

The Treasury

Budget 2017 Information Release

Release Document July 2017

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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)
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[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.



Cabinet

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Budget 2017: Vote Defence Force

On 18 April 2017, Cabinet:

- 1 **approved** the Budget initiatives for the above Vote for inclusion in the 2017 Budget package, as listed in the summary below and detailed in the attached initiative documents;

Summary of initiatives included in the attached initiative documents:

Operating Initiatives (Impact on Operating Balance)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2016/17	2017/18	2018/19	2019/20	2020/21 & Outyears
9760	Defence White Paper 2016	-	37.152	115.040	115.040	112.379
Total Operating		-	37.152	115.040	115.040	112.379

Capital Initiatives (Impact on Debt)

Initiative ID	Initiative Name	\$m - increase/(decrease)					
		2016/17	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
9851	Defence Estate Regeneration Programme Plan Tranche One - Capital Funding	-	36.000	40.000	24.000	-	-
10041	Modernising The Delivery of New Zealand Defence Force Logistics - Capital Injections	-	-	-	(19.713)	(0.190)	-
Total Capital		-	36.000	40.000	4.287	(0.190)	-

- 2 **approved** changes to appropriations and the capital injections to the administering department to implement the initiatives, as set out in the attached initiative documents;
- 3 **authorised** the Minister of Finance and the Appropriation Minister to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2016/17 Supplementary Estimates, the 2017/18 Estimates and the fiscal forecasts;

- 4 **noted** that all communications relating to the 2017 Budget are co-ordinated by a Budget communications committee, and that any requests for early announcement will need to have both the written approval of the Minister of Finance and sign-off from the Prime Minister's office;
- 5 **agreed** that the initiatives in the following tables be set aside as contingency items, that corresponding funding for them be set aside in the between-Budget spending contingency, and that they be submitted to either the Minister of Finance and Minister of Defence or Cabinet for consideration at a later stage, as per recommendation 6 below:

Operating Contingency

Initiative Name	\$m - increase/(decrease)				
	2016/17	2017/18	2018/19	2019/20	2020/21 & Outyears
Defence White Paper 2016 – Contingent Operating funding for supporting the introduction of new capabilities [33]	-	5.350	7.410	6.955	6.976

Capital Contingency

Initiative Name	\$m - increase/(decrease)					
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Defence White Paper 2016 (DWP 2016) – Contingent Capital funding	2.776	54.892	66.727	101.831	75.425	-
Total Capital	2.776	54.892	66.727	101.831	75.425	-

- 6 **authorised** the Minister of Finance and the Minister of Defence jointly to draw down from the tagged operating contingency for supporting the introduction of new capabilities above where projects do not require Cabinet approval under the existing investment approval thresholds.

Michael Webster
Secretary of the Cabinet

Hard-copy distribution:

Prime Minister
Minister of Finance
Minister of Defence

Vote: Defence Force

Title: Defence White Paper 2016

Description: This funding provides for the operation of the capability requirements identified at the Defence White Paper 2016 needed to deliver the Government's defence policy and meet New Zealand's national security interests.

Appropriation Changes

	Sm - increase/(decrease)				
	2016/17	2017/18	2018/19	2019/20	2020/21 & Outyears
Operating Balance Impact	-	37.152	115.040	115.040	112.379
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	37.152	115.040	115.040	112.379

	Sm - increase/(decrease)				
	2016/17	2017/18	2018/19	2019/20	2020/21 & Outyears
Departmental Output Expenses:					
Air Force Capabilities Prepared for Joint Operations and Other Tasks (funded by revenue Crown)	-	11.032	34.165	34.165	33.376
Army Capabilities Prepared for Joint Operations and Other Tasks (funded by revenue Crown)	-	13.731	42.519	42.519	41.535
Navy Capabilities Prepared for Joint Operations and Other Tasks (funded by revenue Crown)	-	7.161	22.173	22.173	21.660
Multi-Category Expenses and Capital Expenditure					
Policy Advice And Other Services For Veterans					
Departmental Output Expenses:					
Administration Services (funded by revenue Crown)	-	0.025	0.076	0.076	0.074
Policy Advice (funded by revenue Crown)	-	0.002	0.006	0.006	0.006
Services and Payments to Veterans (funded by revenue Crown)	-	0.054	0.166	0.166	0.163
Advice to the Government					

Departmental Output Expenses:					
Policy Advice (funded by revenue Crown)	-	0.034	0.106	0.106	0.103
Situational Awareness (funded by revenue Crown)	-	1.056	3.268	3.268	3.193
Supporting Ministers (funded by revenue Crown)	-	0.016	0.051	0.051	0.050
Protection of New Zealand and New Zealanders					
Departmental Output Expenses:					
Assistance to the Civil Power and Provision of a Public Service in Emergency Situations (funded by revenue Crown)	-	0.591	1.829	1.829	1.786
Defence International Engagement (funded by revenue Crown)	-	0.796	2.466	2.466	2.409
Defence Support to the Community (funded by revenue Crown)	-	0.348	1.076	1.076	1.051
Military Assistance to Civil Authorities in Non-Emergency Situations (funded by revenue Crown)	-	0.116	0.358	0.358	0.349
Resource and Border Protection Operations (funded by revenue Crown)	-	2.190	6.781	6.781	6.624
Total Operating	-	37.152	115.040	115.040	112.379

Vote: Defence Force

Title: Defence Estate Regeneration Programme Plan Tranche One - Capital Funding

Description: The purpose of this initiative is to deliver projects in the first tranche of investment under the Defence Estate Regeneration Programme Plan with the objective of producing a safe modernised, fit-for-purpose Defence Estate. An updated Defence Estate will enable the delivery of the government's defence policy, in line with Defence White Paper 2016.

Appropriation Changes

	Sm - increase/(decrease)				
	2016/17	2017/18	2018/19	2019/20	2020/21 & Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	36.000	40.000	24.000	-
No Impact	-	-	-	-	-
Total	-	36.000	40.000	24.000	-

	Sm - increase/(decrease)				
	2016/17	2017/18	2018/19	2019/20	2020/21 & Outyears
Capital Injection:					
New Zealand Defence Force - Capital Injection	-	36.000	40.000	24.000	-
Total Capital	-	36.000	40.000	24.000	-

Initiative No: 10041

Vote: Defence Force

Title: Modernising The Delivery of New Zealand Defence Force Logistics - Capital Injections

Description: The purpose of this initiative is to align the capital injections from the Crown to the funding required to allow the New Zealand Defence Force to proceed with the full implementation of the Consolidated Logistics Project.

Appropriation Changes

	\$m - increase/(decrease)					
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	-	-	-	-	-	-
Debt Impact	-	-	-	(19.713)	(0.190)	-
No Impact	-	-	-	-	-	-
Total	-	-	-	(19.713)	(0.190)	-

	\$m - increase/(decrease)					
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Capital Injection:						
New Zealand Defence Force - Capital Injection	-	-	-	(19.713)	(0.190)	-
Total Capital	-	-	-	(19.713)	(0.190)	-