 3 - Details of Non-Departmental Appropriations

### 3.4 - Non-Departmental Other Expenses

#### Unwind of Discount Rate - Veterans' Entitlements (M75) (A27)

##### *Scope of Appropriation and Expenses*

| Type, Title, Scope and Period of Appropriations   | Appropriations, Adjustments and Use | \$000   |
|---|-------------------------------------|---------|
| <b>Unwind of Discount Rate - Veterans' Entitlements (M75) (A27)</b><br>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.<br><br>Commences: 01 July 2023<br><br>Expires: 30 June 2026 | Original Appropriation              | 317,000 |
|   | Adjustments to 2022/23              | -       |
|   | Adjustments for 2023/24             | 70,000  |
|   | Adjusted Appropriation              | 387,000 |
|   | Actual to 2022/23 Year End          | -       |
|   | Estimated Actual for 2023/24        | 144,000 |
|   | Estimate for 2024/25                | 130,000 |
|   | Estimated Appropriation Remaining   | 113,000 |

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

This appropriation increased by \$70 million to \$387 million for 2023/24 to reflect the increase in the Risk-Free Forward Discount Rate.

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

## 4 - Multi-Category Expenses and Capital Expenditure

### Advice to the Government (M22) (A27)

#### *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*

|   | 2023/24            |                                     |                |
|---|--------------------|-------------------------------------|----------------|
|   | Estimates<br>\$000 | Supplementary<br>Estimates<br>\$000 | Total<br>\$000 |
| <b>Total Appropriation</b>                      | <b>15,690</b>      | <b>4,000</b>                        | <b>19,690</b>  |
| <b>Departmental Output Expenses</b>             |                    |                                     |                |
| Policy Advice                                   | 3,687              | -                                   | 3,687          |
| Situational Awareness                           | 9,955              | 3,796                               | 13,751         |
| Supporting Ministers                            | 2,048              | 204                                 | 2,252          |
| <b>Funding for Departmental Output Expenses</b> |                    |                                     |                |
| <b>Revenue from the Crown</b>                   | <b>15,649</b>      | <b>4,000</b>                        | <b>19,649</b>  |
| Policy Advice                                   | 3,676              | -                                   | 3,676          |
| Situational Awareness                           | 9,933              | 3,796                               | 13,729         |
| Supporting Ministers                            | 2,040              | 204                                 | 2,244          |
| <b>Revenue from Others</b>                      | <b>41</b>          | <b>-</b>                            | <b>41</b>      |
| Policy Advice                                   | 11                 | -                                   | 11             |
| Situational Awareness                           | 22                 | -                                   | 22             |
| Supporting Ministers                            | 8                  | -                                   | 8              |

### *Reasons for Change in Appropriation*

This appropriation increased by \$4 million to \$19.690 million for 2023/24 as a result of fiscally neutral adjustments within the Vote to align appropriations to the delivery of outputs.

## **Operations Contributing to New Zealand's Security, Stability and Interests (M22) (A27)**

### *Overarching Purpose Statement*

The single overarching purpose of this appropriation is the employment of New Zealand's Armed Forces overseas and provision of military capabilities 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*

|   | 2023/24            |                                     |                |
|---|--------------------|-------------------------------------|----------------|
|   | Estimates<br>\$000 | Supplementary<br>Estimates<br>\$000 | Total<br>\$000 |
| <b>Total Appropriation</b>  | <b>30,883</b>      | <b>(500)</b>                        | <b>30,383</b>  |
| <b>Departmental Output Expenses</b>                                 |                    |                                     |                |
| Military Operations in Support of a Rules-Based International Order | 30,368             | (500)                               | 29,868         |
| Military Operations that Contribute to Regional Security            | 515                | -                                   | 515            |
| <b>Funding for Departmental Output Expenses</b>                     |                    |                                     |                |
| <b>Revenue from the Crown</b>                                       | <b>30,574</b>      | <b>(500)</b>                        | <b>30,074</b>  |
| Military Operations in Support of a Rules-Based International Order | 30,104             | (500)                               | 29,604         |
| Military Operations that Contribute to Regional Security            | 470                | -                                   | 470            |
| <b>Revenue from Others</b>  | <b>309</b>         | <b>-</b>                            | <b>309</b>     |
| Military Operations in Support of a Rules-Based International Order | 264                | -                                   | 264            |
| Military Operations that Contribute to Regional Security            | 45                 | -                                   | 45             |

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

| Assessment of Performance  | 2023/24            |                                  |                |
|--|--------------------|----------------------------------|----------------|
|  | Estimates Standard | Supplementary Estimates Standard | Total Standard |
| <b>Departmental Output Expenses</b>  |                    |                                  |                |
| <b>Military Operations in Support of a Rules-Based International Order</b>   |                    |                                  |                |
| This category is intended to achieve the provision of operations that contribute to New Zealand's security, stability and interests. |                    |                                  |                |
| <i>Performance will be assessed on the maintenance of the Government's military commitments to the missions shown below</i>          |                    |                                  |                |
| Contribute to Operation Whio (United Nations Security Resolution (UNSCR) sanctions against North Korea)                              | Meet               | -                                | Meet           |
| Contribute to United Nations Truce Supervisory Organisation (UNTSO) (Middle East) [Operation Scoria] (see Note 1)                    | Meet               | -                                | Meet           |
| Contribute to United Nations Mission (UNMISS) (South Sudan) [Operation Sudden] (see Note 1)  | Meet               | -                                | Meet           |
| Contribute to United Nations Command (UNC) (Republic of Korea) [Operation Monitor] (see Note 1)                                      | Meet               | -                                | Meet           |
| <i>Lead and contribute to regional contingency military operations, as listed</i>  |                    |                                  |                |
| Contribute military forces to Solomon Islands [Operation Solomon Islands Assist (SIAS)]  | New Measure        | Meet                             | Meet           |
| <i>Contribute military forces for contingencies in the rest of the world</i>   |                    |                                  |                |
| Contribute military forces to Multinational Forces and Observers (MFO) Sinai [Operation Farad] (see Note 1)                          | Meet               | -                                | Meet           |
| Contribute to Operation Tiki (Middle East) (see Note 2)  | Meet               | -                                | -              |
| Contribute to Operation Gallant Phoenix (Middle East) (see Note 3)   | Meet               | -                                | Meet           |
| Contribute to Operation Mohua (Middle East) (see Note 4)   | Meet               | -                                | -              |
| Contribute military forces to Operation Ruru (Middle East) (see Note 5)  | New Measure        | Meet                             | Meet           |
| Contribute military forces to Operation Mokomoko (Middle East) (see Note 5)  | New Measure        | Meet                             | Meet           |

The changes in the Supplementary Estimates Performance Standards for 2023/24 are due to:

Note 1 - Performance assessment description has been edited to clarify acronyms.

Note 2 - Operation Tiki will not be conducted in 2023/24. The next Operation Tiki deployment is likely to be reported as a line of effort under Operation Pukeko.

Note 3 - The name used for this operation in the Estimates document was incorrect. The correct operation name has been used.



Note 4 - Operation Mohua was completed in June 2023.

Note 5 - Operations Ruru and Mokokoko were established during the 2023/24 financial year and have been assigned performance measures consistent with other operation the NZDF contributes to.

### *End of Year Performance Reporting*

Performance will be reported by the Chief of Defence Force in the NZDF Annual Report for the year ended 30 June 2024 to be presented to the House.

### *Reasons for Change in Appropriation*

This appropriation decreased by \$500,000 to \$30.383 million for 2023/24 as a result of fiscally neutral adjustments within the Vote to align appropriations to the delivery of outputs.

## **Policy Advice And Other Services For Veterans (M75) (A27)**

### *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.

##### *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*

|   | 2023/24            |                                     |                |
|---|--------------------|-------------------------------------|----------------|
|   | Estimates<br>\$000 | Supplementary<br>Estimates<br>\$000 | Total<br>\$000 |
| <b>Total Appropriation</b>                      | <b>12,870</b>      | <b>2,068</b>                        | <b>14,938</b>  |
| <b>Departmental Output Expenses</b>             |                    |                                     |                |
| Administration Services                         | 4,176              | 2,000                               | 6,176          |
| Policy Advice                                   | 230                | -                                   | 230            |
| Services and Payments to Veterans               | 8,464              | 68                                  | 8,532          |
| <b>Funding for Departmental Output Expenses</b> |                    |                                     |                |
| <b>Revenue from the Crown</b>                   | <b>12,870</b>      | <b>2,068</b>                        | <b>14,938</b>  |
| Administration Services                         | 4,176              | 2,000                               | 6,176          |
| Policy Advice                                   | 230                | -                                   | 230            |
| Services and Payments to Veterans               | 8,464              | 68                                  | 8,532          |

*Reasons for Change in Appropriation*

This appropriation increased by \$2.068 million to \$14.938 million for 2023/24 due to fiscally neutral adjustments within the Vote to align appropriations to the delivery of outputs.

**Protection of New Zealand and New Zealanders (M22) (A27)***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***

|   | 2023/24            |                                     |                |
|---|--------------------|-------------------------------------|----------------|
|   | Estimates<br>\$000 | Supplementary<br>Estimates<br>\$000 | Total<br>\$000 |
| <b>Total Appropriation</b>  | <b>574,544</b>     | <b>(8,712)</b>                      | <b>565,832</b> |
| <b>Departmental Output Expenses</b>   |                    |                                     |                |
| Assistance to the Civil Power and Provision of a Public Service in Emergency Situations | 92,444             | 19,121                              | 111,565        |
| Defence International Engagement  | 107,966            | 6,865                               | 114,831        |
| Defence Support to the Community  | 64,235             | (699)                               | 63,536         |
| Military Assistance to Civil Authorities in Non-Emergency Situations                    | 40,163             | 13,731                              | 53,894         |
| Resource and Border Protection Operations   | 269,736            | (47,730)                            | 222,006        |
| <b>Funding for Departmental Output Expenses</b>   |                    |                                     |                |
| <b>Revenue from the Crown</b>   | <b>550,319</b>     | <b>(16,256)</b>                     | <b>534,063</b> |
| Assistance to the Civil Power and Provision of a Public Service in Emergency Situations | 90,844             | 18,219                              | 109,063        |
| Defence International Engagement  | 101,045            | 4,169                               | 105,214        |
| Defence Support to the Community  | 52,521             | (1,263)                             | 51,258         |
| Military Assistance to Civil Authorities in Non-Emergency Situations                    | 39,145             | 12,777                              | 51,922         |
| Resource and Border Protection Operations   | 266,764            | (50,158)                            | 216,606        |
| <b>Revenue from Others</b>  | <b>24,225</b>      | <b>2,050</b>                        | <b>26,275</b>  |
| Assistance to the Civil Power and Provision of a Public Service in Emergency Situations | 1,600              | -                                   | 1,600          |
| Defence International Engagement  | 6,921              | 2,050                               | 8,971          |
| Defence Support to the Community  | 11,714             | -                                   | 11,714         |
| Military Assistance to Civil Authorities in Non-Emergency Situations                    | 1,018              | -                                   | 1,018          |
| Resource and Border Protection Operations   | 2,972              | -                                   | 2,972          |

### *Reasons for Change in Appropriation*

This appropriation decreased by \$8.712 million to \$565.110 million in 2023/24 due to:

- \$29 million as a result of fiscally neutral adjustments within the Vote to align appropriations to the delivery of outputs, and
- \$1 million as a result of an expense transfer from 2023/24 to 2024/25 to support the future delivery of outputs.

This is partially offset by increases of:

- \$11.698 million as a result of an increase to fund capital charge and depreciation expenses following revaluation increases to land and building assets of the New Zealand Defence Force
- \$8.790 million of funding for infrastructure projects in the Pacific region, the Pacific Leadership Development Programme and Pacific postings, and
- \$800,000 from the Singapore Auxiliary Police Force to fully recover security support charges from partnered countries.