

The Treasury

Budget 2017 Information Release

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[1]	to prevent prejudice to the security or defence of New Zealand or the international relations of the government	6(a)
[4]	to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial	6(c)
[11]	to damage seriously the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the entering into of overseas trade agreements.	6(e)(vi)
[23]	to protect the privacy of natural persons, including deceased people	9(2)(a)
[25]	to protect the commercial position of the person who supplied the information or who is the subject of the information	9(2)(b)(ii)
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[29]	to avoid prejudice to the substantial economic interests of New Zealand	9(2)(d)
[31]	to maintain the current constitutional conventions protecting collective and individual ministerial responsibility	9(2)(f)(ii)
[33]	to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials	9(2)(f)(iv)
[34]	to maintain the effective conduct of public affairs through the free and frank expression of opinions	9(2)(g)(i)
[36]	to maintain legal professional privilege	9(2)(h)
[37]	to enable the Crown to carry out commercial activities without disadvantages or prejudice	9(2)(i)
[38]	to enable the Crown to negotiate without disadvantage or prejudice	9(2)(j)
[39]	to prevent the disclosure of official information for improper gain or improper advantage	9(2)(k)
[40]	Not in scope	

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) and section 18 of the Official Information Act.

Reference: T2017/43 DH-23-1-1-1

Date: 19 January 2017

To: Minister of Finance (Hon Steven Joyce)

Deadline: None

Aide Memoire: Defence Budget Initiatives

This Aide Memoire responds to your request for an update on Vote Defence Force initiatives for Budget 2017 and anticipated future Budget requests.

Treasury is in the process of assessing Budget 2017 bids, including working with the Defence Force to ensure that bids are within the indicative funding figure included in the 2016 Defence White Paper (DWP) considered by Cabinet and that information is provided on the implications of scaling or phasing.

Summary of Budget 2017 Defence Initiatives

	\$m increase/(decrease)					Total
	2016/17	2017/18	2018/19	2019/20	2020/21 & outyears	
Capital Allowance						
[38]						
[33]						
Operating Allowance						
Costs associated with capital initiatives	-	5.350	7.620	7.165	7.186	27.321
DWP operating costs	-	37.152	115.040	115.040	115.040	382.272
[33]						
Repatriation of remains of personnel	-	0.500	-	-	-	0.500
[33]						

Budget 2017 Capital Funding

Cabinet has already pre-committed \$194.232 million of capital against Budget 2017 for the Defence Force. This was for three projects - counter improvised explosive device capability; maritime patrol aircraft upgrades; and the modernisation of Defence Force logistics.

The Minister of Defence is seeking a further tagged capital contingency of ^[33] in Budget 2017. This funding covers the Defence Estate Regeneration Programme Tranche 1, ^[33]

Other planned defence capital projects for approval in 2017/18 are expected to be funded from accumulated depreciation. All of the proposed projects were included in the 2016 Defence White Paper. This bid also seeks \$27.321 million of operating costs which represent the marginal depreciation and other operating expenses associated with the operation of the assets.

[33]

Budget 2017 Operating Funding

Defence Force

The Minister of Defence is seeking operating funding of \$382.272 million to deliver the increase in Defence Force capability outlined in the 2016 Defence White Paper.

[33]

Veterans' Affairs

The Minister for Veterans' Affairs is seeking ^[33]

and \$0.500 million to fund initial work on repatriating the bodies of service personnel buried overseas after 1 January 1948.

Future Operating and Capital Requests

The 2016 Defence White Paper indicative funding envelope forecasts the following funding requests from the Defence Force in future budgets.

	Expected Defence Budget Bids \$m increase/(decrease)		
	Annual impact on operating allowance	Operating allowance four-year total	Capital Allowance
Budget 2018	[33]		
Budget 2019			
Budget 2020			

Budget 2019 does not represent the end of Defence Force capital requirements. The Defence White Paper forecasted significant ongoing capital injections for the Defence Force out to 2029/30.

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