

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	2025/26		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Departmental Output Expenses			
Ministry of Defence Outputs (M22) (A18) 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.	25,944	1,550	27,494
Total Departmental Output Expenses	25,944	1,550	27,494
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.	50	75	125
Total Departmental Capital Expenditure	50	75	125
Multi-Category Expenses and Capital Expenditure			
Defence Capabilities MCA (M22) (A18) The single overarching purpose of this appropriation is to purchase, modify or refurbish defence capabilities for the New Zealand Defence Force.	469,412	(84,424)	384,988
Non-Departmental Other Expenses			
<i>Procurement Expenses</i> This category is limited to non-capitalisable costs incurred during the purchase, modification or refurbishment of defence capabilities for the New Zealand Defence Force.	100	-	100
Non-Departmental Capital Expenditure			
<i>Defence Capability Delivery</i> This category is limited to the purchase, modification or refurbishment of defence capabilities for the New Zealand Defence Force.	469,312	(84,424)	384,888
Total Multi-Category Expenses and Capital Expenditure	469,412	(84,424)	384,988
Total Annual Appropriations and Forecast Permanent Appropriations	495,406	(82,799)	412,607

Capital Injection Authorisations

	2025/26		
	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

	2025/26				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
Appropriations					
Output Expenses	25,944	1,550	-	1,550	27,494
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>	100	-	-	-	100
<i>Capital Expenditure</i>	469,312	N/A	(84,424)	(84,424)	384,888
Total Appropriations	495,406	1,625	(84,424)	(82,799)	412,607
Crown Revenue and Capital Receipts					
Tax Revenue	-	N/A	-	-	-
Non-Tax Revenue	-	N/A	992	992	992
Capital Receipts	469,312	N/A	(84,424)	(84,424)	384,888
Total Crown Revenue and Capital Receipts	469,312	N/A	(83,432)	(83,432)	385,880

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

	2025/26		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	25,944	1,550	27,494
Revenue from the Crown	25,944	(1,000)	24,944
Revenue from Others	-	2,550	2,550

Reasons for Change in Appropriation

This appropriation increased by \$1.550 million to \$27.494 million for 2025/26 due to a \$2.550 million increase in cost recoveries, primarily from the New Zealand Defence Force, offset by \$1 million transferred to out-years due to 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

	2025/26		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	50	75	125
Intangibles	-	-	-
Other	-	-	-
Total Appropriation	50	75	125

Reasons for Change in Appropriation

This appropriation increased by \$75,000 to \$125,000 for 2025/26 due to a one-off allowance for equipment 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	2025/26 Main Estimates Projections \$000	2025/26 Supplementary Estimates Projections \$000	Explanation of Projected Movements in 2025/26
Opening Balance	2,353	2,353	Supplementary Estimates opening balance reflects the audited results as at 30 June 2025.
Capital Injections	-	-	
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
Closing Balance	2,353	2,353	

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

	2025/26		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	469,412	(84,424)	384,988
Non-Departmental Other Expenses			
Procurement Expenses	100	-	100
Non-Departmental Capital Expenditure			
Defence Capability Delivery	469,312	(84,424)	384,888

Reasons for Change in Appropriation

This appropriation decreased by \$84.424 million to \$384.988 million for 2025/26 due to:

- net transfers of \$146.774 million between budget years, comprising a transfer of \$415.789 million from 2024/25 to 2025/26 and transfers of \$562.563 million from 2025/26 to out-years 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
 - 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 transfer of responsibility to the New Zealand Defence Force for residual activities to complete the Maritime Sustainment Capability project resulting in a decrease in the Ministry's appropriation of \$6.600 million. There is no change in the overall combined project budget.

These were offset by:

- the approval of six new defence capability projects totalling \$54.846 million in 2025/26:
 - Maritime Helicopter Replacement - Tranche 1
 - Future Air Mobility Capability - Strategic
 - Network Enabled Army - Tranche 3: Investment 1
 - Bushmaster Communications
 - Cyber Security and Support Capability
 - Operational and Regulatory Aviation Compliance Sustainment - Phase 2D
- the budgets for eight capability projects increasing by a combined \$14.104 million for non-cash technical adjustments to accommodate the increased reported New Zealand dollar value of hedged foreign currency capital expenditure.