

# *Vote Defence*

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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	2024/25		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
<b>Departmental Output Expenses</b>			
<b>Ministry of Defence Outputs (M22) (A18)</b> This appropriation is limited to the development, procurement and delivery of defence capability for the New Zealand Defence Force, providing defence policy assistance to other countries, 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.	25,252	2,400	27,652
<b>Total Departmental Output Expenses</b>	25,252	2,400	27,652
<b>Departmental Capital Expenditure</b>			
<b>Ministry of Defence - Capital Expenditure PLA (M22) (A18)</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.	50	75	125
<b>Total Departmental Capital Expenditure</b>	50	75	125
<b>Multi-Category Expenses and Capital Expenditure</b>			
<b>Defence Capabilities MCA (M22) (A18)</b> The single overarching purpose of this appropriation is to purchase, modify or refurbish defence capabilities for the New Zealand Defence Force.	814,518	123,702	938,220
<b>Non-Departmental Other Expenses</b>			
<b>Procurement Expenses</b> This category is limited to non-capitalisable costs incurred during the purchase, modification or refurbishment of defence capabilities for the New Zealand Defence Force.	15	85	100
<b>Non-Departmental Capital Expenditure</b>			
<b>Defence Capability Delivery</b> This category is limited to the purchase, modification or refurbishment of defence capabilities for the New Zealand Defence Force.	814,503	123,617	938,120
<b>Total Multi-Category Expenses and Capital Expenditure</b>	814,518	123,702	938,220
<b>Total Annual Appropriations and Forecast Permanent Appropriations</b>	839,820	126,177	965,997

## Capital Injection Authorisations

	2024/25		
	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

	2024/25				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
<b>Appropriations</b>					
Output Expenses	25,252	2,400	-	2,400	27,652
Benefits or Related Expenses	-	N/A	-	-	-
Borrowing Expenses	-	-	-	-	-
Other Expenses	-	-	-	-	-
Capital Expenditure	50	75	-	75	125
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>	15	-	85	85	100
<i>Capital Expenditure</i>	814,503	N/A	123,617	123,617	938,120
<b>Total Appropriations</b>	839,820	2,475	123,702	126,177	965,997
<b>Crown Revenue and Capital Receipts</b>					
Tax Revenue	-	N/A	-	-	-
Non-Tax Revenue	-	N/A	-	-	-
Capital Receipts	814,503	N/A	123,617	123,617	938,120
<b>Total Crown Revenue and Capital Receipts</b>	814,503	N/A	123,617	123,617	938,120

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, providing defence policy assistance to other countries, 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

	2024/25		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	25,252	2,400	27,652
Revenue from the Crown	25,252	(1,000)	24,252
Revenue from Others	-	3,400	3,400

Reasons for Change in Appropriation

This appropriation increased by \$2.400 million to \$27.652 million for 2024/25 due to a \$3.400 million increase in cost recoveries, primarily from the New Zealand Defence Force, offset by \$1 million transferred to out-years due to the timing of costs over the capability management life cycle.

## 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

	2024/25		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	50	75	125
Intangibles	-	-	-
Other	-	-	-
<b>Total Appropriation</b>	<b>50</b>	<b>75</b>	<b>125</b>

#### Reasons for Change in Appropriation

This appropriation increased by \$75,000 to \$125,000 for 2024/25 due to a one-off allowance for assets required to support Ministry staff seconded to offshore locations.

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

##### Ministry of Defence

Details of Net Asset Schedule	2024/25 Main Estimates Projections \$000	2024/25 Supplementary Estimates Projections \$000	Explanation of Projected Movements in 2024/25
Opening Balance	2,353	2,353	Supplementary Estimates opening balance reflects the audited results as at 30 June 2024.
Capital Injections	-	-	
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
<b>Closing Balance</b>	<b>2,353</b>	<b>2,353</b>	

# 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*

	2024/25		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
<b>Total Appropriation</b>	<b>814,518</b>	<b>123,702</b>	<b>938,220</b>
<b>Non-Departmental Other Expenses</b>			
Procurement Expenses	15	85	100
<b>Non-Departmental Capital Expenditure</b>			
Defence Capability Delivery	814,503	123,617	938,120

#### *Reasons for Change in Appropriation*

This appropriation increased by \$123.702 million to \$938.220 million for 2024/25 due to:

- a transfer of \$396.813 million from 2023/24 to 2024/25 and a transfer of \$292.398 million from 2024/25 to 2025/26 of unused headroom in the appropriation to accommodate: the accounting of potential foreign exchange movements affecting the reported New Zealand dollar value of hedged foreign currency expenditure; and 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

- the approval of three new defence capability projects: Operational and Regulatory Aviation Compliance Sustainment Tranche Phase Two C, Utility Vehicle replacement - Tranche One, and Updating Classified Digital Services Phase 1, totalling \$30.925 million in 2024/25
- the budgets for eight capability projects increasing by a combined \$7.261 million for non-cash technical adjustments to accommodate the increased reported New Zealand dollar value of hedged foreign currency expenditure.

These were offset by the realignment of tasks within two capability projects between the Ministry and the New Zealand Defence Force: Maritime Sustainment Capability, and Future Air Mobility Capability - Tactical, resulting in a decrease in the Ministry's appropriation of \$18.899 million. There is no change in the overall combined project budgets.