



# BUDGET 2022

---

The Estimates of Appropriations for  
the Government of New Zealand  
for the Year Ending 30 June 2023

External Sector

19 May 2022

## Guide to the Budget Documents

A number of documents are released on Budget day. The purpose of these documents is to provide information about the Government's fiscal intentions for the year ahead and the wider fiscal and economic picture. The documents released on Budget day are as follows:

### Budget at a Glance

The *Budget at a Glance* is an overview of the Budget information and contains the main points for the media and public. This summarises the Government's spending decisions and key points included in the *Budget Speech*, the *Wellbeing Budget 2022*, and the *Budget Economic and Fiscal Update*.

### Wellbeing Budget 2022

The *Wellbeing Budget 2022* is the main source of Budget information. It sets out the Government's priorities for the Budget, the approach taken to develop it, and includes an annex with a summary of all initiatives included in Budget 2022. It also contains reports on fiscal strategy and child poverty, as required by the Public Finance Act 1989. These outline respectively the Government's short-term fiscal intentions and long-term fiscal objectives and how the Government is progressing towards its child poverty targets.

### Budget Speech

The *Budget Speech* is the Budget Statement the Minister of Finance delivers at the start of Parliament's Budget debate. The Budget Statement generally focuses on the overall fiscal and economic position, the Government's policy priorities and how those priorities will be funded.

### Budget Economic and Fiscal Update

The *Budget Economic and Fiscal Update* includes the Treasury's economic forecasts and the forecast financial statements of the Government incorporating the financial implications of Government decisions and other information relevant to the fiscal and economic outlook. The *Budget Economic and Fiscal Update* also discusses key risks to the economic and fiscal forecasts.

### The Estimates of Appropriations

The *Estimates* outline, for the financial year about to start (the Budget year), expenses and capital expenditure the Government plans to incur on specified areas within each Vote, and capital injections it plans to make to individual departments. The *Estimates* are organised into 9 sector volumes, with each Vote allocated to one sector. Supporting information in the *Estimates* summarises the new policy initiatives and trend information for each Vote and provides information on what is intended to be achieved with each appropriation in a Vote and how performance against each appropriation will be assessed and reported on after the end of the Budget year.

### Also released on Budget day:

#### The Supplementary Estimates of Appropriations

The *Supplementary Estimates* outline the changes to expenses, capital expenditure and capital injections to departments required for the financial year about to end. Supporting information for each Vote provides reasons for the changes to appropriations during the year, related changes in performance information and full performance information for new appropriations.

To download these documents visit [www.budget.govt.nz](http://www.budget.govt.nz)

© Crown Copyright



This work is licensed under the Creative Commons Attribution 4.0 International licence. In essence, you are free to copy, distribute and adapt the work, as long as you attribute the work to the Crown and abide by the other licence terms. To view a copy of this licence, visit <https://creativecommons.org/licenses/by/4.0/>. Please note that no departmental or governmental emblem, logo or Coat of Arms may be used in any way which infringes any provision of the Flags, Emblems, and Names Protection Act 1981. Attribution to the Crown should be in written form and not by reproduction of any such emblem, logo or Coat of Arms.

# Contents

## Page

### External Sector

<b>Introduction</b> .....	iii
Purpose of the <i>Estimates of Appropriations</i> .....	iv
How the <i>Estimates of Appropriations</i> are Organised .....	iv
Appropriations .....	vii
Types of Crown Revenue and Capital Receipts .....	x
Capital Injections and Movements in Net Assets .....	x
Guide to Reading the <i>Estimates of Appropriations</i> .....	xi
Useful Links .....	xiv
How the <i>Estimates</i> Relate to Other Performance Information Presented to the House .....	xiv
Terms and Definitions .....	xvi

### Votes

Vote Customs .....	1
Vote Defence .....	27
Vote Defence Force .....	41
Vote Foreign Affairs .....	87



# *Introduction*

---

## Purpose of the *Estimates of Appropriations*

The *Estimates of Appropriations* (the *Estimates*) provides members of Parliament with:

- Details of the terms of all proposed appropriations and of capital injections to departments and Offices of Parliament.
- Supporting information providing for each appropriation or category of a multi-category appropriation:
  - a concise explanation of what is intended to be achieved, and
  - (unless an appropriation has been exempted from end-of-year performance reporting)
    - a concise explanation of how performance will be assessed
    - who will report on what was achieved with the appropriation, and
    - in what document that report will be presented to the House of Representatives.

The information ensures that Parliament can exercise an appropriate level of scrutiny and control over the Government's operating and investing activities and provides a basis against which Parliament can, after the end of the financial year, assess actual performance against each appropriation (or category of a multi-category appropriation).

The 9 sector volumes of the *Estimates* are presented to the House of Representatives on the same day as the Government introduces the main Appropriation Bill for the financial year about to start.

## How the *Estimates of Appropriations* are Organised

The *Estimates of Appropriations* are organised into 9 volumes (B.5 Vols 1-9) by sector, each of which covers one or more Votes. The scope of each sector and the allocation of Votes to a sector reflect a balancing of three desired characteristics - namely that each volume should, as far as possible:

- reflect natural sectors
- keep together Votes administered by the same department, and
- keep together Votes allocated to a particular select committee of the House of Representatives for examination.

The number of sectors and coverage of each sector was set initially in consultation with the Finance and Expenditure Committee.

For Budget 2022, some Votes have been grouped into clusters to trial a cross-Vote budgeting process. The first two clusters are the Justice cluster and the Natural Resources cluster. To reflect the latter, the Environment sector volume and the Primary sector volume have been combined into a Natural Resources sector volume and the total number of volumes reduced to 9, with the volume number of some volumes changing.

The number of Votes reduces to 46 for 2022/23, as Vote Pike River Re-entry ceases to exist at 30 June 2022.

The table below shows the Votes in each sector and which department (or Office of Parliament) administers each Vote.

## Votes in Each Sector

Votes by Sector	Department (or Office of Parliament) Administering Vote(s)
<b>Economic Development and Infrastructure Sector - B.5 Vol.1</b>	
Vote Building and Construction	Ministry of Business, Innovation and Employment
Vote Business, Science and Innovation	
Vote Transport	Ministry of Transport
<b>Education and Workforce Sector - B.5 Vol.2</b>	
Vote Education	Ministry of Education
Vote Tertiary Education	
Vote Education Review Office	Education Review Office
Vote Labour Market	Ministry of Business, Innovation and Employment
<b>External Sector - B.5 Vol.3</b>	
Vote Customs	New Zealand Customs Service
Vote Defence	Ministry of Defence
Vote Defence Force	New Zealand Defence Force
Vote Foreign Affairs	Ministry of Foreign Affairs and Trade
<b>Finance and Government Administration Sector - B.5 Vol.4</b>	
Vote Audit	Controller and Auditor-General
Vote Communications Security and Intelligence	Government Communications Security Bureau
Vote Finance	The Treasury
Vote Internal Affairs	Department of Internal Affairs
Vote Office of the Clerk	Office of the Clerk of the House of Representatives
Vote Ombudsmen	Office of the Ombudsman
Vote Parliamentary Service	Parliamentary Service
Vote Prime Minister and Cabinet	Department of the Prime Minister and Cabinet
Vote Public Service	Public Service Commission
Vote Revenue	Inland Revenue Department
Vote Security Intelligence	New Zealand Security Intelligence Service
Vote Statistics	Statistics New Zealand
<b>Health Sector - B.5 Vol.5</b>	
Vote Health	Ministry of Health

Votes by Sector	Department (or Office of Parliament) Administering Vote(s)
<b>Justice Sector - B.5 Vol.6</b>	
Vote Attorney-General	Crown Law Office
Vote Corrections	Department of Corrections
Vote Courts	Ministry of Justice
Vote Justice	
Vote Parliamentary Counsel (see Note 1)	Parliamentary Counsel Office
Vote Police	New Zealand Police
Vote Serious Fraud	Serious Fraud Office
<b>Māori Affairs Sector - B.5 Vol.7</b>	
Vote Māori Development	Te Puni Kōkiri
Vote Te Arawhiti	Ministry of Justice
<b>Natural Resources Sector - B.5 Vol.8</b>	
Vote Agriculture, Biosecurity, Fisheries and Food Safety	Ministry for Primary Industries
Vote Conservation	Department of Conservation
Vote Environment	Ministry for the Environment
Vote Forestry	Ministry for Primary Industries
Vote Lands (see Note 2)	Land Information New Zealand
Vote Parliamentary Commissioner for the Environment (see Note 3)	Parliamentary Commissioner for the Environment
<b>Social Services and Community Sector - B.5 Vol.9</b>	
Vote Arts, Culture and Heritage	Ministry for Culture and Heritage
Vote Sport and Recreation	
Vote Housing and Urban Development	Ministry of Housing and Urban Development
Vote Oranga Tamariki	Oranga Tamariki—Ministry for Children
Vote Pacific Peoples	Ministry for Pacific Peoples
Vote Social Development	Ministry of Social Development
Vote Women	Ministry for Women

Note 1 - Vote Parliamentary Counsel is not part of the Justice cluster.

Note 2 - Vote Lands is not part of the Natural Resources cluster.

Note 3 - Vote Parliamentary Commissioner for the Environment is not part of the Natural Resources cluster.



# Appropriations

## Purpose and Nature of Appropriations

An appropriation is a statutory authority from Parliament allowing the Crown or an Office of Parliament to incur expenses or capital expenditure.

Neither the Crown nor an Office of Parliament can legally incur any expense or capital expenditure - as those terms are defined in the Public Finance Act 1989 (PFA) - unless it is expressly authorised by or under an Act of Parliament.

## Limits Created by Appropriations

Each appropriation is allocated to, and managed as, one of seven **types** of appropriation.

Each appropriation has a defined **scope** that limits the uses or activities for which the expenses or capital expenditure can be incurred. The scope should be sufficient on its own to establish the nature and extent of the authority to incur expenses or capital expenditure. The wording of the appropriation scope should achieve the balance between being sufficiently precise to act as an effective constraint against non-authorised activities and not so specific that it inadvertently limits activity intended to be authorised.

Except in a very limited number of cases (eg, permanent appropriations or revenue dependent appropriations) an appropriation also limits the **amount** of expenses or capital expenditure that can be incurred, and the time **period** within which those expenses or capital expenditure can be incurred.

Aside from the very limited exclusions provided for in the PFA, the amount of expense or capital expenditure authorised by an appropriation is measured in accordance with generally accepted accounting practice.

## Responsibility for Appropriations

The PFA requires each appropriation to be the responsibility of one Minister (or the Speaker).

A Vote is a group of appropriations (and can be a single appropriation) administered by a single department or Office of Parliament. Different appropriations within a Vote may be the responsibility of different Ministers. There may be an appropriation within a Vote that is administered by an inter-departmental executive board that is serviced by the department administering the Vote.

## Types of Appropriation

The PFA provides for seven types of appropriation. Four appropriation types authorise the incurring of expenses; one type authorises the incurring of capital expenditure; and the remaining types authorise both. These appropriation types can be further differentiated by whether the expenses or capital expenditure are departmental or non-departmental transactions.

Appropriation Type	Transaction Status	Description
Output Expenses	Departmental	Authorises expenses to be incurred by a department or an Office of Parliament in supplying a specified category of outputs (goods and services).
	Non-Departmental	Authorises expenses to be incurred by the Crown (excluding departments) in purchasing a specified category of outputs (goods and services) from Crown entities or other third parties.
Benefits or Related Expenses	Non-Departmental	<p>Authorises expenses to be incurred by the Crown (excluding departments) in transferring resources (generally to individuals for their personal benefit) for which the Crown receives nothing directly in return.</p> <p>Examples include Jobseeker Support and Emergency Benefit, Student Allowances and various scholarships and awards.</p>
Borrowing Expenses	Departmental	<p>Authorises the incurring of interest or other financing expenses for loans made to a department or an Office of Parliament, or public securities (undertakings that represent part of the public debt) issued by a department or an Office of Parliament.</p> <p>In practice, limitations on the rights of departments to borrow or issue securities and limitations on how Offices of Parliament can be funded mean that this type of appropriation is unlikely to be used.</p>
	Non-Departmental	<p>Authorises the incurring of interest or other financing expenses for loans made to the Crown (excluding departments), or public securities (undertakings that represent part of the public debt) issued by the Crown.</p> <p>Crown debt management is centralised, which means that most debt-servicing expenses appear in Vote Finance.</p>
Other Expenses	Departmental	<p>Authorises expenses to be incurred by a department or an Office of Parliament that are not either output expenses or borrowing expenses.</p> <p>Other expenses should be used only for events that cannot be related back to output production, such as redundancy costs arising from a government decision to cease purchasing certain types of outputs, or a loss on sale of assets made surplus by departmental restructuring.</p>
	Non-Departmental	<p>Authorises expenses to be incurred by the Crown (excluding departments) that are not structured or managed as output expenses, benefits or related expenses, or borrowing expenses.</p> <p>Other expenses is the residual appropriation type, which should not be used where an appropriation could be better classified or managed as one of the other appropriation types (eg, as output expenses).</p> <p>Examples include disposal of an asset for less than market value, grants to community organisations, subscriptions for membership of international bodies and remuneration of independent statutory officers.</p>
Capital Expenditure	Departmental	Authorises capital expenditure to be incurred by a department or an Office of Parliament to acquire or develop assets for the use of the department.
	Non-Departmental	Authorises capital expenditure to be incurred by the Crown (excluding departments) to acquire or develop Crown assets, including the purchase of equity, or making a loan to a person or organisation that is not a department.
Expenses or Capital expenditure Incurred by an Intelligence and Security Department	Departmental	Authorises both expenses and capital expenditure to be incurred by the New Zealand Security Intelligence Service or the Government Communications Security Bureau.
Multi-Category	Departmental or Non-Departmental	Allows separate categories of departmental output expenses, non-departmental output expenses, departmental other expenses, non-departmental other expenses, or non-departmental capital expenditure to be grouped together in one appropriation provided all the categories contribute to a single overarching purpose.

## Types of Output Expense Appropriations

Some variation is possible for output expense appropriations. For example, the constraint on the amount of expense that can be incurred is not always a fixed sum.

Output Expense Appropriations Type and Authority	Description, Constraints on Form and Typical Application
Standard Output Expense Appropriations (section 7A(1)(a), Public Finance Act 1989)	<p><b>Departmental or non-departmental:</b> Authorise a department or an Office of Parliament to incur expenses in supplying a specified category of outputs (goods and services), or the Crown (excluding departments) to incur expenses to purchase a specified category of outputs.</p> <p><b>Annual or multi-year:</b> The authority lapses at the end of the financial year or multi-year period specified.</p> <p><b>Single category of output expenses only:</b> The scope is limited to a single category of outputs (a grouping of similar or related outputs).</p> <p><b>Amount limited by Appropriation Act:</b> The amount of a standard output expense appropriation is limited to a set amount of New Zealand dollars specified in an Appropriation Act.</p> <p><b>Typical application:</b> The normal or default form for an output expense appropriation, used for a wide range of outputs for which the flexibility offered by a multi-category appropriation is not required.</p>
Revenue-Dependent Appropriations (RDA) (section 21(1), Public Finance Act 1989)	<p><b>Departmental only:</b> Authorises a department or an Office of Parliament to incur expenses in supplying a specified category of outputs (goods and services) that are not paid for directly by the Crown.</p> <p>A proposed RDA must be approved by the Minister of Finance, before it is presented in the <i>Estimates</i>. Each category of outputs for which an RDA is approved is listed in an Appropriation Act for the relevant financial year.</p> <p><b>Annual only:</b> The authority lapses at the end of the financial year specified.</p> <p><b>Single category of output expenses only:</b> The scope of an RDA is limited to a single category of outputs (a grouping of similar or related outputs).</p> <p><b>Amount limited by amount of revenue earned:</b> The amount of an RDA is limited to the amount of revenue earned by a department or an Office of Parliament from other departments or from parties other than the Crown during a financial year. The Minister of Finance can further direct a department to incur expenses to a level lower than the amount of revenue earned, though such directions have been rare.</p> <p><b>Typical application:</b> An RDA provides flexibility to respond to unanticipated changes in the level of external demand for a category of outputs, where the full cost of the outputs is met by external parties and not the Crown.</p>

## Appropriation Period

Three kinds of appropriation can be distinguished on the basis of period - annual and multi-year (as referred to in the above table on types of output expense appropriations), and permanent:

- **Annual Appropriations** - Most appropriations allow expenses or capital expenditure to be incurred only during a particular financial year. The amounts for RDAs are forecasts only.
- **Multi-Year Appropriations (MYAs)** - The PFA also permits appropriations (including Multi-category appropriations) that allow expenses or capital expenditure to be incurred during a specified period that spans the whole or parts of more than one financial year, but no more than five financial years.
- **Permanent Appropriations** (sometimes referred to as permanent legislative authorities or PLAs) - Permanent appropriations are authorised by legislation other than an Appropriation Act and continue in effect until revoked by Parliament. Generally the authorising legislation will impose limits on the scope of the appropriation and not its amount. For those appropriations with limits set in cash terms, section 11(2) of the Public Finance Act 1989 requires that they be reported on an accrual basis. The usual legislative wording allows for expenses to be incurred for the purpose specified in the legislation “without further appropriation than this section”. The scope of a permanent appropriation will reference the relevant section of the authorising legislation.

## Types of Crown Revenue and Capital Receipts

An operating and capital split also applies to Crown revenue and receipts. The following table outlines the three Crown revenue/receipt types:

Crown Revenue Type	Transaction Status	Description
Tax Revenue	Non-Departmental	Tax payable to the Crown, such as Income Tax, GST and Fringe Benefit Tax.
Non-Tax Revenue	Non-Departmental	Revenue earned by the Crown from its investing and other operating activities. Examples include interest income, capital charges and dividends from State-owned enterprises.
Capital Receipts	Non-Departmental	Capital received by the Crown: <ul style="list-style-type: none"> <li>when loans are raised (which appear in Vote Finance) or repayments of principal are made on debts owed to the Crown (for example, in Vote Social Development), or</li> <li>when capital assets are sold.</li> </ul>

## Capital Injections and Movements in Net Assets

A capital injection is an investment by the Crown in a department (or an Office of Parliament), which increases the department's net asset balance. Section 12A of the PFA requires capital injections to departments or an Office of Parliament to be authorised under an Appropriation Act.

Further information on capital injections and other movements in a department's net asset balance appears in the *Estimates* in a Vote that has appropriations belonging to a department's responsible Minister. The movements reconcile a department's opening and closing net asset balances.

This makes it easier to see the balance sheet flows.

Movement Type	Description
Capital injections	Investment by the Crown in a department, which increases the department's closing net asset balance.
Capital withdrawals	Returns of capital by a department to the Crown, which reduce the department's closing net asset balance.
Surplus to be retained/(deficit incurred)	The net surplus forecast to be retained by a department from its operations for a financial year in accordance with section 22(1) of the PFA, or the forecast deficit for the department. A surplus or deficit will, respectively, increase or decrease the department's closing net asset balance.
Other movements	This section is for any other movements that will affect the department's net asset balance. For example movements in asset revaluation reserves.

# Guide to Reading the *Estimates of Appropriations*

After the introduction in each sector volume, the following information is provided, where applicable, for each Vote within the sector.

Title page	The title page specifies the appropriation Minister(s) responsible for existing and proposed appropriations in the Vote, each appropriation administrator, and the responsible Minister for each appropriation administrator. It is now possible to have more than one appropriation administrator in a Vote.
Overview	A plain-language overview of the focus of the appropriations in the Vote.
Details of each appropriation and capital injection	<p>One or more tables containing information on each appropriation in a Vote:</p> <p><b>Annual and Permanent Appropriations</b> - The title, scope, and amount of each annual and permanent appropriation, the title and single overarching purpose of each multi-category appropriation and the title, scope and forecast amount of each category within a multi-category appropriation.</p> <ul style="list-style-type: none"> <li>The 2021/22 Final Budgeted column shows the amount in the 2021/22 <i>Estimates</i> varied by any change in the 2021/22 <i>Supplementary Estimates</i>.</li> <li>The 2021/22 Estimated Actual column shows the estimated amount that will have been spent against each appropriation (or category within a multi-category appropriation) by the end of the 2021/22 financial year.</li> <li>In the 2022/23 Budget column, the annual amounts for which parliamentary authority is sought in the Appropriation (2022/23 <i>Estimates</i>) Bill appear in <b>bold type</b>. As permanent appropriations have already been approved by Parliament, their amounts are forecasts, not a limit, so are not shown in bold type.</li> </ul> <p><b>Multi-Year Appropriations</b> - The type, title, scope and amount of each MYA, including any adjustments since originally appropriated, amounts incurred or estimated for particular years, and the estimated remaining balance.</p> <p><b>Multi-Year Multi-Category Appropriations</b> - The, title, overarching purpose, type scope of categories and amount of each MY MCA, including any adjustments since originally appropriated, amounts incurred or estimated for particular years, and the estimated remaining balance.</p> <p><b>Total Annual, Permanent and Multi-Year Appropriations</b> - The Total Annual and Permanent Appropriations and MYA forecasts by appropriation type. This table summarises total appropriations, or forecasts for MYAs for the Vote.</p> <p><b>Capital Injection Authorisations</b> - The name of the department seeking the additional capital.</p> <ul style="list-style-type: none"> <li>The 2021/22 Final Budgeted column shows the amount in the 2021/22 <i>Estimates</i> varied by any change in the 2021/22 <i>Supplementary Estimates</i>.</li> <li>The 2021/22 Estimated Actual amount is the estimated amount of capital injection that will have been made to the department/Office by the end of the 2021/22 financial year.</li> <li>The 2022/23 Budget amount is the amount for which parliamentary authority is sought in the Appropriation (2022/23 <i>Estimates</i>) Bill.</li> </ul>
<b>Supporting information</b>	
Part 1 - Vote as a Whole	<p><b>Part 1.1 New Policy initiatives</b> - A table showing how new initiatives (if any) and the associated expenses or capital expenditure are allocated to appropriations in the Vote. References are included where appropriations in other Votes are affected by the same initiative.</p> <p><b>Part 1.2 Trends in the Vote</b> - A presentation of the actual and estimated trends in the Vote.</p> <p><b>Summary of Financial Activity</b> - A table showing financial information for the Vote over the preceding five years (actual, budgeted or estimated actual), the current year (Budget) and the following three years (estimated) for each type of appropriation and Crown revenue and capital receipts. Where Votes have been combined or separated, appropriations have been moved into/out of a Vote, or where categories of expenses or capital expenditure have been moved into/out of a multi-category appropriation, to the extent practicable the information in the table is restated as if these adjustments had occurred before the beginning of the period covered by the table.</p> <p><b>Adjustments to the Summary of Financial Activity</b> - A table showing any restated adjustments made to the preceding five years of the <b>Summary of Financial Activity</b> table. Where no restatement has occurred, a statement to this effect is inserted under this sub-heading.</p> <p><b>Part 1.3 Analysis of Significant Trends</b> - High-level analysis of appropriations and Crown revenue and capital receipts by type over the nine financial years covered by the Summary of Financial Activity table, explanations of significant changes and may also contain graphical presentations.</p> <p><b>Part 1.4 Reconciliation of Changes in Appropriation Structure</b> - A table providing a reconciliation and explanation of any changes in the structure or classification of appropriations (and categories within MCAs) made in the Budget year to facilitate traceability of expenditure between financial years.</p>

# Guide to Reading the *Estimates of Appropriations* (continued)

Parts 2-4 - Information Provided for each Appropriation or Capital Injection (where applicable)	Part 2 - Departmental Appropriations		
	Part 2.1 Output Expenses	Part 2.2 Other Expenses*	Part 2.3 Capital Expenditure and Capital Injections**
Title of the appropriation.	✓	✓	✓
The scope of the appropriation.	✓	✓	✓
The single overarching purpose statement for an MCA.	N/A	N/A	N/A
The scope of each category in a multi-category appropriation.	N/A	N/A	N/A
A table showing the budgeted amount and estimated actual expenditure for the previous financial year, and the budgeted amount for the appropriation for the current financial year.	✓ and revenue sources	✓	✓ for capital expenditure
Components of the appropriation or category (where applicable). This information, while not required by the PFA, allows for more meaningful information to be provided where the expense is more than \$50 million.	✓	N/A	N/A
Comparators for restructured appropriations or categories (where applicable).	✓	✓	N/A
What is intended to be achieved with each appropriation.	✓	✓	✓
How performance will be assessed for each appropriation (or a statement of why the appropriation has been exempted from this requirement).	✓	✓	✓
What is intended to be achieved with each category of an MCA, and (if not exempted from reporting) how performance will be assessed.	N/A	N/A	N/A
Which appropriation Minister or agency will report at the end-of-year on the performance of the appropriation (if not exempted from reporting) and the name of the document in which the information will be presented to the House.	✓	✓	✓
Service providers table (or text if there is only one service provider), which identifies the main service providers for each non-departmental output expense and non-departmental other expense appropriations.	N/A	N/A	N/A
Current and past policy initiatives (if any). The current and past policy initiatives tables provides a five-year history of announced initiatives that impact on the Budget year, the preceding year, and the following three years.	✓	✓	N/A
Reasons for change, which explain significant changes of amounts of an appropriation between years (if any).	✓	✓	✓
Conditions on use of appropriation, which can include administrative criteria and processes contained in legislation, regulation and Government decisions.	✓	N/A	N/A
Memorandum accounts (if any), which record accumulated surpluses and deficits incurred in the provision of outputs on a basis of full cost-recovery from third parties (including other departments).	✓	N/A	N/A
Multi-year appropriations (if any). The information provided is similar to other information above, with the exception of memorandum accounts.	✓	N/A	N/A
Capital injections and movements in departmental net assets table. This table shows how capital injections to be authorised relate to movements in departmental net assets and what any capital injection is for.	N/A	N/A	✓

\* This appropriation is used for events that cannot be related back to output production and for the salaries of the Officers of Parliament as determined by the Remuneration Authority.

\*\* The purchase or development of assets by a department (other than an intelligence and security department) is made under a permanent appropriation authorised by section 24 of the PFA. Capital expenditure is defined in the PFA as the cost of assets acquired or developed, including tangible, intangible or financial assets, and any ownership interest in entities, but excluding inventories.

Part 3 - Non-Departmental Appropriations					Part 4 - MCAs
Part 3.1 Output Expenses	Part 3.2 Benefits or Related Expenses	Part 3.3 Borrowing Expenses	Part 3.4 Other Expenses	Part 3.5 Capital Expenditure	Part 4 Expenses and Capital Expenditure
✓	✓	✓	✓	✓	✓
✓	✓	✓	✓	✓	N/A
N/A	N/A	N/A	N/A	N/A	✓
N/A	N/A	N/A	N/A	N/A	✓
✓	✓	✓	✓	✓	✓
✓	✓	✓	✓	✓	✓
✓	✓	✓	✓	✓	✓
✓	✓	✓	✓	✓	✓
✓	✓	N/A	✓	✓	✓
N/A	N/A	N/A	N/A	N/A	✓
✓	✓	N/A	✓	✓	✓
✓	N/A	N/A	✓	N/A	✓
✓	✓	✓	✓	✓	✓
✓	✓	✓	✓	✓	✓
✓	✓	N/A	✓	✓	✓
N/A	N/A	N/A	N/A	N/A	✓
✓	N/A	N/A	✓	✓	N/A
N/A	N/A	N/A	N/A	N/A	N/A

## Useful Links

- The **suite of documents presented to the House on Budget day** can be accessed in the Budgets section of the website: <https://treasury.govt.nz/publications/budgets/budget-2022>
- **Summary Tables**, which are available online, provide a high-level perspective and comparative “ready reference” for all appropriations (annual, permanent and MYAs). They cover:
  - the trends for all Votes - showing actual or estimated actual totals for the five years to 2021/22, Budget totals proposed for 2022/23 and estimated totals for the three financial years to 2025/26 with respect to each type of appropriation and of Crown revenue and capital receipts
  - each appropriation type and total appropriations - showing budgeted and estimated actual totals for 2021/22 and totals proposed for 2022/23
  - for each Vote
  - multi-category expenses and capital expenditure (MCAs)
  - current-year revenue-dependent appropriations for each Vote
  - multi-year appropriations by Vote, appropriation type and period
  - capital injection authorisations for 2022/23, and
  - types of Crown revenue and Crown capital receipts for 2021/22 and 2022/23 associated with each Vote.

For inclusion in the Summary Tables, MYAs are converted into actual or forecast amounts for each financial year. The summary tables can be accessed here: <https://treasury.govt.nz/publications/summary-tables/summary-tables-estimates-appropriations-2022-23>

An electronic archive of Budgets of the Government of New Zealand from 1997 to 2021 can be accessed here: <https://treasury.govt.nz/publications/budgets/current-and-past-budgets>

## How the *Estimates* Relate to Other Performance Information Presented to the House

This section outlines the relationship between the information in the *Estimates* and other performance information presented to the House.

### Strategic Intentions

Each **department, Office of Parliament, Crown entity and Public Finance Act Schedule 4A company** presents information on its strategic intentions to the House, at least once every three years. It may be more frequently if the responsible Minister requires it; or if there is a material or significant change in the intentions; or the information in the strategic intentions is false or misleading.

Strategic intentions set out the direction of an agency and how the agency is organised to get there. The information must cover at least the next four financial years, and may include the current financial year. An agency’s most recent strategic intentions must always be available on the agency’s website, and can be presented to the House with other information eg, the annual report for the previous financial year or grouped with other agencies in a sector.



## Annual Performance Expectations

What an agency (eg, **department, Office of Parliament, Crown entity** or **other service provider**) intends to achieve with expenditure from **appropriations** in the next financial year and how each agency will demonstrate its performance (if not exempted) is available in the *Estimates*.

In addition, **Crown entities** and **Public Finance Act Schedule 4A companies** may have reportable outputs that are funded from revenue other than appropriations. What each agency intends to achieve and how it will demonstrate its performance for all its reportable outputs are presented to the House in a **Statement of Performance Expectations**. The Statement of Performance Expectations must always be available on an agency's website and can be presented to the House with other information eg, the strategic intentions or annual report.

## End of Year Performance Information

Performance information on what has been achieved with **each appropriation** as a whole and **each category of a multi-category appropriation** is provided to the House in the document most recently indicated in the *Estimates* or *Supplementary Estimates*. For example, reporting against appropriations would typically be provided to the House with the annual report of the appropriation administrator (department or Office of Parliament), the Crown entity receiving the appropriation, or in a Minister's report. Alternatively, information on the performance of an appropriation may be provided in a separate sector or thematic report where this would be more useful to Parliament.

Departmental, Office of Parliament, Crown entity, PFA Schedule 4A Company annual reports, and Ministerial reports on what has been achieved with appropriations are required to be provided to the House in the timeframes indicated below:

- **Departmental and Office of Parliament annual report** - each department's annual report must be **presented 3-4 months after the end of the financial year**. The annual report includes the financial statements for the previous financial year, the forecast financial statements for the current financial year, the statement of expenses and capital expenditure, and reporting against the department's strategic intentions and annual performance expectations for each appropriation contained in the *Estimates*.
- **Crown entity or PFA Schedule 4A company annual report** - each **annual report** must be **presented 4-5 months after the end of the financial year** and includes the financial statements, as well as reporting against the Crown entity's strategic intentions and annual performance expectations from all sources of reportable revenue.
- **Appropriation Minister's report** - the **appropriation Minister** must **present within 4 months** after the end of the financial year a report on what has been achieved with non-departmental appropriations that are not reported to the House through any other mechanism and have not been exempted from year-end reporting under s15D of the PFA.

# Terms and Definitions

The table below contains terms that are used in the *Estimates of Appropriations*.

Appropriation	An appropriation is a parliamentary authorisation for the Crown or an Office of Parliament to incur expenses or capital expenditure.
Appropriation administrator	For an appropriation made to the Crown, means the department or specified agency that administers the appropriation on behalf of the appropriation Minister and for an appropriation made to an Office of Parliament means that Office of Parliament.
Appropriation Minister	The Minister responsible for specific appropriations being sought within a Vote. As several Ministers may hold appropriations within a single Vote, each appropriation will have a tag (M1, M2 etc) identifying the Minister responsible for that line item.
Appropriation scope	One of the defining terms of an appropriation that establishes limits on the activities for which the Crown or an Office of Parliament is authorised to incur expenses or capital expenditure under that appropriation.
Capital expenditure	The cost of assets acquired or developed including any ownership interest in entities, but excluding inventory.
Capital injection	Investment by the Crown in a department, which increases the department's net asset balance.
Capital withdrawals	Returns of capital by a department to the Crown, which reduce the department's closing net asset balance.
Category	A grouping of similar or related expenses or a grouping of similar or related capital expenditure.
Crown revenue	Revenue earned on behalf of the Crown. These flows are accounted for as revenue to the Crown rather than as departmental revenue.
Department	Generally references to Departments also include an Office of Parliament as provided in section 26E(5) of the Public Finance Act 1989.
Estimated actual	For an amount, the estimated actual incorporates the actual amount that has been spent and an estimate of the amount to be spent for the rest of the year.  For anything else, the estimated actual incorporates actual performance that has been achieved and an estimate of performance for the rest of the year.
Expenses	Amounts consumed or losses of service potential or future economic benefits, other than those relating to capital withdrawals, in a financial year. [An accrual concept measured in accordance with generally accepted accounting practice.]
GST	Goods and services tax. Appropriations are stated GST exclusive.
MCA	Multi-category appropriation.
MYA	Multi-year appropriation.
MY MCA	Multi-year Multi-category appropriation.
N/A	Not applicable.
Office of Parliament	There are three Offices of Parliament - the Controller and Auditor General, the Office of the Ombudsmen, and the Parliamentary Commissioner for the Environment. Each is headed by an Officer of Parliament.
Outputs	Goods or services supplied by departments and other entities to external parties. Outputs are a variety of types, including policy advice, administration of contracts and grants, and the provision of specific services.
PFA	Public Finance Act 1989.
PLA	Permanent Legislative Authority - the traditional term for an appropriation authorised for an indefinite period by legislation other than an Appropriation Act (also known as a permanent appropriation).
RDA	Revenue-dependent appropriations, which are authorised by section 21(1) of the PFA 1989.
Responsible Minister	The Minister responsible for the financial performance of a department or Crown entity. In relation to an Office of Parliament, the Office of the Clerk of the House of Representatives, and the Parliamentary Service, the Speaker is the responsible Minister.
Revenue from the Crown	Revenue earned by a department from the Crown for the provision of outputs to or on behalf of the Crown. These flows are accounted for as departmental revenue. Revenue from the Crown is eliminated for purposes of reporting the Crown's overall financial performance and position.
Revenue from Others	Revenue earned by a department from other departments and from third parties. Revenue from other departments is eliminated for purposes of reporting the Crown's overall financial performance and position.
Vote	A grouping of one or more appropriations that are the responsibility of one or more Ministers of the Crown and are administered by one department or Office of Parliament.

# *Vote Customs*

---

APPROPRIATION MINISTER(S): Minister of Customs (M21), Minister for COVID-19 Response (M103)

DEPARTMENT ADMINISTERING THE VOTE: New Zealand Customs Service (A3)

RESPONSIBLE MINISTER FOR NEW ZEALAND CUSTOMS SERVICE: Minister of Customs

## Overview of the Vote

The Minister of Customs is responsible for the efficient and timely collection of Crown revenue, forecast to be \$17.962 billion in the 2022/23 financial year.

The Minister of Customs is responsible for the departmental appropriations in the Vote for the 2022/23 financial year covering the following:

- a total of over \$111 million for services relating to goods crossing borders, including trade compliance, and the protection of New Zealand through interventions, investigations and enforcement
- a total of just over \$88 million for services relating to travellers crossing borders and the protection of New Zealand through interventions, investigations and enforcement
- a total of just under \$41 million for the collection of Crown Revenue, the provision of Customs-related services to other government agencies and organisations, and the provision of advice and services to support Ministers to discharge their portfolio responsibilities relating to Customs, and
- a total of just over \$21 million for capital investment in departmental assets.

The Minister of Customs is responsible for a capital injection of \$59.049 million to the New Zealand Customs Service for the 2022/23 financial year.

The Minister of Customs is responsible for a multi-year appropriation in the Vote including just under \$32 million for the 2022/23 financial year for the provision of services related to mitigating the risk of COVID-19 being transmitted across the maritime border.

The Minister of Customs is responsible for the non-departmental appropriations in the Vote for the 2022/23 financial year covering the following:

- a total of \$16 million to provide for doubtful debts on revenue collected for the Crown, and
- a total of \$80,000 for payment of New Zealand's annual contribution to the World Customs Organization's operating budget.

The Minister for COVID-19 Response is responsible for a departmental appropriation in the Vote for the 2021/22 financial year covering:

- a total of just under \$2 million for services relating to policy and investment advice and the design and coordination of joint initiatives relating to the border system as a whole.

The Minister for COVID-19 Response is responsible for a multi-year appropriation in the Vote including just under \$26 million for the 2022/23 financial year for the development and implementation of the New Zealand Traveller Declaration system.

Details of these appropriations are set out in Parts 2-4.

# Details of Appropriations and Capital Injections

## Annual Appropriations and Forecast Permanent Appropriations

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Titles and Scopes of Appropriations by Appropriation Type			
<b>Departmental Output Expenses</b>			
<b>Border System Performance (M103) (A3)</b> This appropriation is limited to policy and investment advice and the design and coordination of joint initiatives relating to the border system as a whole.	1,450	1,450	<b>1,716</b>
<b>Goods Clearance and Enforcement (M21) (A3)</b> This appropriation is limited to the provision of services relating to goods crossing borders, including trade compliance, and the protection of New Zealand through interventions, investigations and enforcement.	108,897	108,897	<b>111,145</b>
<b>Revenue Collection and Other Services (M21) (A3)</b> This appropriation is limited to the collection of Crown Revenue, the provision of Customs-related services to other government agencies and organisations, and the provision of advice and services to support Ministers to discharge their portfolio responsibilities relating to Customs.	39,860	39,860	<b>40,880</b>
<b>Travellers Clearance and Enforcement (M21) (A3)</b> This appropriation is limited to the provision of services relating to travellers crossing borders and the protection of New Zealand through interventions, investigations and enforcement.	89,301	89,301	<b>88,320</b>
<b>Total Departmental Output Expenses</b>	239,508	239,508	242,061
<b>Departmental Other Expenses</b>			
<b>Software as a Service intangible asset derecognition (write-off) (M21) (A3)</b> This appropriation is limited to the derecognition (write-off) of a previously capitalised or planned to be capitalised intangible asset, due to the accounting policy change regarding Software as a Service.	7,661	7,661	-
<b>Total Departmental Other Expenses</b>	7,661	7,661	-
<b>Departmental Capital Expenditure</b>			
<b>New Zealand Customs Service - Capital Expenditure PLA (M21) (A3)</b> This appropriation is limited to the purchase or development of assets by and for the use of the New Zealand Customs Service, as authorised by section 24(1) of the Public Finance Act 1989.	21,158	21,158	21,054
<b>Total Departmental Capital Expenditure</b>	21,158	21,158	21,054
<b>Non-Departmental Other Expenses</b>			
<b>Change in Doubtful Debt Provision (M21) (A3)</b> Provisioning of Doubtful Debts on Customs Crown Revenue.	16,000	16,000	<b>16,000</b>
<b>World Customs Organization (M21) (A3)</b> New Zealand's contribution to the operating budget of the WCO.	80	80	<b>80</b>
<b>Total Non-Departmental Other Expenses</b>	16,080	16,080	16,080
<b>Total Annual Appropriations and Forecast Permanent Appropriations</b>	284,407	284,407	279,195

## Multi-Year Appropriations

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
<b>Departmental Output Expenses</b>		
<b>COVID-19 - Maritime Response (M21) (A3)</b> This appropriation is limited to the provision of services relating to mitigating the risk of transmission of COVID-19 across the maritime border.  Commences: 01 September 2020  Expires: 30 June 2023	Original Appropriation Adjustments to 2020/21 Adjustments for 2021/22 Adjusted Appropriation Actual to 2020/21 Year End Estimated Actual for 2021/22 Estimate for 2022/23 Estimated Appropriation Remaining	44,020 - 41,550 85,570 22,550 31,470 31,550 -
<b>Traveller Declaration System Development (M103) (A3)</b> This appropriation is limited to the development of policies, procedures and systems to assess travellers for risk, including health risk, when crossing the New Zealand border.  Commences: 01 September 2021  Expires: 30 June 2025	Original Appropriation Adjustments to 2020/21 Adjustments for 2021/22 Adjusted Appropriation Actual to 2020/21 Year End Estimated Actual for 2021/22 Estimate for 2022/23 Estimated Appropriation Remaining	42,300 - - 42,300 - 16,800 25,500 -

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

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Annual Appropriations and Forecast Permanent Appropriations	284,407	284,407	279,195
Total Forecast MYA Departmental Output Expenses	48,270	48,270	57,050
<b>Total Annual Appropriations and Forecast Permanent Appropriations and Multi-Year Appropriations</b>	<b>332,677</b>	<b>332,677</b>	<b>336,245</b>

## Capital Injection Authorisations

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
New Zealand Customs Service - Capital Injection (M21) (A3)	106,404	106,404	59,049

# Supporting Information

## Part 1 - Vote as a Whole

### 1.1 - New Policy Initiatives

Policy Initiative	Appropriation	2021/22 Final Budgeted \$000	2022/23 Budget \$000	2023/24 Estimated \$000	2024/25 Estimated \$000	2025/26 Estimated \$000
Addressing Tobacco Smuggling	Revenue Collection and Other Services	-	1,983	3,011	2,132	3,272
	New Zealand Customs Service - Capital Injection	-	399	275	-	-
Customs Revenue Shortfall from Reduced Traveller Numbers	New Zealand Customs Service - Capital Injection	-	58,500	-	-	-
<b>Total Initiatives</b>		-	<b>60,882</b>	<b>3,286</b>	<b>2,132</b>	<b>3,272</b>

## 1.2 - Trends in the Vote

### Summary of Financial Activity

	2017/18	2018/19	2019/20	2020/21	2021/22		2022/23			2023/24	2024/25	2025/26
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Final Budgeted \$000	Estimated Actual \$000	Departmental Transactions Budget \$000	Non- Departmental Transactions Budget \$000	Total Budget \$000	Estimated \$000	Estimated \$000	Estimated \$000
<b>Appropriations</b>												
Output Expenses	195,962	204,695	211,588	229,704	287,778	287,778	299,111	-	299,111	234,189	233,310	234,450
Benefits or Related Expenses	-	-	-	-	-	-	N/A	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	2,445	5,754	14,240	12,908	23,741	23,741	-	16,080	16,080	8,080	8,080	8,080
Capital Expenditure	15,720	18,988	20,396	18,973	21,158	21,158	21,054	-	21,054	21,054	21,054	21,054
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>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Capital Expenditure</i>	-	-	-	-	-	-	N/A	-	-	-	-	-
<b>Total Appropriations</b>	214,127	229,437	246,224	261,585	332,677	332,677	320,165	16,080	336,245	263,323	262,444	263,584
<b>Crown Revenue and Capital Receipts</b>												
Tax Revenue	14,379,202	15,543,142	15,107,873	14,879,950	17,087,000	17,087,000	N/A	17,962,000	17,962,000	18,056,000	18,375,000	18,975,000
Non-Tax Revenue	-	-	8,067	11,047	11,180	11,180	N/A	11,130	11,130	11,630	11,630	12,130
Capital Receipts	-	-	-	-	-	-	N/A	-	-	-	-	-
<b>Total Crown Revenue and Capital Receipts</b>	14,379,202	15,543,142	15,115,940	14,890,997	17,098,180	17,098,180	N/A	17,973,130	17,973,130	18,067,630	18,386,630	18,987,130

Note - where restructuring of the vote has occurred then, to the extent practicable, prior years information has been restated as if the restructuring had occurred before the beginning of the period covered. In this instance Total Appropriations for the Budgeted and Estimated Actual year may not equal Total Annual Appropriations and Forecast Permanent Appropriations and Multi-Year Appropriations in the Details of Appropriations and Capital Injections.



## Adjustments to the Summary of Financial Activity Table Due to Vote Restructuring

There have been no restructuring adjustments to prior year information in the Summary of Financial Activity table.

### 1.3 - Analysis of Significant Trends

Significant changes in each appropriation category for Vote Customs are discussed below.

#### *Departmental Output Expenses*

Over the last five years (comparing the total for 2017/18 of \$195.962 million and the Estimated Actual for 2021/22 of \$287.778 million), the net funding for Vote Customs has increased by \$91.816 million. The net change in the total appropriation primarily relates to additional operational funding for:

- Drug Smuggling Networks: Strategic Disruption initiative - funding of \$17.905 million
- Combating the Sexual Exploitation of Children Across our Cyber Border initiative - funding of \$2.105 million
- mitigating the risk of COVID-19 crossing the maritime border - funding of \$31.470 million in 2021/22
- supporting the activities of the Border Executive Board - funding of \$1.450 million in 2021/22
- developing the New Zealand Traveller Declaration System - funding of \$16.800 million in 2021/22
- checking pre-departure COVID-19 tests at airports - funding of \$5.700 million in 2021/22
- refunding airlines for increased Border Clearance Levy rates that they were not able to pass on to travellers following their introduction on 1 December 2021 - funding of \$3 million in 2021/22, and
- growth in the number of passengers and volume of goods imported.

Annual appropriations for the purchase of departmental outputs total \$299.111 million for 2022/23, an increase of \$11.333 million compared to 2021/22. The net change in the total appropriations primarily relates to:

- an increase of \$8.700 million for funding received for the development of the New Zealand Traveller Declaration System
- additional funding of \$1.983 million received in Budget 2022 to address tobacco smuggling, and
- an increase of \$700,000 to support the checking of pre-departure COVID-19 tests at airports.

Departmental output expenses are currently expected to decrease to \$234.450 million by 2025/26. The decrease mainly reflects the planned cessation of additional tasks performed by Customs in mitigating the risk of COVID-19 crossing the maritime border and the cessation of time bound funding received for the development of the New Zealand Traveller Declaration System.

#### *Departmental Other Expenditure*

Departmental other expenditure was \$7.661 million in 2021/22 only and related to the derecognition (orwrite-off) of previously capitalised intangible assets following an accounting policy change regarding Software as a Service. This led to the increase in other expenses for 2021/22.

### *Departmental Capital Expenditure*

The capital expenditure funding trend reflects the timing and level of capital expenditure for the replacement and renewal of existing assets and additional capital investments.

Total forecast capital expenditure for 2022/23 is \$21.054 million, a decrease of \$104,000 from the estimated 2020/21 spend of \$21.158 million. The decrease in this appropriation is due to the purchase in 2021/22 of equipment for the detection and identification of controlled substances at the border.

### *Non-Departmental Other Expenses*

The majority of funding in this category is to provide for doubtful debts relating to Crown revenue collected by Customs. There was an increase in the amount of funding provided from 2019/20 to 2022/23 to manage the risk of increased doubtful debts due to the impact of COVID-19 on import and export activity.

From 2023/24 onwards estimated/budgeted non-departmental other expenses remain steady over the remaining forecast period.

### *Crown Revenue*

The New Zealand Customs Service collects tax revenue on behalf of the Crown by way of customs duty and GST on imports, together with excise duty on domestically manufactured alcohol, tobacco, petroleum products or equivalent duty on the same products imported into New Zealand. The GST on imports is the major revenue source.

Total tax revenue collected by the New Zealand Customs Service has increased progressively over the last five years, with the exception of 2020/21 due to the impact that the COVID-19 pandemic had on goods crossing the border. Treasury forecasts the amount collected by the New Zealand Customs Service will recover and increase to \$18.975 million by 2025/26.

## Part 2 - Details of Departmental Appropriations

### 2.1 - Departmental Output Expenses

#### Border System Performance (M103) (A3)

##### *Scope of Appropriation*

This appropriation is limited to policy and investment advice and the design and coordination of joint initiatives relating to the border system as a whole.

##### *Expenses and Revenue*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	1,450	1,450	1,716
Revenue from the Crown	1,450	1,450	1,716
Revenue from Others	-	-	-

##### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve an end-to-end border process that integrates health risk management and strategic border system improvements. This will be achieved through the provision of support to the Border Executive Board to enable it to provide policy and investment advice to assist effective decision-making, design and coordination for the border system to improve the wellbeing of New Zealanders.

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

	2021/22		2022/23
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
The Border Executive Board work programme has initiatives that respond to risk and drive border system improvement	Achieved	Achieved	Achieved
The Border Executive Board has approved a border sector strategy (see Explanation 2)	New measure	-	Achieved
Satisfaction of the Minister for COVID-19 Response with the provision of coordination, information and advice	Meets expectations	Meets expectations	Meets expectations

## Explanations - New/adjusted performance measures

Explanation 1 - The 2021/22 measure 'The Border Executive Board has applied the risk and assurance framework for the end-to-end border process with respect to COVID-19' was removed for 2022/23 because the focus of the Border Executive Board has moved from its initial focus on COVID-19 response to the broader management of border risk and system improvement. This broader focus is reflected in the Border Executive Board work programme measure.

Explanation 2 - This is a new performance measure for 2022/23 and was selected to reflect Cabinet's directive to create a border sector strategy. As a result there is no Estimated Actual result for 2021/22 for this measure.

## End of Year Performance Reporting

Performance information for this appropriation will be reported by the New Zealand Customs Service in its Annual Report.

## Reasons for Change in Appropriation

The increase in this appropriation for 2022/23 is due to contributions made by border sector agencies to ensure that the Border Executive Board receives the level of policy and investment advice required to achieve its objectives.

## COVID-19 - Maritime Response (M21) (A3)

### Scope of Appropriation and Expenses

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
<b>COVID-19 - Maritime Response (M21) (A3)</b> This appropriation is limited to the provision of services relating to mitigating the risk of transmission of COVID-19 across the maritime border.  Commences: 01 September 2020  Expires: 30 June 2023	Original Appropriation	44,020
	Adjustments to 2020/21	-
	Adjustments for 2021/22	41,550
	Adjusted Appropriation	85,570
	Actual to 2020/21 Year End	22,550
	Estimated Actual for 2021/22	31,470
	Estimate for 2022/23	31,550
	Estimated Appropriation Remaining	-

## Revenue

	Budget \$000
Revenue from the Crown to end of 2022/23	85,570
Revenue from Others to end of 2022/23	-
Total Revenue	85,570

## What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve border processes to mitigate the risk of transmission of COVID-19 into New Zealand across the maritime border.

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

	2021/22		2022/23
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Percentage of international maritime ports where Customs maintains a presence to deter non-compliance with the Maritime Border Order	100%	100%	100%
Maximum number of instances of non-compliance (including PPE usage and social distancing) identified by Customs staff present at international maritime ports (see Note 1) (see Explanation 1)	1,200	1,000	1,000
Percentage of non-compliant instances (see Note 1) observed at the maritime border where Customs takes action to enforce compliance	100%	100%	100%

#### **Notes**

Note 1 - The majority of non-compliance is breaches of personal protective equipment (PPE) usage and social distancing requirements, however isolation and security breaches and other activity in violation of the Maritime Border Order is also captured by this measure.

#### **Explanations - New/adjusted performance measures**

Explanation 1 - The 2022/23 budget standard has been decreased, from 1,200 (for 2021/22) to 1,000, to reflect the expectation that the number of non-compliant instances identified should continue to gradually decrease as crews and port staff are educated and become more familiar with Maritime Border Order requirements.

### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the New Zealand Customs Service in its Annual Report.

### *Reasons for Change in Appropriation*

The increase in this appropriation for 2022/23 is due to:

- an increase of \$31.500 million to provide funding for the continuation of the of the Maritime Border Order from 1 July 2022 to 30 June 2023
- an increase of \$10 million to provide funding for the continuation of the Maritime Border Order from 31 December 2021 to 30 June 2022, and
- an increase of \$50,000 through a fiscally neutral transfer of capital charge funding from another departmental appropriation.

## Goods Clearance and Enforcement (M21) (A3)

### *Scope of Appropriation*

This appropriation is limited to the provision of services relating to goods crossing borders, including trade compliance, and the protection of New Zealand through interventions, investigations and enforcement.

### *Expenses and Revenue*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	108,897	108,897	111,145
Revenue from the Crown	46,889	46,889	49,804
Revenue from Others	66,674	66,674	67,553

### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve secure and efficient border processes for trade to and from New Zealand, to improve the wellbeing of New Zealanders.

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

	2021/22		2022/23
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
<b>Service provision and trade promotion</b>			
Minimum percentage of trade transactions (other than those referred for compliance checks) processed (including assessment against business rules and intelligence alerts) within 30 minutes	98%	99.5%	98%
Minimum number of new companies that have formally entered Customs' Authorised Economic Operator (Secure Exports Scheme) programme	12	12	12
<b>Clearance, compliance and risk management</b>			
Minimum percentage of import transactions not requiring intervention after risk assessment (see Note 1)	98%	99.3%	98%
Minimum percentage of export transactions not requiring intervention after risk assessment (see Note 1)	99%	99.8%	99%
Number of import mail items subject to risk-based physical examination	8,000-12,000	8,500	8,000-12,000
Minimum result rate of physically examined mail items	30%	40.0%	30%
Minimum number of import trade entries that are subject to risk-based physical examination	20,000-30,000	21,000	20,000-30,000
Minimum number of import transactions selected for random interventions (under Customs' Assurance programme) (see Note 2) (see Explanation 1)	6,270	6,500	6,750

	2021/22		2022/23
Assessment of Performance	Final Budgeted Standard	Estimated Actual	Budget Standard
<b>Investigations and enforcement</b>			
Minimum percentage of investigations (see Note 3), related to import or export of prohibited or restricted goods, where prosecution is initiated (see Note 4)	75%	75.0%	75%

## Notes

Note 1 - 'Intervention' means action by Customs to carry out further risk assessment. This may include, but is not limited to, document inspection, screening or search.

Note 2 - Customs' Assurance programme conducts randomised compliance checks of imported goods crossing the border. The standard of 6,750 interventions is the minimum sample required for the assurance model to provide a valid representation of the population. These interventions include random sampling of fast freight, mail, and air and sea cargo (import entries and electronic cargo information (ECI) consignments).

Note 3 - 'Investigations' refers to investigations completed by the Customs Investigations Unit (CIU). This measure excludes actions taken by other units within Customs (for example the Frontline Investigations Team) or in relation to Intellectual Property Rights.

Note 4 - 'Prosecution initiated' refers to a closed high priority investigation where an offence has been committed, and an offender has been identified and placed before the Courts by Customs or any other agency.

## Explanations - New/adjusted performance measures

Explanation 1 - The 2022/23 budget standard has been increased, from 6,270 (in 2021/22) to 6,750, to reflect the expansion of Customs' Assurance programme's sea cargo sampling from 2022/23.

## End of Year Performance Reporting

Performance information for this appropriation will be reported by the New Zealand Customs Service in its Annual Report.

## Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2021/22 Final Budgeted \$000	2022/23 Budget \$000	2023/24 Estimated \$000	2024/25 Estimated \$000	2025/26 Estimated \$000
Reprioritisation of Funding - Finding Savings through the Cost Recovery Review	2019/20	(766)	(766)	(766)	(766)	(766)
Drug Smuggling Networks: Strategic Disruption	2018/19	7,302	7,302	7,302	7,302	7,302

## Reasons for Change in Appropriation

The increase in this appropriation for 2022/23 is mainly due to:

- a decrease of \$1 million in 2021/22 due to the transfer of funding to 2022/23 to ensure that sufficient funding is available for the work of the Border Executive Board
- an increase of \$653,000 through a fiscally neutral transfer between departmental appropriations to reflect the application of a more accurate methodology for the allocation of costs between appropriations.

## Memorandum Account

	2021/22		2022/23
	Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Goods Clearance and Enforcement Memorandum Account</b>			
Opening Balance at 1 July	-	-	4,666
Revenue	58,052	58,052	58,931
Expenses	(53,386)	(53,386)	(52,719)
Transfers and Adjustments	-	-	-
<b>Closing Balance at 30 June</b>	<b>4,666</b>	<b>4,666</b>	<b>10,878</b>

Memorandum accounts record the accumulated balance of surpluses and deficits incurred for outputs provided to third party users of those services on a full cost recovery basis. The Goods Clearance Fee memorandum account records both the revenues from, and costs of, clearing certain goods across the border.

The Memorandum account allows for the fact that revenue and expenses will not equate in any given financial year, with balances expected to trend to zero over a reasonable period of time (three to five years). Goods Clearance Fees payable to Customs by the importers and exporters of goods are set at a level that is designed to bring any accumulated surplus or deficit to zero over the three-year levy period.

## Revenue Collection and Other Services (M21) (A3)

### Scope of Appropriation

This appropriation is limited to the collection of Crown Revenue, the provision of Customs-related services to other government agencies and organisations, and the provision of advice and services to support Ministers to discharge their portfolio responsibilities relating to Customs.

### Expenses and Revenue

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	39,860	39,860	40,880
Revenue from the Crown	38,604	38,604	39,579
Revenue from Others	1,256	1,256	1,301



### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve a well-functioning Customs Service that collects Crown Revenue to improve the wellbeing of New Zealanders.

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

	2021/22		2022/23
Assessment of Performance	Final Budgeted Standard	Estimated Actual	Budget Standard
<b>Revenue collection</b>			
Minimum percentage of revenue that is collected by the due date	98%	98.1%	98%
Debt write-offs as a maximum percentage of total Crown revenue collected	0.06%	0.03%	0.06%
<b>Clearance, compliance and risk management</b>			
Minimum number of risk-based trade compliance audit activities undertaken	200-300	200	200-300
Minimum percentage of a random sample of import entries that are found to be accurate through the transactional verification process	90%	90.0%	90%
Minimum percentage of investigations (see Note 1), related to fraud, financial crime or tax evasion, where prosecution is initiated (see Note 2)	75%	75.0%	75%
<b>Policy advice</b>			
Assessment of the quality of a sample of the agency's policy papers:			
a) Minimum average score of papers	3.5 out of 5	3.5	3.5 out of 5
b) Minimum score of papers	100% above 3, 25% above 4	100% above 3, 25% above 4	100% above 3, 25% above 4
Satisfaction of the portfolio Minister with the policy advice service	3.75 out of 5	4	3.75 out of 5
<b>Ministerial servicing</b>			
Satisfaction of the portfolio Minister with ministerial servicing	Meets expectations	Meets expectations	Meets expectations
Minimum percentage of draft replies to ministerial correspondence that are provided within 20 working days or as agreed with the Minister (see Note 3)	95%	96.0%	95%
Percentage of draft responses to parliamentary questions that are provided to the Minister's office so that answers can meet the timeframe set in Parliamentary Standing Orders	100%	100%	100%
<b>Other services</b>			
Percentage of external alerts processed in accordance with alert instructions	100%	100%	100%
Minimum percentage of requests accepted by the National Maritime Coordination Centre which are assigned within 31 days	80%	90.0%	80%

## Notes

Note 1 - 'Investigations' refers to investigations completed by the Customs Investigations Unit. This measure excludes actions taken by other units within Customs (for example the Frontline Investigations Team) or in relation to Intellectual Property Rights.

Note 2 - 'Prosecution initiated' refers to a closed high priority investigation where an offence has been committed, and an offender has been identified and placed before the Courts by Customs or any other agency.

Note 3 - For the purposes of this measure, 'working day' means a working day as defined in the Official Information Act 1982.

## *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the New Zealand Customs Service in its Annual Report.

## *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2021/22 Final Budgeted \$000	2022/23 Budget \$000	2023/24 Estimated \$000	2024/25 Estimated \$000	2025/26 Estimated \$000
Addressing Tobacco Smuggling	2022/23	-	1,983	3,011	2,132	3,272
Combating the Sexual Exploitation of Children Across our Cyber Border	2019/20	2,160	2,179	2,179	2,179	2,179
Drug Smuggling Networks: Strategic Disruption	2018/19	2,786	2,786	2,786	2,786	2,786

## *Reasons for Change in Appropriation*

The increase in this appropriation for 2022/23 is mainly due to an additional \$1.983 million received in Budget 2022 to address tobacco smuggling.

The increase is partially offset by:

- a decrease of \$272,000 through a fiscally neutral transfer between departmental appropriations to reflect the application of a more accurate methodology for the allocation of costs between appropriations
- a decrease of \$115,000 through a fiscally neutral transfer to ensure that sufficient funding is available for the work of the Border Executive Board
- a decrease of \$50,000 through a fiscally neutral transfer of capital charge funding to another departmental appropriation.

## Traveller Declaration System Development (M103) (A3)

### *Scope of Appropriation and Expenses*

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
<b>Traveller Declaration System Development (M103) (A3)</b> This appropriation is limited to the development of policies, procedures and systems to assess travellers for risk, including health risk, when crossing the New Zealand border.  Commences: 01 September 2021  Expires: 30 June 2025	Original Appropriation	42,300
	Adjustments to 2020/21	-
	Adjustments for 2021/22	-
	Adjusted Appropriation	42,300
	Actual to 2020/21 Year End	-
	Estimated Actual for 2021/22	16,800
	Estimate for 2022/23	25,500
	Estimated Appropriation Remaining	-

### *Revenue*

	Budget \$000
Revenue from the Crown to end of 2022/23	42,300
Revenue from Others to end of 2022/23	-
Total Revenue	42,300

### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve the delivery of the New Zealand Traveller Declaration system. This will be achieved through the implementation of a digital system to allow all passengers to make digital declarations, enable individual risk assessment prior to travel, and ensure border risk is managed appropriately to protect all New Zealanders.

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

	2021/22		2022/23
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Implement an extended technology solution to allow for at-scale (see Note 1) processing of health documentation for arriving air and sea travellers (New Zealand Traveller Declaration system tranche 2 (see Explanations 1 and 2))	New measure	-	Achieved
Deployment of a single solution for processing all arrival declarations (see Note 2) by travellers (New Zealand Traveller Declaration system tranche 3 (see Explanation 3))	New measure	-	Achieved

### Notes

Note 1 - The scaling up of digital processing of travellers to support the reopening of the New Zealand border and reconnection with the world.

Note 2 - This includes both health-related and traditionally required pre-arrival declarations and documents.

## Explanations - New/adjusted performance measures

Explanation 1 - The following measures were key deliverables for 2021/22 and have therefore been removed for 2022/23 because they are expected to be completed in 2021/22:

- conduct a minimum of two pilots, with samples of arriving air travellers, to test the New Zealand Traveller Declaration system (tranche 1) usability and operation
- implement an initial technology solution to enable digital processing of arriving air travellers' health documentation - New Zealand Traveller Declaration tranche 1 only.

Refer to Explanations 2 and 3 for information on the new 2022/23 measures related to tranches 2 and 3 of the New Zealand Traveller Declaration system.

Explanation 2 - This is a new performance measure for 2022/23 and relates to the next step of the New Zealand Traveller Declaration system, which focuses on the system's expansion to process the health documentation of larger volumes of arriving air and sea travellers. As a result, there is no Estimated Actual result for 2021/22 for this measure.

Explanation 3 - This is a new performance measure for 2022/23 and was selected as it reflects the end output of the New Zealand Traveller Declaration system - the deployment of a single solution for processing of all travellers' arrival declarations. As a result, there is no Estimated Actual result for 2021/22 for this measure.

## *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the New Zealand Customs Service in its Annual Report.

## *Reasons for Change in Appropriation*

The increase in this appropriation for 2022/23 is due to additional funding received for the development of the New Zealand Traveller Declaration system.

## Travellers Clearance and Enforcement (M21) (A3)

### *Scope of Appropriation*

This appropriation is limited to the provision of services relating to travellers crossing borders and the protection of New Zealand through interventions, investigations and enforcement.

### *Expenses and Revenue*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	89,301	89,301	88,320
Revenue from the Crown	8,602	8,602	6,319
Revenue from Others	4,928	4,928	21,479

### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve secure and efficient border processes for travel to and from New Zealand, to improve the wellbeing of New Zealanders.

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

Assessment of Performance	2021/22		2022/23
	Final Budgeted Standard	Estimated Actual	Budget Standard
<b>Sea</b>			
Percentage of arriving commercial marine craft assessed as high risk or requiring administrative process that are subject to planned interaction while in a New Zealand port (see Note 1)	100%	100%	100%
Minimum percentage of all arriving commercial marine craft that are not assessed as high risk that will be subject to Customs secondary interaction (see Note 2) (see Explanation 1)	Returning measure	-	5%
Minimum percentage of arriving small craft subject to Customs secondary interaction (see Note 2)	30%	40%	30%
<b>Air</b>			
Minimum percentage of arriving international air passengers and crew not requiring intervention after risk assessment (see Note 3)	98%	99.3%	98%
Percentage of arriving international air passengers and crew who are selected for further risk assessment at Customs' secondary areas	0.4%-0.7%	0.7%	0.4%-0.7%
Result rate of secondary searches of arriving international air passengers and crew (see Note 4)	6.0%-10.0%	6.0%	6.0%-10.0%
Minimum number of arriving air passengers selected for random interventions (under Customs' Assurance programme) (see Note 5) (see Explanation 2)	Returning measure	-	2,000
<b>Investigations and enforcement</b>			
Minimum percentage of investigations (see Note 6), related to travellers and their possessions, where prosecution is initiated (see Note 7)	75%	75.0%	75%
Minimum percentage of arriving international air travellers who are compliant with pre-departure testing requirements	95%	97.0%	95%

### **Notes**

Note 1 - Planned interaction will be required for all craft showing a high (Priority 1) risk, craft visiting New Zealand for the first time, craft where information is incomplete, and craft where a visit is needed to complete an administrative process (such as immigration or bonding ships stores).

Note 2 - 'Secondary interaction' means any interaction undertaken over and above the initial boarding and clearance function and may range from talking to the crew to a full rummage. The outputs maintain high levels of compliance, and act as a check on risk assessments.

Note 3 - 'Intervention' means action by the New Zealand Customs Service to carry out further risk assessment. This may include, but is not limited to, further questioning, interview, or baggage search. This excludes passengers who interact with Customs because they voluntarily seek out Customs' help or declare items.

Note 4 - An estimated 50%-60% of travellers selected for further risk assessment are subject to a secondary search. A positive result is any outcome of a secondary search that supports the person/item being risk-profiled. This includes, but is not limited to, finding dutiable, prohibited, or undeclared items; or referral to another border control agency. The result rate does not include any interceptions, seizures, or arrests that occur at a later date or at a location outside of the international airport of entry that may have been the result of information/intelligence gathered from a secondary search.

Note 5 - Customs' Assurance programme conducts randomised compliance checks of arriving international air passengers crossing the border. The standard of 2,000 interventions is the minimum sample required for the assurance model to provide a valid representation of the population.

Note 6 - 'Investigations' refers to investigations completed by the Customs Investigations Unit (CIU). This measure excludes actions taken by other units within Customs (for example the Frontline Investigations Team) or in relation to Intellectual Property Rights.

Note 7 - 'Prosecution initiated' refers to a closed high priority investigation where an offence has been committed, and an offender has been identified and placed before the Courts by Customs or any other agency.

Note 8 - Customs officers check pre-departure test (PDT) documentation to ensure compliance with the legislated requirements. This includes, but is not limited to, manual verification that traveller details included on PDT documentation are accurate, the correct documentation has been provided, and (to the best of the officer's ability) the documentation is genuine. The Ministry of Health is responsible for setting the pre-departure testing health rules and legislative requirements.

### **Explanations - New/adjusted performance measures**

Explanation 1 - This is a returning performance measure that was removed for 2021/22 as part of the 2021/22 Supplementary Estimates of Appropriations. It was removed because the temporary ban on cruise ships had resulted in a significant reduction in Customs secondary interaction with low risk vessels, the majority of which are cruise ships. This measure has been reinstated for 2022/23 on the assumption that cruise ships return in 2022/23.

Explanation 2 - This is a returning performance measure which was removed for 2021/22 as part of the 2021/22 Supplementary Estimates of Appropriations. It was removed because the random sampling of passengers, as part of Customs' Assurance programme, was suspended in 2021/22 due to COVID-19 border restrictions and manual processing of all arriving international passengers. This measure has been reinstated for 2022/23 on the assumption that international passenger volumes will increase significantly in 2022/23, which will enable passenger sampling to recommence. Minor wording changes have also been made (from the removed 2021/22 measure) to provide further clarity on how this sampling is conducted.

Explanation 3 - The development of the New Zealand Traveller Declaration system (covered by the Traveller Declaration System Development appropriation) throughout 2021/22 meant the measure 'Percentage of pre-departure test documentation assessed for arriving international air travellers who are subject to pre-departure testing' was only intended to be used while the system was developed, and has therefore been removed for 2022/23. From late 2021/22 arriving travellers are required to submit their health documentation through the newly developed Traveller Declaration System before departing for New Zealand. This new system changes how Customs processes and assesses pre-departure test documentation, and enables more automated digital verification processes.

### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the New Zealand Customs Service in its Annual Report.

### Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2021/22 Final Budgeted \$000	2022/23 Budget \$000	2023/24 Estimated \$000	2024/25 Estimated \$000	2025/26 Estimated \$000
Drug Smuggling Networks: Strategic Disruption	2018/19	7,224	7,224	7,224	7,224	7,224

### Reasons for Change in Appropriation

The decrease in this appropriation for 2022/23 is mainly due to:

- an increase of \$3 million in 2021/22 through funding received to support airlines transition to the increased Border Processing Levy rate that was introduced on 1 December 2021
- a decrease of \$381,000 through a fiscally neutral transfer between departmental appropriations to reflect the application of a more accurate methodology for the allocation of costs between appropriations.

The decrease is partially offset by an increase of \$700,000 to support the checking of pre-departure COVID-19 tests at airports.

### Memorandum Account

	2021/22		2022/23
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Border Processing Levy Memorandum Account			
Opening Balance at 1 July	-	-	(75,771)
Revenue	4,928	4,928	21,479
Expenses	(80,699)	(80,699)	(82,001)
Transfers and Adjustments	-	-	-
<b>Closing Balance at 30 June</b>	<b>(75,771)</b>	<b>(75,771)</b>	<b>(136,293)</b>

Memorandum accounts record the accumulated balance of surpluses and deficits incurred for outputs provided to third party users of those services on a full cost recovery basis. The Border Clearance Levy memorandum account records both the revenue from, and costs of providing, border clearance services relating to travellers arriving in and departing from New Zealand.

The Memorandum account allows for the fact that revenue and expenses will not equate in any given financial year, with balances expected to trend to zero over a reasonable period of time (three to five years).

COVID-19 related border restrictions were introduced in March 2020. This significantly reduced the number of travellers crossing the border and the amount of revenue earned through the Border Clearance Levy. Despite the reduction in traveller volumes, Customs has been required to maintain a full presence at the border to safely manage the entry of travellers in accordance with evolving border entry requirements. This has resulted in the accumulation of a large memorandum account deficit.

The Government agreed to apply Crown funding to offset the memorandum account deficit that accumulated between March 2020 and 30 June 2021. From 1 December 2021 increased Border Clearance Levy rates were introduced that are designed to bring the balance of the memorandum account to zero over the three-year period from December 2021 to November 2024.

## 2.3 - Departmental Capital Expenditure and Capital Injections

### New Zealand Customs Service - Capital Expenditure PLA (M21) (A3)

#### *Scope of Appropriation*

This appropriation is limited to the purchase or development of assets by and for the use of the New Zealand Customs Service, as authorised by section 24(1) of the Public Finance Act 1989.

#### *Capital Expenditure*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	9,004	9,004	9,004
Intangibles	12,050	12,050	12,050
Other	104	104	-
<b>Total Appropriation</b>	<b>21,158</b>	<b>21,158</b>	<b>21,054</b>

#### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve the renewal and replacement of assets in support of the delivery of the New Zealand Customs Service's services.

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

	2021/22		2022/23
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Expenditure is in accordance with the department's intention to renew and replace computer equipment and software, furniture and fittings, leasehold improvements, motor vehicles, and office equipment and plant	Achieved	Achieved	Achieved

#### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the New Zealand Customs Service in its Annual Report.

#### *Reasons for Change in Appropriation*

The decrease in this appropriation for 2022/23 is due to the purchase in 2021/22 of equipment for the detection and identification of controlled substances at the border.



*Capital Injections and Movements in Departmental Net Assets***New Zealand Customs Service**

Details of Net Asset Schedule	2021/22 Estimated Actual \$000	2022/23 Projected \$000	Explanation of Projected Movements in 2022/23
Opening Balance	160,848	185,386	
Capital Injections	106,404	59,049	The majority of the capital injections received relate to funding received by Customs to address cash flow issues in response to COVID-19 related reductions in third party revenue (\$58.500 million) and funding received to address tobacco smuggling (\$399,000).
Capital Withdrawals	(3,100)	-	
Surplus to be Retained (Deficit Incurred)	(71,105)	(54,310)	The reduced level of the deficit incurred reflects improved amounts of Border Processing Levy revenue earned following the lifting of COVID-19 related border restrictions.
Other Movements	(7,661)	-	The other movements balance for 2021/22 is the one-off derecognition (or write-off) of previously capitalised intangible assets due to an accounting policy change regarding Software as a Service.
<b>Closing Balance</b>	<b>185,386</b>	<b>190,125</b>	

## Part 3 - Details of Non-Departmental Appropriations

### 3.4 - Non-Departmental Other Expenses

#### Change in Doubtful Debt Provision (M21) (A3)

##### *Scope of Appropriation*

Provisioning of Doubtful Debts on Customs Crown Revenue.

##### *Expenses*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	16,000	16,000	16,000

##### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve the provisioning for doubtful debts on revenue collected by the New Zealand Customs Service on behalf of the Crown.

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

	2021/22		2022/23
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Debt write-offs as a maximum percentage of total Crown revenue collected	0.06%	0.03%	0.06%

##### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the Minister of Customs (the Appropriation Minister) in a report appended to the New Zealand Customs Service's Annual Report.

#### World Customs Organization (M21) (A3)

##### *Scope of Appropriation*

New Zealand's contribution to the operating budget of the WCO.

##### *Expenses*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	80	80	80

*What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve New Zealand meeting its commitment as a member of the World Customs Organization (WCO) to contribute to the running costs of the WCO.

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

	2021/22		2022/23
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
New Zealand's contribution to the operating budget of the WCO paid by the due date	Achieved	Achieved	Achieved

*End of Year Performance Reporting*

Performance Information for this appropriation will be reported by the Minister of Customs (the Appropriation Minister) in a report appended to the New Zealand Customs Service's Annual Report.



# *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

## *Overview of the Vote*

The Minister of Defence is responsible for appropriations in the Vote for the 2022/23 financial year covering the following:

- a total of \$25.540 million for the Ministry of Defence's outputs, comprising:
  - policy advice and management of international defence relations and services to the Minister
  - managing procurement and refurbishment, on behalf of the Crown, of defence capabilities for the New Zealand Defence Force
  - audits and assessments of the New Zealand Defence Force and Ministry of Defence
- a total of \$350,000 for the purchase or development of assets for use by the Ministry of Defence, and
- a total of \$1,152.069 million for the procurement of major military capabilities for the New Zealand Defence Force.

Details of these appropriations are set out in Parts 2-4.

# Details of Appropriations and Capital Injections

## Annual Appropriations and Forecast Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	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 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.	27,184	23,345	<b>25,540</b>
<b>Total Departmental Output Expenses</b>	27,184	23,345	25,540
<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.	350	150	350
<b>Total Departmental Capital Expenditure</b>	350	150	350
<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.	1,088,876	849,572	<b>1,152,069</b>
<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.	6,500	3,000	2,000
<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.	1,082,376	846,572	1,150,069
<b>Total Multi-Category Expenses and Capital Expenditure</b>	1,088,876	849,572	1,152,069
<b>Total Annual Appropriations and Forecast Permanent Appropriations</b>	1,116,410	873,067	1,177,959

## Capital Injection Authorisations

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Ministry of Defence - Capital Injection (M22) (A18)	-	-	-

# Supporting Information

## Part 1 - Vote as a Whole

### 1.1 - New Policy Initiatives

Policy Initiative	Appropriation	2021/22 Final Budgeted \$000	2022/23 Budget \$000	2023/24 Estimated \$000	2024/25 Estimated \$000	2025/26 Estimated \$000
Frigate Sustainment Communications	<b>Defence Capabilities MCA</b> Multi-Category Expenses and Capital Expenditure	11,793	8,707	-	-	-
Operational and Regulatory Aviation Compliance Sustainment: Phase Two	<b>Defence Capabilities MCA</b> Multi-Category Expenses and Capital Expenditure	2,142	14,827	2,439	180	-
Total Initiatives		13,935	23,534	2,439	180	-



## 1.2 - Trends in the Vote

### Summary of Financial Activity

	2017/18	2018/19	2019/20	2020/21	2021/22		2022/23			2023/24	2024/25	2025/26
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Final Budgeted \$000	Estimated Actual \$000	Departmental Transactions Budget \$000	Non- Departmental Transactions Budget \$000	Total Budget \$000	Estimated \$000	Estimated \$000	Estimated \$000
<b>Appropriations</b>												
Output Expenses	20,588	20,773	23,264	21,381	27,184	23,345	25,540	-	25,540	25,550	25,600	24,550
Benefits or Related Expenses	-	-	-	-	-	-	N/A	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure	123	13	233	73	350	150	350	-	350	350	350	350
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>	-	-	-	-	6,500	3,000	-	2,000	2,000	2,000	2,000	-
<i>Capital Expenditure</i>	232,898	333,586	275,671	515,278	1,082,376	846,572	N/A	1,150,069	1,150,069	1,015,049	622,838	97,778
<b>Total Appropriations</b>	253,609	354,372	299,168	536,732	1,116,410	873,067	25,890	1,152,069	1,177,959	1,042,949	650,788	122,678
<b>Crown Revenue and Capital Receipts</b>												
Tax Revenue	-	-	-	-	-	-	N/A	-	-	-	-	-
Non-Tax Revenue	1,782	3,055	2,315	16	-	-	N/A	-	-	-	-	-
Capital Receipts	232,898	413,834	195,423	515,278	1,082,376	846,572	N/A	1,150,069	1,150,069	1,015,049	622,838	97,778
<b>Total Crown Revenue and Capital Receipts</b>	234,680	416,889	197,738	515,294	1,082,376	846,572	N/A	1,150,069	1,150,069	1,015,049	622,838	97,778

Note - where restructuring of the vote has occurred then, to the extent practicable, prior years information has been restated as if the restructuring had occurred before the beginning of the period covered. In this instance Total Appropriations for the Budgeted and Estimated Actual year may not equal Total Annual Appropriations and Forecast Permanent Appropriations and Multi-Year Appropriations in the Details of Appropriations and Capital Injections.

## Adjustments to the Summary of Financial Activity Table Due to Vote Restructuring

There have been no restructuring adjustments to prior year information in the Summary of Financial Activity table.

### 1.3 - Analysis of Significant Trends

The departmental appropriations in Vote Defence, which are detailed in the Summary of Financial Activity table in Part 1.2 above, show the significant changes discussed below.

#### *Departmental Output Expense Appropriations*

Increasing departmental output expense appropriations over the period shown in Part 1.2 above, are due to the following factors:

- Increases from 2019/20 onwards are the result of the additional funding for the Operating Cost Pressures initiative, which provided the funding required to meet the additional costs associated with the Ministry's new permanent location in Defence House.
- Increases from 2020/21 onwards are the result of the:
  - Price Related Cost Pressures initiative, which addressed market driven inflation cost pressures
  - Portfolio Management initiative, for the enhancement of existing systems and processes to improve the portfolio efficiency and risk management for major capability projects
  - Policy Demand initiative, to meet additional policy demand in a changing strategic climate and support increased international defence engagement.

Actual expenditure in 2020/21 and 2021/22 is reduced from trend primarily due to COVID-19 related travel restrictions reducing the amount of travel able to be undertaken to support international defence relations and development of defence capability initiatives.

Variations in past annual expenditure from the above trend were primarily due to the fluctuating costs of pre-acquisition activities undertaken by the Ministry.

#### *Departmental Capital Expenditure*

The majority of the capital expenditure over the years relates to the maintenance of the Ministry of Defence's asset base, primarily IT software and equipment required by the Ministry to deliver its stated outcomes and outputs.

#### *Non-Departmental Multi-Category Expenses and Capital Appropriation*

The movements in capital expenditure incurred under the non-departmental multi-category expense and capital appropriation relate to the volume of capital projects underway in each financial year; changes to the forecast timing in achieving the project milestones; and associated changes in the timing of supplier payments for those milestones. Increased levels over 2022/23 and 2023/24 are primarily due to the Air Surveillance Maritime Patrol and Tactical Future Air Mobility projects progressing through the main production phase of the projects and then declining as projects complete.

#### *Capital Receipts*

The Ministry of Defence purchases and develops items of major military capability for the New Zealand Defence Force. The Ministry's capital receipts fluctuates in line with non-departmental capital expenditure, incurred under the non-departmental multi-category expense and capital appropriation, due to the purchase of developed capabilities by the New Zealand Defence Force.

## 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 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*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	27,184	23,345	25,540
Revenue from the Crown	24,676	24,676	25,540
Revenue from Others	2,508	2,508	-

##### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve:

- the provision of civilian defence advice to the government
- the development and management of international defence relations
- the procurement or repair of major military capabilities for the New Zealand Defence Force in a transparent and fair way, and in accordance with government procurement policies, and
- audits and assessments of the New Zealand Defence Force and the Ministry of Defence undertaken as and when required by the Minister of Defence, or in accordance with a workplan approved by the Minister.

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

	2021/22		2022/23
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Quality of Ministerial Support Papers: as assessed by the percentage of first draft all correspondence accepted by the Minister.	>=90%	Measured at end of period	>=90%
Timeliness of Ministerial Support: assessed by the percentage of papers that were submitted by the timeframe set in legislation, or otherwise agreed with the Minister.	>=95%	Measured at end of period	>=95%
Technical Quality of Policy Advice: as assessed by independent review of a sample of policy papers (see Note 1).	>=3.5 / 5	Measured at end of period	>=3.5 / 5

	2021/22		2022/23
Assessment of Performance	Final Budgeted Standard	Estimated Actual	Budget Standard
Minister's Satisfaction with Quality of Policy Advice: as assessed by survey (see Note 2).	>=3.5 / 5	Measured at end of period	>=3.5 / 5
Minister's Satisfaction with Quality of Policy Support: as assessed by survey.	>=70%	Measured at end of period	>=70%
Minister's Satisfaction with Quality of Audits and Assessments: as assessed by survey.	>=70%	Measured at end of period	>=70%
Quality of Capability Advice: options presented to the Minister for each refurbishment or procurement project up to the preferred tenderer stage will meet the high-level user requirements and will be affordable within the Defence Capital Plan.	100%	100%	100%
Schedule of Capability Advice: each refurbishment or procurement project up to the identification of the preferred tenderer will be managed to the agreed schedule, except when there are circumstances beyond the control of the Ministry.	100%	100%	100%

Note 1 - using the all-of-government methodology for technical review of policy advice.

Note 2 - using the all-of-government Ministerial Policy Satisfaction Survey, which is available from the Department of the Prime Minister and Cabinet website.

### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the Ministry of Defence in its Annual Report.

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2021/22 Final Budgeted \$000	2022/23 Budget \$000	2023/24 Estimated \$000	2024/25 Estimated \$000	2025/26 Estimated \$000
Price Related Cost Pressures	2020/21	676	1,097	1,539	1,539	1,539
Operating Cost Pressures	2019/20	2,243	2,321	2,321	2,321	2,321

### *Reasons for Change in Appropriation*

The decrease in this appropriation for 2022/23 is due to the following items being included within 2021/22 but not carrying over to 2022/23:

- \$2.508 million for cost recoveries from other government agencies
- a \$1.186 million transfer from 2020/21 for deferred travel costs due to the COVID-19 pandemic.

These were offset by:

- a non-recurring transfer of \$1.050 million from 2021/22 to 2024/25 due to the timing of costs over the capability management life cycle
- \$500,000 transferred from 2020/21 due to the timing of costs over the capability management life cycle
- increased annual funding of \$500,000 from past initiatives.

*Conditions on Use of Appropriation*

Reference	Conditions
Authority	Audits or assessments will be undertaken as and when required by the Minister of Defence or in accordance with a work plan approved by the Minister.

## 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*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	250	100	250
Intangibles	100	50	100
Other	-	-	-
<b>Total Appropriation</b>	<b>350</b>	<b>150</b>	<b>350</b>

#### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve the purchase and development of assets by and for the use of the Ministry of Defence in its day-to-day operations.

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

	2021/22		2022/23
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Capital expenditure is within Capital Plan.	Within Capital Plan	Within Capital Plan	Within Capital Plan

#### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the Ministry of Defence in its Annual Report.

*Capital Injections and Movements in Departmental Net Assets***Ministry of Defence**

Details of Net Asset Schedule	2021/22 Estimated Actual \$000	2022/23 Projected \$000	Explanation of Projected Movements in 2022/23
Opening Balance	2,353	2,353	
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*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Total Appropriation</b>	<b>1,088,876</b>	<b>849,572</b>	<b>1,152,069</b>
<b>Non-Departmental Other Expenses</b>			
Procurement Expenses	6,500	3,000	2,000
<b>Non-Departmental Capital Expenditure</b>			
Defence Capability Delivery	1,082,376	846,572	1,150,069

##### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve the procurement of major military capabilities for the New Zealand Defence Force in a transparent and fair way, and in accordance with government procurement policies.



*How Performance will be Assessed for this Appropriation*

	2021/22		2022/23
Assessment of Performance	Final Budgeted Standard	Estimated Actual	Budget Standard
The performance of the MCA as a whole will be assessed by the aggregate percentage of planned benefits expected to have been realised by quarter, as set out in approved project benefits realisation plans.	>=80%	>=80%	>=80%

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

	2021/22		2022/23
Assessment of Performance	Final Budgeted Standard	Estimated Actual	Budget Standard
<b>Non-Departmental Other Expenses</b>			
<b>Procurement Expenses</b>			
This category is intended to achieve the procurement of major military capabilities for the New Zealand Defence Force.			
Cost: Each procurement or refurbishment project will be managed within its approved budget, inclusive of approved variations to the contract price and project budget (see Note 1).	100%	100%	100%
<b>Non-Departmental Capital Expenditure</b>			
<b>Defence Capability Delivery</b>			
This category is intended to achieve the procurement of major military capabilities for the New Zealand Defence Force.			
Cost: each procurement or refurbishment project will be managed within its approved budget, inclusive of approved variations to the contract price and project budget (see Note 1).	100%	100%	100%
Quality of Deliverable: Each procurement or refurbishment project will achieve on delivery the agreed/contracted specifications that are critical to acceptance (see Note 2).	100%	10%	100%
Schedule: Each procurement or refurbishment project will be managed to schedule, without avoidable schedule over-run (see Note 3).	>=80%	>=80%	>=80%
Cost forecasting: The aggregate capital expenditure on procurement and refurbishment projects compared to the forecast capital expenditure (see Note 4).	Within +/- 10% of forecast	Within +/- 10% of forecast	Within +/- 10% of forecast

Note 1 - Measured by the percentage of all projects that have project-related expenditure incurred in the year within the approved project expenditure budget.

Note 2 - Measured by the percentage of all projects in the delivery phase that meet all specifications that are critical to acceptance.

Note 3 - Measured by the percentage of all projects in the delivery phase progressed within agreed schedule.

Note 4 - Measured by comparing actual expenditure in the year with the most recent Crown forecast. It is calculated at hedged exchange rates to remove the impact of movements in exchange rates.

### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the Minister of Defence and included in the Ministry of Defence's Annual Report.

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2021/22 Final Budgeted \$000	2022/23 Budget \$000	2023/24 Estimated \$000	2024/25 Estimated \$000	2025/26 Estimated \$000
Frigate Sustainment Communications	2021/22	11,793	8,707	-	-	-
Operational and Regulatory Aviation Compliance Sustainment: Phase Two	2021/22	2,142	14,827	2,439	180	-
Tactical Future Air Mobility Capability	2020/21	76,584	124,200	665,560	463,366	97,661
Operational and Regulatory Aviation Compliance Sustainment: NH90 Upgrade	2020/21	5,503	5,162	3,230	-	-
Protected Mobility Capability - Medium	2020/21	64,994	11,269	-	-	-
HMNZS Canterbury, Offshore Patrol Vessels Communications Upgrade	2020/21	17,177	4,457	4,515	-	-
Network Enabled Army Programme: Tranche Two	2019/20	46,663	-	-	-	-
Garrison and Training Support Capability: Phase One	2019/20	10,554	4,407	-	-	-
Fixed High Frequency Radio Refresh	2019/20	7,644	4,426	-	-	-
Air Surveillance Maritime Patrol (formerly Future Air Surveillance Capability)	2018/19	643,232	111,094	35,370	10,180	117
Operational and Regulatory Aviation Compliance Sustainment: Phase One	2018/19	9,169	1,854	-	-	-
Protected Mobility Capability	2018/19	5,300	5,360	-	-	-

### *Reasons for Change in Appropriation*

The increase in this appropriation for 2022/23 is primarily due to the Air Surveillance Maritime Patrol (formerly Future Air Surveillance Capability) and Tactical Future Air Mobility Capability projects progressing in the main production phase of the projects.

# *Vote Defence Force*

---

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

## Overview of the Vote

The appropriations within Vote Defence Force total \$4,898 million for the 2022/23 financial year with the Minister of Defence responsible for \$4,817 million and the Minister for Veterans' Affairs responsible for \$81 million.

The Minister of Defence is responsible for Defence Force appropriations in Vote Defence Force, totalling \$4,817 million for the 2022/23 financial year.

This includes \$3,253 million for Departmental Output Expenses covering the following:

- a total of \$2,676 million on Air (\$941 million), Army (\$1,068 million) and Navy (\$667 million) capabilities prepared for joint operations to provide the Government with a range of military forces to protect and advance the security and interests of New Zealand. These are held at appropriate levels of capability and preparedness to protect New Zealand's territorial sovereignty and to contribute to regional and global security efforts. Most of these forces will also contribute to a range of services to other government departments and the New Zealand community when not committed to operations overseas, and
- a total of \$577 million on Multi-Category Appropriations (MCA) for Advice to the Government, Operations Contributing to New Zealand's Security, Stability and Interests, and the Protection of New Zealand and New Zealanders.

Of the total output expenses, \$66 million is expected to be funded from third-party revenue (Revenue Department and Revenue Other) in 2022/23. The remainder is funded by Revenue Crown.

There is a capital expenditure appropriation of \$1,564 million for the purchase of assets.

The Minister of Defence is also responsible for a capital injection of \$915 million to the New Zealand Defence Force.

The Minister for Veterans is responsible for Veterans' Affairs appropriations in Vote Defence Force totalling \$81 million for the 2022/23 financial year.

This includes \$11 million for a Multi-Category Appropriation (MCA) for Policy Advice and Other Services for Veterans, and \$70 million of Non-Departmental Expenditure for the provision of entitlements and services that support veterans and their families.

Details of these appropriations are set out in Parts 2-4.

# Details of Appropriations and Capital Injections

## Annual Appropriations and Forecast Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Departmental Output Expenses</b>			
<b>Air Force Capabilities Prepared for Joint Operations and Other Tasks (M22) (A27)</b> 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.	920,441	920,441	<b>941,604</b>
<b>Army Capabilities Prepared for Joint Operations and Other Tasks (M22) (A27)</b> 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.	943,145	943,145	<b>1,067,537</b>
<b>Navy Capabilities Prepared for Joint Operations and Other Tasks (M22) (A27)</b> 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.	606,564	606,564	<b>666,580</b>
<b>Military Capabilities in Support of a Rules-Based International Order (M22) (A27)</b> This appropriation is limited to the provision of military capabilities overseas, as directed by the Government of New Zealand.	5,000	5,000	-
<b>Total Departmental Output Expenses</b>	2,475,150	2,475,150	2,675,721
<b>Departmental Other Expenses</b>			
<b>Loss on Sale of Physical Assets (M22) (A27)</b> This appropriation is limited to providing for the loss on sale of certain New Zealand Defence Force commercial properties.	7,260	7,260	-
<b>Total Departmental Other Expenses</b>	7,260	7,260	-
<b>Departmental Capital Expenditure</b>			
<b>New Zealand Defence Force - Capital Expenditure PLA (M22) (A27)</b> 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.	1,347,730	1,347,730	1,564,126
<b>Total Departmental Capital Expenditure</b>	1,347,730	1,347,730	1,564,126
<b>Non-Departmental Output Expenses</b>			
<b>Development and Maintenance of Services Cemeteries (M75) (A27)</b> This appropriation is limited to the development and maintenance of Services Cemeteries.	746	746	<b>746</b>
<b>Total Non-Departmental Output Expenses</b>	746	746	746
<b>Non-Departmental Other Expenses</b>			
<b>Fair Value Write Down on Veteran Trust Loans and Thirty-Year Endowment (M75) (A27)</b> 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>203</b>
<b>Grant Payments to Non-Government Organisations (M75) (A27)</b> This appropriation is limited to grant payments to Non-Government Organisations in their support of veterans and their families.	275	275	<b>275</b>

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Titles and Scopes of Appropriations by Appropriation Type</b>			
<b>Impairment of Debt for Benefits or Related Expenses (M75) (A27)</b> 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>250</b>
<b>Service Cost - Veterans' Entitlements (M75) (A27)</b> 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.	20,000	20,000	<b>20,000</b>
<b>Support for Vietnam Veterans (M75) (A27)</b> 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.	39,000	39,000	<b>3,100</b>
<b>Unwind of Discount Rate - Veterans' Entitlements (M75) (A27)</b> 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.	40,000	40,000	<b>45,000</b>
<b>Veteran Assistance to Attend Commemorations and Revisit Battlefields (M75) (A27)</b> This appropriation is limited to providing assistance to veterans to enable them to attend official commemorations or revisit battlefields.	200	200	<b>200</b>
<b>Total Non-Departmental Other Expenses</b>	99,928	99,928	69,028
<b>Multi-Category Expenses and Capital Expenditure</b>			
<b>Advice to the Government MCA (M22) (A27)</b> The single overarching purpose of this appropriation is to support Ministers in discharging their portfolio responsibilities.	13,708	13,708	<b>14,894</b>
<b>Departmental Output Expenses</b>			
<b>Policy Advice</b> 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.	3,900	3,900	3,938
<b>Situational Awareness</b> 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.	7,789	7,789	8,907
<b>Supporting Ministers</b> This category is limited to the provision of services to Ministers to enable them to discharge their portfolio (other than policy decision-making) responsibilities.	2,019	2,019	2,049
<b>Operations Contributing to New Zealand's Security, Stability and Interests MCA (M22) (A27)</b> 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.	34,772	34,772	<b>30,883</b>
<b>Departmental Output Expenses</b>			
<b>Military Operations in Support of a Rules-Based International Order</b> 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.	34,263	34,263	30,368

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Titles and Scopes of Appropriations by Appropriation Type</b>			
<b><i>Military Operations that Contribute to Regional Security</i></b> 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.	509	509	515
<b>Policy Advice And Other Services For Veterans MCA (M75) (A27)</b> 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.	11,947	11,947	<b>11,575</b>
<b><i>Departmental Output Expenses</i></b>			
<b><i>Administration Services</i></b> 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.	2,884	2,884	2,881
<b><i>Policy Advice</i></b> 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.	230	230	230
<b><i>Services and Payments to Veterans</i></b> 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.	8,833	8,833	8,464
<b>Protection of New Zealand and New Zealanders MCA (M22) (A27)</b> The single overarching purpose of this appropriation is to protect New Zealand's sovereignty and provide security and other services for New Zealanders.	639,327	639,327	<b>531,376</b>
<b><i>Departmental Output Expenses</i></b>			
<b><i>Assistance to the Civil Power and Provision of a Public Service in Emergency Situations</i></b> 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.	200,438	200,438	89,379
<b><i>Defence International Engagement</i></b> 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.	100,886	100,886	100,372
<b><i>Defence Support to the Community</i></b> 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.	61,804	61,804	61,131
<b><i>Military Assistance to Civil Authorities in Non-Emergency Situations</i></b> This category is limited to the costs of Defence Force resources, services and non-emergency assistance periodically provided to the Government and civil authorities.	40,085	40,085	40,214
<b><i>Resource and Border Protection Operations</i></b> 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.	236,114	236,114	240,280
<b>Total Multi-Category Expenses and Capital Expenditure</b>	699,754	699,754	588,728
<b>Total Annual Appropriations and Forecast Permanent Appropriations</b>	4,630,568	4,630,568	4,898,349

## Capital Injection Authorisations

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
New Zealand Defence Force - Capital Injection (M22) (A27)	229,535	229,535	914,870



# Supporting Information

## Part 1 - Vote as a Whole

### 1.1 - New Policy Initiatives

Policy Initiative	Appropriation	2021/22 Final Budgeted \$000	2022/23 Budget \$000	2023/24 Estimated \$000	2024/25 Estimated \$000	2025/26 Estimated \$000
Depreciation on Asset Revaluation	Air Force Capabilities Prepared for Joint Operations and Other Tasks Departmental Output Expense	2,196	2,196	2,196	2,196	2,196
	Army Capabilities Prepared for Joint Operations and Other Tasks Departmental Output Expense	17,291	17,291	17,291	17,291	17,291
	Navy Capabilities Prepared for Joint Operations and Other Tasks Departmental Output Expense	3,843	3,843	3,843	3,843	3,843
	Protection of New Zealand and New Zealanders MCA Resource and Border Protection Operations Departmental Output Expense	4,117	4,117	4,117	4,117	4,117
	Total	27,447	27,447	27,447	27,447	27,447
Defence Force Remuneration	Air Force Capabilities Prepared for Joint Operations and Other Tasks Departmental Output Expense	-	5,725	5,725	5,725	5,725
	Army Capabilities Prepared for Joint Operations and Other Tasks Departmental Output Expense	-	8,986	8,986	8,986	8,986
	Navy Capabilities Prepared for Joint Operations and Other Tasks Departmental Output Expense	-	3,907	3,907	3,907	3,907
	Advice to the Government MCA Departmental Output Expenses	-	188	188	188	188
	Operations Contributing to New Zealand's Security, Stability and Interests MCA Departmental Output Expenses	-	88	88	88	88
	Policy Advice and Other Services to Veterans MCA Departmental Output Expenses	-	138	138	138	138
	Protection of New Zealand and New Zealanders MCA Departmental Output Expenses	-	3,468	3,468	3,468	3,468
	Total	-	22,500	22,500	22,500	22,500

Policy Initiative	Appropriation	2021/22 Final Budgeted \$000	2022/23 Budget \$000	2023/24 Estimated \$000	2024/25 Estimated \$000	2025/26 Estimated \$000
Defence Force Construction Cost Pressures	Air Force Capabilities Prepared for Joint Operations and Other Tasks Departmental Output Expense	-	1,560	1,300	-	-
	Army Capabilities Prepared for Joint Operations and Other Tasks Departmental Output Expense	-	3,000	2,500	-	-
	Navy Capabilities Prepared for Joint Operations and Other Tasks Departmental Output Expense	-	960	800	-	-
	Protection of New Zealand and New Zealanders MCA Resource and Border Protection Operations Departmental Output Expense	-	480	400	-	-
	Total	-	6,000	5,000	-	-
Defence Force Supply Chain Cost Pressures	Air Force Capabilities Prepared for Joint Operations and Other Tasks Departmental Output Expense	-	756	756	756	756
	Army Capabilities Prepared for Joint Operations and Other Tasks Departmental Output Expense	-	378	378	378	378
	Navy Capabilities Prepared for Joint Operations and Other Tasks Departmental Output Expense	-	140	140	140	140
	Protection of New Zealand and New Zealanders MCA Resource and Border Protection Operations Departmental Output Expense	-	126	126	126	126
	Total	-	1,400	1,400	1,400	1,400
State Sector Decarbonisation - Tranche Five	Air Force Capabilities Prepared for Joint Operations and Other Tasks Departmental Output Expense	50	51	50	25	-
	Army Capabilities Prepared for Joint Operations and Other Tasks Departmental Output Expense	50	50	51	25	-
	Navy Capabilities Prepared for Joint Operations and Other Tasks Departmental Output Expense	51	50	50	24	-
	Capital Injection Capital Injection	456	-	-	-	-
	Total	607	151	151	74	-
Linton Maintenance Support Facility Build	Army Capabilities Prepared for Joint Operations and Other Tasks Departmental Output Expense	-	314	1,059	1,059	1,059
Frigate Communications Sustainment	Navy Capabilities Prepared for Joint Operations and Other Tasks Departmental Output Expense	-	-	-	66	486
	Capital Injection Capital Injection	11,793	8,707	-	-	-
	Total	11,793	8,707	-	66	486

Policy Initiative	Appropriation	2021/22 Final Budgeted \$000	2022/23 Budget \$000	2023/24 Estimated \$000	2024/25 Estimated \$000	2025/26 Estimated \$000
Defence Force Depreciation Funding Shortfall	Air Force Capabilities Prepared for Joint Operations and Other Tasks Departmental Output Expense	13,500	30,372	42,900	42,900	42,900
	Army Capabilities Prepared for Joint Operations and Other Tasks Departmental Output Expense	11,000	23,188	34,700	34,700	34,700
	Navy Capabilities Prepared for Joint Operations and Other Tasks Departmental Output Expense	12,025	27,942	38,675	38,675	38,675
	Protection of New Zealand and New Zealanders MCA Resource and Border Protection Operations Departmental Output Expense	4,875	9,698	14,625	14,625	14,625
	<b>Total</b>	<b>41,400</b>	<b>91,200</b>	<b>130,900</b>	<b>130,900</b>	<b>130,900</b>
Operational and Regulatory Aviation Compliance Sustainment Project	Air Force Capabilities Prepared for Joint Operations and Other Tasks Departmental Output Expense	-	57	1,887	2,938	1,759
Expansion of Prescribed Conditions for Vietnam Veterans	Support for Vietnam Veterans Non-Departmental Other Expense	37,900	2,000	2,000	2,000	2,000
<b>Total initiatives</b>		<b>119,147</b>	<b>159,776</b>	<b>192,344</b>	<b>188,384</b>	<b>187,551</b>

## 1.2 - Trends in the Vote

### Summary of Financial Activity

	2017/18	2018/19	2019/20	2020/21	2021/22		2022/23			2023/24	2024/25	2025/26
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Final Budgeted \$000	Estimated Actual \$000	Departmental Transactions Budget \$000	Non- Departmental Transactions Budget \$000	Total Budget \$000	Estimated \$000	Estimated \$000	Estimated \$000
<b>Appropriations</b>												
Output Expenses	2,065,838	2,173,246	2,289,018	2,287,179	2,475,896	2,475,896	2,675,721	746	2,676,467	2,799,820	2,846,720	2,848,666
Benefits or Related Expenses	114,489	113,906	86,709	-	-	-	N/A	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	1,116	2,214	3,199,354	105,052	107,188	107,188	-	69,028	69,028	74,028	74,028	74,028
Capital Expenditure	468,965	722,045	484,392	798,596	1,347,730	1,347,730	1,564,126	-	1,564,126	1,590,101	1,035,129	538,852
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	N/A	-	-	-	-
Multi-Category Expenses and Capital Expenditure (MCA)												
<i>Output Expenses</i>	514,661	554,518	552,640	625,456	699,754	699,754	588,728	-	588,728	613,534	627,596	630,222
<i>Other Expenses</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Capital Expenditure</i>	-	-	-	-	-	-	N/A	-	-	-	-	-
<b>Total Appropriations</b>	3,165,069	3,565,929	6,612,113	3,816,283	4,630,568	4,630,568	4,828,575	69,774	4,898,349	5,077,483	4,583,473	4,091,768
<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>	-	-	-	-	-	-	N/A	-	-	-	-	-

Note - where restructuring of the vote has occurred then, to the extent practicable, prior years information has been restated as if the restructuring had occurred before the beginning of the period covered. In this instance Total Appropriations for the Budgeted and Estimated Actual year may not equal Total Annual Appropriations and Forecast Permanent Appropriations and Multi-Year Appropriations in the Details of Appropriations and Capital Injections.

## Adjustments to the Summary of Financial Activity Table Due to Vote Restructuring

There have been no restructuring adjustments to prior year information in the Summary of Financial Activity table.

### 1.3 - Analysis of Significant Trends

#### *Departmental Output Expenses*

The increases in annual Departmental Output expenses between 2017/18 and 2025/26 are due to new funding as a result of the Defence White Paper 2016, the Strategic Defence Policy Statement 2018, the Defence Capability Plan Review 2019, and the 2020 Baseline Review recommendations. This includes the introduction into service of new capabilities to enhance and maintain the outputs delivered by the New Zealand Defence Force. The increase from 2021/22 is due to Budget 2022 initiatives that have restored the depreciation baseline and provided support for remuneration and non-discretionary cost pressures.

Other major changes are due to new funding and expense transfers between years to enable the successful completion of components of the Defence Estate Regeneration and Consolidated Logistics Programmes, new funding for the increase in capital charge as a result of the acquisition of the Boeing P-8A Poseidon Aircraft for future air surveillance, and technical budget adjustments for movements in capital charge as a result of a decrease in the capital charge rate from 6% to 5% partially offset by increases as a result of the revaluation of assets.

#### *Multi-Category Expenses and Capital Expenditure*

The underlying baseline has been constant since 2017/18 with movements in the MCAs a result of the provision of Humanitarian Assistance and Disaster Relief (HADR) operations, operational deployments to United Nations, and Multi-National operations that contribute to New Zealand's Security, Stability and Interests. The increase in 2020/21 and 2021/22 is a result of the New Zealand Defence Force's delivery of isolation facilities and border services in support of the Government's response to the COVID-19 pandemic.

#### *Other Expenses*

The other expense appropriations are higher in 2019/20 due to a one off expense of \$3,184 million to recognise the total future liability of Veterans' Entitlements as a result of a change in the accounting treatment, and the creation of two new expenses appropriations, Service Cost and the Unwind of Discount Rate. These new appropriations are the reason for the increase in expenses forecast for future years. The higher 2021/22 appropriation was due to ex-gratia payments that were made to New Zealand Vietnam veterans.

#### *Capital Expenditure*

The capital expenditure appropriation between 2017/18 and 2025/26 reflects the agreed level of investment in the New Zealand Defence Force as a result of the Defence White Paper 2016, the Strategic Defence Policy Statement 2018, and the Defence Capability Plan Review 2019 recommendations. This includes introduction into service of new capabilities to enhance and maintain the outputs delivered by the New Zealand Defence Force.

The increases in expenditure in 2018/19, 2019/20, 2020/21, 2021/22 and 2022/23 are primarily a result of expenditure for the replacement and regeneration of the New Zealand Defence Force's aging Air and Maritime platforms.

### *Benefits or Related Expenses*

The major movements in annual Benefits or Related Expenses appropriations between 2016/17 and 2018/19 were primarily due to an increase in demand for Veteran services and payments and the increasing cost of services. During the 2019/20 year these appropriations were discontinued following a change in the accounting treatment of Veterans' Entitlements.

## 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*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	920,441	920,441	941,604
Revenue from the Crown	909,313	909,313	930,476
Revenue from Others	11,128	11,128	11,128

##### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve the following:

- a surveillance and response capability prepared for counter sea operations in support of maritime warfare operations
- a surveillance and response capability prepared for intelligence, surveillance and reconnaissance operations in support of maritime security operations
- a naval air combat capability for embarkation in surface ships for maritime warfare and security operations
- a surveillance and response capability prepared to support special operations forces in the land and maritime environments
- a strategic air mobility capability prepared to deploy, sustain and recover deployed forces
- a theatre air mobility capability prepared for personnel movement and cargo operations within a designated area of operations, and
- a tactical air mobility capability prepared to support land operations, special operations forces, aeromedical evacuation and joint personnel recovery.

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

	2021/22		2022/23
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Percentage of Government directed readiness levels achieved and maintained to provide naval operations capabilities prepared for maritime warfare and security operations	96%	96%	92%
Percentage of Government directed readiness levels achieved and maintained to provide air surveillance and response capabilities prepared for counter sea and surveillance operations	63%	63%	29%
Percentage of Government directed readiness levels achieved and maintained to provide fixed wing theatre air mobility capabilities prepared for intra-theatre air transport and air manoeuvre operations	93%	93%	100%
Percentage of Government directed readiness levels achieved and maintained to provide tactical air mobility capabilities prepared for tactical air transport and air manoeuvre operations	100%	100%	90%
Percentage of Government directed readiness levels achieved and maintained to provide strategic air mobility capabilities prepared for inter-theatre air transport operations	50%	50%	100%

The reduction in the Air Surveillance Budget Standard for 2022/23 is due to the reduction in P-3K2 aircraft and crews as part of the transition to P-8A Poseidon. The other changes to Budget Standards in the above table are due to the conclusion of Operation PROTECT (deployment of personnel in support of the All-of-Government response to the COVID-19 pandemic) and the availability of capabilities.

### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the Chief of Defence Force in the NZDF Annual Report for the year ending 30 June 2023 to be presented to the House.

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2021/22 Final Budgeted \$000	2022/23 Budget \$000	2023/24 Estimated \$000	2024/25 Estimated \$000	2025/26 Estimated \$000
Operational and Regulatory Aviation Compliance Sustainment Project	2022/23	-	57	2,589	4,338	3,159
Defence Force Remuneration	2022/23	-	5,725	5,725	5,725	5,725
Defence Force Construction Cost Pressures	2022/23	-	1,560	1,300	-	-
Defence Force Supply Chain Cost Pressures	2022/23	-	756	756	756	756
Depreciation on Asset Revaluation	2021/22	2,196	2,196	2,196	2,196	2,196
State Sector Decarbonisation Tranche Five	2021/22	50	51	50	25	-
Defence Force Depreciation Funding Shortfall	2021/22	13,500	30,372	42,900	42,900	42,900
Future Air Mobility Capability	2020/21	5,323	10,717	30,401	100,725	106,462
Delivering on the Strategic Defence Policy Statement 2018	2020/21	55,243	56,268	56,249	56,249	56,249
Security Capability Programme	2020/21	1,120	1,120	1,120	1,120	1,120



Policy Initiative	Year of First Impact	2021/22 Final Budgeted \$000	2022/23 Budget \$000	2023/24 Estimated \$000	2024/25 Estimated \$000	2025/26 Estimated \$000
Generation of Air Force Capabilities to deliver Defence Policy	2019/20	6,499	6,499	6,499	6,499	6,499
Generation of People Capability to support delivery of Defence Policy	2019/20	1,740	1,740	1,740	1,740	1,740
Generation of Military Enablers to support delivery of Defence Policy	2019/20	1,317	1,317	1,317	1,317	1,317
Generation of Defence Estate to support delivery of Defence Policy	2019/20	2,447	2,447	2,447	2,447	2,447
Defence Force Future Air Surveillance Approval to Purchase the Boeing P-8A	2018/19	60,880	50,373	120,461	122,778	123,283
Defence White Paper 2016 - Operating Funding	2018/19	29,204	29,204	29,204	29,204	29,204

### *Reasons for Change in Appropriation*

This appropriation increased by \$21.163 million to \$941.604 million for 2022/23 due to:

- increased funding of \$16.872 million to correct a historical depreciation issue and for the increase in the depreciation expense as a result of the revaluation of assets, capital investments and committed capital expenditure
- increased funding of \$7.800 million that was previously transferred to Operation PROTECT for the delivery of isolation facilities and border services in support of the Government's response to the COVID-19 global pandemic
- increased funding of \$5.725 million for remuneration
- increased funding of \$5.394 million as a result of the acquisition, implementation and operation of the Future Air Mobility Capability
- increased funding of \$4.850 million which was transferred from 2020/21 for the acquisition of the Texan training aircraft Canopy Fracture System
- increased funding of \$4.617 million which was transferred from this appropriation in 2021/22 to assist with the self-defence of Ukraine
- increased funding of \$1.560 million for construction cost pressures
- increased funding of \$1.025 million as a result of the Budget 2020 Baseline Review
- increased funding of \$756,000 for supply chain cost pressures
- increased funding of \$233,000 for the Fixed High Frequency Radio Capability
- increased funding of \$57,000 for the Operational and Regulatory Aviation Compliance Sustainment Project (ORACS), and
- increased funding of \$1,000 for the State Sector Decarbonisation Fund - Tranche Five.

This is partially offset by:

- decreased funding of \$22.500 million for the alignment of funding to the delivery of outputs
- decreased funding of \$3.787 million to reflect the phasing of the purchase of the Boeing P-8A Poseidon Aircraft, and
- decreased funding of \$1.440 million for the reduction in the capital charge rate from 6% to 5%.

## 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*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	943,145	943,145	1,067,537
Revenue from the Crown	923,950	923,950	1,048,342
Revenue from Others	19,195	19,195	19,195

### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve the following:

- Special Operations Forces prepared for theatre-level special operations to prevent terrorism and asymmetric threats reaching New Zealand's sovereign territory and those territories for which New Zealand has a strategic interest
- a combined arms land combat capability prepared to conduct global complex warfighting operations in a mid-intensity environment within a coalition in order to deter an aggressor from engaging in hostile activities
- a combined arms land combat capability prepared to lead regional stabilisation operations, support a host nation to protect the population, assist with the restoration of law and order and attend to the immediate humanitarian needs of the people, and
- a designated high-readiness land combat capability prepared to respond to regional crises.

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

	2021/22		2022/23
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Percentage of Government directed readiness levels achieved and maintained to provide land combat capabilities prepared for special operations	100%	100%	100%
Percentage of Government directed readiness levels achieved and maintained to provide land combat capabilities prepared for global complex warfighting operations	0%	0%	100%
Percentage of Government directed readiness levels achieved and maintained to provide land combat capabilities prepared for regional stabilisation operations	11%	11%	100%

The increase in the Budget Standards for 2022/23 for land combat capabilities prepared for global warfighting and regional stabilisation operations in the table above is due to the conclusion of Operation PROTECT (the deployment of personnel in support of the All-of-Government response to the COVID-19 pandemic).

### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the Chief of Defence Force in the NZDF Annual Report for the year ending 30 June 2023 to be presented to the House.

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2021/22 Final Budgeted \$000	2022/23 Budget \$000	2023/24 Estimated \$000	2024/25 Estimated \$000	2025/26 Estimated \$000
Defence Force Remuneration	2022/23	-	8,986	8,986	8,986	8,986
Defence Force Construction Cost Pressures	2022/23	-	3,000	2,500	-	-
Defence Force Supply Chain Cost Pressures	2022/23	-	378	378	378	378
Linton Maintenance Support Facility Build	2022/23	-	314	1,059	1,059	1,059
Protected Vehicle - Medium Procurement	2022/23	-	2,379	5,771	5,771	5,771
Depreciation on Asset Revaluation	2021/22	17,291	17,291	17,291	17,291	17,291
State Sector Decarbonisation - Tranche Five	2021/22	50	50	51	25	-
Defence Force Depreciation Funding Shortfall	2021/22	11,000	23,188	34,700	34,700	34,700
Delivering on the Strategic Defence Policy Statement 2018	2021/22	48,962	60,262	67,937	72,168	72,168
Security Capability Programme	2021/22	720	1,120	1,120	1,120	1,120
Enterprise Cloud and Enterprise Connectivity	2020/21	1,080	1,080	1,080	1,080	-
Generation of Military Enablers to support delivery of Defence Policy	2019/20	3,799	3,799	3,799	3,799	3,799
Generation of Defence Estate to support delivery of Defence Policy	2019/20	4,955	4,955	4,955	4,955	4,955
Generation of Army Capabilities to deliver Defence Policy	2019/20	2,073	2,073	2,073	2,073	2,073
Defence White Paper 2016 - Operating initiative	2018/19	36,397	36,397	36,397	36,397	36,397

### *Reasons for Change in Appropriation*

This appropriation increased by \$124.392 million to \$1,067.537 million for 2022/23 due to:

- increased funding of \$82.800 million that was previously transferred to Operation PROTECT for the delivery of isolation facilities and border services in support of the Government's response to the COVID-19 global pandemic
- increased funding of \$12.188 million to correct a historical depreciation issue and for the increase in the depreciation expense as a result of the revaluation of assets, capital investments and committed capital expenditure
- increased funding of \$8.986 million for remuneration
- increased funding of \$7.675 million as a result of the Budget 2020 Baseline Review
- increased funding of \$7.500 million for the alignment of funding to the delivery of outputs
- increased funding of \$3 million for construction cost pressures
- increased funding of \$2.379 million for the Protected Vehicle - Medium Project
- increased funding of \$560,000 which was transferred from this appropriation in 2021/22 to assist with the self-defence of Ukraine
- increased funding of \$378,000 for supply chain cost pressures
- increased funding of \$314,000 for the Linton Maintenance Support Facility, and
- increased funding of \$233,000 for Fixed High Frequency Radio Capability.

This is partially offset by:

- decreased funding of \$1.026 million for the reduction in the capital charge rate from 6% to 5%
- decreased funding of \$390,000 for capability projects deferred due to the unavailability of strategic partners and restrictions on activities due to the COVID-19 global pandemic
- decreased funding of \$204,000 which reflects the agreed phasing of the delivery of the Consolidated Logistics Programme, and
- decreased funding of \$1,000 for Defence Force Estate Project delayed as a result the unavailability of strategic partners and restrictions on activities due to the COVID-19 global pandemic.

## 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*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	606,564	606,564	666,580
Revenue from the Crown	597,968	597,968	657,984
Revenue from Others	8,596	8,596	8,596

### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve the following:

- a naval combat capability with ships and organic aircraft prepared to conduct maritime warfare and security operations within a coalition naval task group, protect military and commercial shipping and related operations to enforce international law and prohibit the movement of specified items, people or vessels
- amphibious sealift capabilities prepared to project forces from sea and sustain deployed forces
- strategic replenishment capability prepared to project and sustain deployed maritime, land and air forces
- naval patrol capabilities prepared to carry out surveillance, deter unlawful activity and interdict vessels of interest; to contribute to government efforts to secure borders, protect resources and enable New Zealand law to be enforced at sea and assist regional nations in ensuring the security of their respective maritime domains
- a deployable maritime capability prepared to conduct operations that safeguards access to and the use of harbours, inshore waters and littoral zones in New Zealand and wherever NZDF forces are required to operate
- maritime capabilities, available for employment as a single ship or multi-ship international deployment in support of scheduled defence international engagement initiatives, and
- a shore-based capability able to implement naval cooperation and guidance for shipping and provide for the naval supervision of shipping in a crisis.

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

	2021/22		2022/23
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Percentage of Government directed readiness levels achieved and maintained to provide naval combat capabilities prepared for maritime warfare operations	64%	64%	100%
Percentage of Government directed readiness levels achieved and maintained to provide naval combat capabilities prepared for maritime security operations	100%	100%	100%
Percentage of Government directed readiness levels achieved and maintained to provide naval patrol capabilities prepared for domestic and regional resource and border protection operations	75%	75%	100%
Percentage of Government directed readiness levels achieved and maintained to provide projection and sustainment capabilities prepared for amphibious sealift	92.5%	92.5%	100%
Percentage of Government directed readiness levels achieved and maintained to provide projection and sustainment capabilities prepared for replenishment	100%	100%	100%
Percentage of Government directed readiness levels achieved and maintained to provide projection and sustainment capabilities prepared for littoral warfare support	98%	98%	100%
Percentage of Government directed readiness levels achieved and maintained to provide maritime trade operations capabilities prepared for naval guidance and supervision of shipping	100%	100%	100%

The increase in the Budget Standards for 2022/23 in the above table are due to the conclusion of Operation PROTECT (the deployment of personnel in support of the All-of-Government response to the COVID-19 pandemic) and an increase in the availability of capabilities.

### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the Chief of Defence Force in the NZDF Annual Report for the year ending 30 June 2023 to be presented to the House.

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2021/22 Final Budgeted \$000	2022/23 Budget \$000	2023/24 Estimated \$000	2024/25 Estimated \$000	2025/26 Estimated \$000
Communications Frigate Sustainment	2024/25	-	-	-	66	486
Defence Force Remuneration	2022/23	-	3,907	3,907	3,907	3,907
Defence Force Construction Cost Pressures	2022/23	-	960	800	-	-
Defence Force Supply Chain Cost Pressures	2022/23	-	140	140	140	140
Depreciation on Asset Revaluation	2021/22	3,843	3,843	3,843	3,843	3,843
State Sector Decarbonisation - Tranche Five	2021/22	51	50	50	24	-
Defence Force Depreciation Funding Shortfall	2021/22	12,025	27,942	38,675	38,675	38,675
Delivering on the Strategic Defence Policy Statement 2018	2021/22	44,338	49,875	52,233	54,612	54,612
Security Capability Programme	2021/22	360	560	560	560	560

Policy Initiative	Year of First Impact	2021/22 Final Budgeted \$000	2022/23 Budget \$000	2023/24 Estimated \$000	2024/25 Estimated \$000	2025/26 Estimated \$000
Generation of Navy Capabilities to deliver Defence Policy	2019/20	8,828	8,828	8,828	8,828	8,828
Generation of people Capability to support delivery of Defence Policy	2019/20	7,761	7,761	7,761	7,761	7,761
Generation of Defence Estate to support delivery of Defence Policy	2019/20	1,348	1,348	1,348	1,348	1,348
Generation of Military Enablers to support delivery of Defence Policy	2019/20	1,054	1,054	1,054	1,054	1,054
Defence White Paper 2016 - Operating Funding	2018/19	20,171	20,171	20,171	20,171	20,171

### *Reasons for Change in Appropriation*

This appropriation increased by \$60.016 million to \$666.580 million for 2022/23 due to:

- increased funding of \$21.200 million that was previously transferred to Operation PROTECT for the delivery of isolation facilities and border services in support of the Government's response to the COVID-19 global pandemic
- increased funding of \$15.917 million to correct a historical depreciation issue and for the increase in the depreciation expense as a result of the revaluation of assets, capital investments and committed capital expenditure
- increased funding of \$15.500 million for the alignment of funding to outputs
- increased funding of \$3.907 million for remuneration
- increased funding of \$2.358 million as a result of the Budget 2020 Baseline Review
- increased funding of \$960,000 for construction cost pressures
- increased funding of \$540,000 which was transferred from this appropriation in 2021/22 to assist with the self-defence of Ukraine
- increased funding of \$233,000 for Fixed High Frequency Radio Capability, and
- increased funding of \$140,000 for supply chain cost pressures.

This is partially offset by:

- decreased funding of \$738,000 for the reduction in the capital charge rate from 6% to 5%, and
- decreased funding of \$1,000 for the phasing of the State Sector Decarbonisation Fund - Tranche Five.

## 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*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	1,339,009	1,339,009	1,554,797
Intangibles	8,721	8,721	9,329
Other	-	-	-
<b>Total Appropriation</b>	<b>1,347,730</b>	<b>1,347,730</b>	<b>1,564,126</b>

#### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve maintained and upgraded capabilities of NZDF equipment and infrastructure in support of the delivery of NZDF's services.

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

	2021/22		2022/23
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Expenditure supports the delivery of the department's output performance measures in accordance with the Defence Mid-Point Rebalancing Review, 2016 Defence White Paper and the Defence Capability Plan Review 2019.	Achieved	Achieved	Achieved

#### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the Chief of Defence Force in the NZDF Annual Report for the year ending 30 June 2023 to be presented to the House.

#### *Reasons for Change in Appropriation*

This appropriation increased by \$216.396 million to \$1,564.126 million for 2022/23 due to the spending profile on major projects agreed in the Defence White Paper 2016 and consistent with the Strategic Defence Policy Statement 2018 and the Defence Capability Plan Review 2019.



*Capital Injections and Movements in Departmental Net Assets***New Zealand Defence Force**

Details of Net Asset Schedule	2021/22 Estimated Actual \$000	2022/23 Projected \$000	Explanation of Projected Movements in 2022/23
Opening Balance	9,052,719	9,282,254	
Capital Injections	229,535	914,870	Capital injections are for projects to enhance and maintain the capability of the New Zealand Defence Force in line with the Defence White Paper 2016, the Defence Strategic Policy Statement 2018 and the Defence Capability Plan Review 2019. The capital injections in 2022/23 are for the purchase of P-8A Poseidon aircraft for future air surveillance (\$752.819 million), Future Air Mobility Capability (\$153.224 million), Frigate Sustainment (Communication) (\$8.707 million) and supporting the health and wellbeing of veterans and their families (\$120,000).
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
<b>Closing Balance</b>	<b>9,282,254</b>	<b>10,197,124</b>	

## Part 3 - Details of Non-Departmental Appropriations

### 3.1 - Non-Departmental Output Expenses

#### Development and Maintenance of Services Cemeteries (M75) (A27)

##### *Scope of Appropriation*

This appropriation is limited to the development and maintenance of Services Cemeteries.

##### *Expenses*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	746	746	746

##### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve the development and maintenance of Services Cemeteries.

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

	2021/22		2022/23
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
The annual maintenance and development works plan outcomes are achieved.	95%	95%	95%
<i>Services cemeteries will be maintained in accordance with the Standard of Care agreements:</i>			
Service cemeteries have a Standard of Care agreement in place.	95%	95%	95%
Planned monitoring visits completed.	100%	100%	100%

##### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the Minister for Veterans' Affairs in a report appended to the NZDF Annual Report for the year ending 30 June 2023 to be presented to the House.

##### *Service Providers*

There are approximately 185 annual maintenance grant payments made to local councils across New Zealand for each Services Cemetery. Works grants are also made to contractors around New Zealand for maintenance works.

### 3.4 - Non-Departmental Other Expenses

#### Fair Value Write Down on Veteran Trust Loans and Thirty-Year Endowment (M75) (A27)

##### *Scope of Appropriation*

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.

##### *Expenses*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	203	203	203

##### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve the fair value write-down on the Veteran Trusts' Loans and the thirty-year endowment to the Vietnam Veterans and their Families Trust.

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

An exemption was granted under s15D(2)(b)(ii) of the Public Finance Act 1989 as performance information is unlikely to be informative.

#### Grant Payments to Non-Government Organisations (M75) (A27)

##### *Scope of Appropriation*

This appropriation is limited to grant payments to Non-Government Organisations in their support of veterans and their families.

##### *Expenses*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	275	275	275

##### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to provide grant payments to Non-Government Organisations in their support of veterans and their families.

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

An exemption was granted under s15D(2)(b)(iii) of the Public Finance Act 1989 as the amount for this annual appropriation for a non-departmental other expense is less than \$5 million.

*Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2021/22 Final Budgeted \$000	2022/23 Budget \$000	2023/24 Estimated \$000	2024/25 Estimated \$000	2025/26 Estimated \$000
Grant Payment for Non-Government Organisations	2017/18	275	275	275	275	275

**Impairment of Debt for Benefits or Related Expenses (M75) (A27)***Scope of Appropriation*

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.

*Expenses*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	250	250	250

*What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve the write-down of Crown debtors by the NZDF.

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

An exemption was granted under s15D(2)(b)(ii) of the Public Finance Act 1989 as performance information is unlikely to be informative.

**Service Cost - Veterans' Entitlements (M75) (A27)***Scope of Appropriation*

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.

*Expenses*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	20,000	20,000	20,000

### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to recognise the service costs related to the future liability to provide support for veterans through the ongoing provision of medical assessments and treatments; the provision of services; and the payment 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 operational service.

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

An exemption was granted under s15D(2)(b)(ii) of the Public Finance Act 1989 as performance information is unlikely to be informative.

## **Support for Vietnam Veterans (M75) (A27)**

### *Scope of Appropriation*

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.

### *Expenses*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	39,000	39,000	3,100

### *What is Intended to be Achieved with this Appropriation*

As well as achieving the payment of ex-gratia payments and annual comprehensive medical assessments to eligible Vietnam veterans, it is intended that this appropriation will also allow for the monitoring of trends in the health and wellbeing of up to 3,000 Vietnam veterans and their families with the associated provision of this information to veterans.

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

An exemption was granted under s15D(2)(b)(iii) of the Public Finance Act 1989 as the amount for this annual appropriation for a non-departmental other expense is less than \$5 million.

### *Reasons for Change in Appropriation*

This appropriation decreased by \$35.900 million to \$3.100 million for 2022/23 due to additional funding received in 2021/22 for the expansion of accepted conditions for Vietnam veterans.

### *Conditions on Use of Appropriation*

Reference	Conditions
Accepted Conditions	A condition of the Institute of Medicine of the United States National Academy of Sciences "Sufficient Evidence of Association" list, or one of the five conditions accepted as being related to potential dioxin exposure.
Comprehensive Medical Assessments	An assessment of the impact of services and exposure to a toxic environment on Vietnam veterans.

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

#### *Scope of Appropriation*

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.

#### *Expenses*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	40,000	40,000	45,000

#### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to recognise the unwinding of discount rates to provide support for veterans through the ongoing provision of medical assessments and treatments; the provision of services; and the payment 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 operational service.

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

An exemption was granted under s15D(2)(b)(ii) of the Public Finance Act 1989 as performance information is unlikely to be informative.

#### *Reasons for Change in Appropriation*

This appropriation increased by \$5 million to \$45 million for 2022/23 due to an increase in funding to align the budget with the expected expense as per actuarial forecasts.

## Veteran Assistance to Attend Commemorations and Revisit Battlefields (M75) (A27)

### *Scope of Appropriation*

This appropriation is limited to providing assistance to veterans to enable them to attend official commemorations or revisit battlefields.

### *Expenses*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	200	200	200

### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve increased support for veterans to attend commemorations and revisit battlefields over the Vietnam 50th anniversary commemoration period and beyond.

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

An exemption was granted under s15D(2)(b)(iii) of the Public Finance Act 1989 as the amount for this annual appropriation for a non-departmental other expense is less than \$5 million.

# 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*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Total Appropriation</b>	<b>13,708</b>	<b>13,708</b>	<b>14,894</b>
<b>Departmental Output Expenses</b>			
Policy Advice	3,900	3,900	3,938
Situational Awareness	7,789	7,789	8,907
Supporting Ministers	2,019	2,019	2,049
<b>Funding for Departmental Output Expenses</b>			
<b>Revenue from the Crown</b>	<b>13,667</b>	<b>13,667</b>	<b>14,853</b>
Policy Advice	3,889	3,889	3,927
Situational Awareness	7,767	7,767	8,885
Supporting Ministers	2,011	2,011	2,041
<b>Revenue from Others</b>	<b>41</b>	<b>41</b>	<b>41</b>
Policy Advice	11	11	11
Situational Awareness	22	22	22
Supporting Ministers	8	8	8



### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve the provision of policy advice, situational awareness and support to Ministers in discharging their portfolio responsibilities.

### *How Performance will be Assessed for this Appropriation*

	2021/22		2022/23
Assessment of Performance	Final Budgeted Standard	Estimated Actual	Budget Standard
The supply of high quality individual products, as shown in the tables below	Meet	Met	Meet

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

	2021/22		2022/23
Assessment of Performance	Final Budgeted Standard	Estimated Actual	Budget Standard
<b>Departmental Output Expenses</b>			
<b>Policy Advice</b>			
This category is intended to achieve the provision of accurate, timely and responsive policy advice.			
The provision of policy advice to the Government and contribution to policy advice led by other agencies that is accurate, timely and offers practical and cost-effective approaches to fulfil the Government's defence priorities	Meet	Met	Meet
The satisfaction of the Minister of Defence with the policy advice service, as per the refreshed satisfaction survey	At least 3.5 out of 5 or 70%	At least 3.5 out of 5 or 70%	At least 3.5 out of 5 or 70%
Technical quality of policy advice papers assessed by a survey with a methodical robustness of 90%. (The higher the robustness score, the stronger the methodical quality of the completed assessment)	See Note 1	See Note 1	See Note 1
<b>Situational Awareness</b>			
This category is intended to achieve the provision of timely, accurate and high-quality intelligence support.			
The percentage of timely and high-quality reports that meet expectations to inform the Government of matters of foreign defence interest and support the Government's decision-making processes	Not less than 90%	Not less than 90%	Not less than 90%
<b>Supporting Ministers</b>			
This category is intended to achieve the provision of quality and timely support to Ministers.			
The percentage of timely, accurate and high-quality advice that meets expectations to support Ministers of Defence and Veterans' Affairs portfolios and meets legislative obligations	Not less than 90%	Not less than 90%	Not less than 90%

Note 1 - Measure for technical quality of policy advice papers - At least 70% of assessed papers score 3 or higher, 30% score 4 or higher, and no more than 10% score 2.5 or less.

### *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 2023 to be presented to the House.

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2021/22 Final Budgeted \$000	2022/23 Budget \$000	2023/24 Estimated \$000	2024/25 Estimated \$000	2025/26 Estimated \$000
Defence Force Remuneration	2022/23	-	188	188	188	188
Defence White Paper 2016 - Operating Funding	2018/19	3,194	3,194	3,194	3,194	3,194

### *Reasons for Change in Appropriation*

This appropriation increased by \$1.186 million to \$14.894 million for 2022/23 due to:

- increased funding of \$1 million for the alignment of funding to the delivery of outputs, and
- increased funding of \$188,000 for remuneration.

This is partially offset by a decrease of \$2,000 for the reduction in the capital charge rate from 6% to 5%.

## **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*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Total Appropriation</b>	<b>34,772</b>	<b>34,772</b>	<b>30,883</b>
<b>Departmental Output Expenses</b>			
Military Operations in Support of a Rules-Based International Order	34,263	34,263	30,368
Military Operations that Contribute to Regional Security	509	509	515
<b>Funding for Departmental Output Expenses</b>			
<b>Revenue from the Crown</b>	<b>34,463</b>	<b>34,463</b>	<b>30,574</b>
Military Operations in Support of a Rules-Based International Order	33,999	33,999	30,104
Military Operations that Contribute to Regional Security	464	464	470
<b>Revenue from Others</b>	<b>309</b>	<b>309</b>	<b>309</b>
Military Operations in Support of a Rules-Based International Order	264	264	264
Military Operations that Contribute to Regional Security	45	45	45

*What is Intended to be Achieved with this Appropriation*

This appropriation is intended to enhance all-of-government capacity to respond to regional crises and contribute to military operations in support of a rules-based international order.

*How Performance will be Assessed for this Appropriation*

	2021/22		2022/23
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Operations Contributing to New Zealand's Security, Stability and Interests MCA.			
Achieve the conduct of military operations and other tasks that support the Government's strategic interests.	Meet	Met	Meet
Enhance all-of-government capacity to respond to regional crises.	Meet	Met	Meet

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

	2021/22		2022/23
Assessment of Performance	Final Budgeted Standard	Estimated Actual	Budget 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 (as at 1 April 2021)</i>			
Contribute to United Nations Mission UNTSO (Middle East) [Operation Scoria]	Meet	Met	Meet
Contribute to United Nations Mission UNMISS (South Sudan) [Operation Sudden]	Meet	Met	Meet
Contribute to UNCMAC (Republic of Korea) [Operation Monitor]	Meet	Met	Meet
<i>Lead and contribute to regional contingency military operations, as listed (No mandated operations)</i>			
Contribute military forces to MFO Sinai (Operation Farad)	Meet	Met	Meet
Contribute military forces to Operation Troy (Middle East)	Meet	Met	Meet
Contribute military forces to Operation Pukeko (Middle East)	Meet	Met	Meet
Contribute to Operation Tiki (Middle East)	Meet	Met	Meet
Contribute to Operation Whio (UNSCAR sanctions against North Korea)	Meet	Met	Meet
<b>Military Operations that Contribute to Regional Security</b>			
This category is intended to achieve the provision of operations that contribute to New Zealand's security, stability and interests.			
Percentage of the agreed notice to move met for a Joint Task Force comprising relevant force elements and military capabilities to assist with regional humanitarian assistance and disaster relief missions when directed	100%	100%	100%
Percentage of the agreed notice to move met for strategic airlift and sealift capabilities to assist with regional non-combatant evacuation operations when not deployed on military operations elsewhere	100%	100%	100%
Percentage of the agreed notice to move met for a specialised, high-readiness task group, with integral airlift and/or sealift capabilities available to act independently or with regional security partners to assist regional nations restore law and order and provide immediate aid to the population	100%	100%	100%

### *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 2023 to be presented to the House.

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2021/22 Final Budgeted \$000	2022/23 Budget \$000	2023/24 Estimated \$000	2024/25 Estimated \$000	2025/26 Estimated \$000
Defence Force Remuneration	2022/23	-	88	88	88	88

### *Reasons for Change in Appropriation*

This appropriation decreased by \$3.889 million to \$30.883 million for 2022/23 due to a decrease in funding of \$3.977 million which was transferred to this appropriation in 2021/22 to assist with the self-defence of Ukraine, partially offset by an increase in funding of \$88,000 for remuneration.

## **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*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Total Appropriation</b>	<b>11,947</b>	<b>11,947</b>	<b>11,575</b>
<b>Departmental Output Expenses</b>			
Administration Services	2,884	2,884	2,881
Policy Advice	230	230	230
Services and Payments to Veterans	8,833	8,833	8,464
<b>Funding for Departmental Output Expenses</b>			
<b>Revenue from the Crown</b>	<b>11,947</b>	<b>11,947</b>	<b>11,575</b>
Administration Services	2,884	2,884	2,881
Policy Advice	230	230	230
Services and Payments to Veterans	8,833	8,833	8,464

*What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve the provision of policy advice, other support to Ministers in discharging their policy decision making and other portfolio responsibilities, and the provision of services and payments to veterans.

*How Performance will be Assessed for this Appropriation*

	2021/22		2022/23
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
<b>Policy Advice and Other Services for Veterans MCA</b>			
The satisfaction of veterans as expressed in the annual Veteran Survey rating of overall satisfaction with Veterans' Affairs Services and Payments to Veterans	85%	85%	85%
The satisfaction of the Minister of Veterans' Affairs with the policy advice service, as per the refreshed satisfaction survey	At least 3.5 out of 5 or 70%	At least 3.5 out of 5 or 70%	At least 3.5 out of 5 or 70%

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

	2021/22		2022/23
Assessment of Performance	Final Budgeted Standard	Estimated Actual	Budget Standard
<b>Departmental Output Expenses</b>			
<b>Administration Services</b>			
This category is intended to achieve the provision of services to Ministers to enable them to discharge their portfolio (other than policy decision making) responsibilities, assisting with the coordination of commemorations and the provision of administration services to relevant boards and panels and contracts for work carried out in Services Cemeteries.			
<i><b>Provide Ministerial Servicing and Support:</b></i>			
Replies to requests within 20 working days, if not otherwise agreed	95%	95%	95%
Responses accepted without substantive amendment	95%	95%	95%
<i><b>Provide Administration support to Boards and Panels as set out in the Veterans' Support Act 2014</b></i>			
Arrangements and actions meet Board/panels statutory requirements	100%	100%	Meet
<i><b>Assist with the coordination of New Zealand's participation in the commemoration of significant military anniversaries:</b></i>			
Participation will be delivered in accordance with agreed parameters and budget	Meet	Met	Meet
<b>Policy Advice</b>			
This category is intended to achieve the provision of policy advice to the Minister to support decision making by the Minister on Government policy matters relating to Veterans' Affairs.			
<i><b>Provide policy advice to support decision making by Ministers</b></i>			
All new and substantial amendments and replacements of Statement of Principles (SOPs) are reported to the Veterans' Health Advisory Panel, the Minister for Veterans and the Cabinet Legislation Committee for consideration and decisions regarding adoption. All minor amendments to SOPs are reported directly to the Minister for Veterans for consideration and decisions regarding adoption	100%	100%	100%
Replies to requests within 20 working days, if not otherwise specified	95%	95%	95%
The first drafts of all policy products presented to the Minister will be accepted	95%	95%	95%
<b>Services and Payments to Veterans</b>			
<i><b>Applications and Reviews:</b></i>			
Veterans surveyed are satisfied with the timeliness of VA decisions	80%	80%	80%
Applications are acknowledged within seven working days	100%	100%	100%
Reviews will be completed within 65 days of receipt	100%	100%	100%

	2021/22		2022/23
	Final Budgeted Standard	Estimated Actual	Budget Standard
<b>Assessment of Performance</b>			
<i><b>Provide Case Management:</b></i>			
Within five working days of accepting a veteran's claim for entitlements Veterans' Affairs must appoint a Case Manager	95%	95%	95%
Within 13 weeks after Veterans' Affairs accepts a veteran's claim for entitlements under Scheme One or Two, Veterans' Affairs in association with the Rehabilitation Advisor must determine whether the veteran is likely to need social or vocational rehabilitation and if so prepare a rehabilitation plan in consultation with the veteran	100%	100%	100%
<i><b>Deal with Enquiries:</b></i>			
Calls will be resolved on first contact	90%	90%	90%

### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the Chief of Defence Force in the NZDF Annual Report for the year ended 30 June 2023 to be presented to the House.

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2021/22 Final Budgeted \$000	2022/23 Budget \$000	2023/24 Estimated \$000	2024/25 Estimated \$000	2025/26 Estimated \$000
Defence Force Remuneration	2022/23	-	138	138	138	138
Promoting and supporting the health and wellbeing of veterans and their families	2018/19	664	157	157	157	157
Defence White Paper 2016	2018/19	120	120	120	120	120

### *Reasons for Change in Appropriation*

This appropriation decreased by \$372,000 to \$11.575 million in 2022/23 due to:

- decreased funding of \$507,000 for promoting and supporting the health and wellbeing of veterans and their families, and
- decreased funding of \$3,000 for the reduction in the capital charge rate from 6% to 5%.

This has been partially offset by increased funding of \$138,000 for remuneration.



## 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*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Total Appropriation</b>	<b>639,327</b>	<b>639,327</b>	<b>531,376</b>
<b>Departmental Output Expenses</b>			
Assistance to the Civil Power and Provision of a Public Service in Emergency Situations	200,438	200,438	89,379
Defence International Engagement	100,886	100,886	100,372
Defence Support to the Community	61,804	61,804	61,131
Military Assistance to Civil Authorities in Non-Emergency Situations	40,085	40,085	40,214
Resource and Border Protection Operations	236,114	236,114	240,280

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Funding for Departmental Output Expenses</b>			
<b>Revenue from the Crown</b>	<b>609,784</b>	<b>609,784</b>	<b>504,213</b>
Assistance to the Civil Power and Provision of a Public Service in Emergency Situations	198,838	198,838	87,779
Defence International Engagement	89,819	89,819	90,513
Defence Support to the Community	48,918	48,918	49,417
Military Assistance to Civil Authorities in Non-Emergency Situations	39,067	39,067	39,196
Resource and Border Protection Operations	233,142	233,142	237,308
<b>Revenue from Others</b>	<b>29,543</b>	<b>29,543</b>	<b>27,163</b>
Assistance to the Civil Power and Provision of a Public Service in Emergency Situations	1,600	1,600	1,600
Defence International Engagement	11,067	11,067	9,859
Defence Support to the Community	12,886	12,886	11,714
Military Assistance to Civil Authorities in Non-Emergency Situations	1,018	1,018	1,018
Resource and Border Protection Operations	2,972	2,972	2,972

### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to contribute to the protection of New Zealand's sovereignty and the provision of security for New Zealanders.

### *How Performance will be Assessed for this Appropriation*

	2021/22		2022/23
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
The degree of satisfaction expressed by authorities requesting assistance in accordance with their annual programmes	100%	100%	100%
Regular evaluation of significant issues, the capacity to react to requests for assistance and the provision of adequate support from the limited resources available	Meet	Met	Meet

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

Assessment of Performance	2021/22		2022/23
	Final Budgeted Standard	Estimated Actual	Budget Standard
<b>Departmental Output Expenses</b>			
<b>Assistance to the Civil Power and Provision of a Public Service in Emergency Situations</b>			
This category is intended to achieve the contribution to all-of-government efforts that provide for public safety, protection of national infrastructure, emergency response and recovery operations in order to satisfy critical humanitarian needs.			
Percentage of the levels of operational capability and readiness as directed met to maintain the national counter-terrorist capability	100%	100%	100%
Percentage of the levels of operational capability and readiness as directed met to generate the necessary capabilities to deal with complex chemical, biological, radiological, explosives and improvised explosive devices and maintain the readiness of the national response capability in support of the New Zealand Police	100%	100%	100%
Percentage of agreed notice to move met for the specialised Counter-Terrorist Group to respond to New Zealand Police requests for assistance	100%	100%	100%
Percentage of agreed notice to move met for the specialised Explosive Ordnance Disposal Squadron to respond to requests to assist New Zealand Police operations	100%	100%	100%
Subject to the availability of resources, the percentage of requests met to assist New Zealand Police law enforcement operations	100%	100%	100%
Percentage of contingency forces and specialised military capabilities available to assist the civil power deal with major disasters when not deployed on operations	100%	100%	100%
Percentage of agreed notice to move met for specialised military capabilities to assist the civil power to conduct search and rescue and recovery operations within New Zealand and the maritime search and rescue and regional rescue coordination centre areas	100%	100%	100%
Percentage of contingency plans in place to assist the civil power evacuate persons from high-risk environments in New Zealand	100%	100%	100%
Percentage of requests met to augment the capacity of Fire and Emergency New Zealand to deal with a wide range of incidents involving safety of life, protection of property and related actions to mitigate the effects of fire	100%	100%	100%
Percentage of contingency plans in place to assist the civil power mitigate the effects of a maritime disaster and degradation of the marine environment	100%	100%	100%
Percentage of contingency plans in place to assist the civil power within the agreed notice to move to conduct aeromedical evacuation and medical rescue at sea at the Government's direction	100%	100%	100%
Subject to availability of resources, the percentage of requests met for specialised military capabilities to assist New Zealand Police operations to maintain law and order and public safety	100%	100%	100%
Percentage of contingency plans in place to mobilise the Armed Forces to assist the Department of Corrections to maintain the integrity of prisons when normal custodial arrangements fail	100%	100%	100%

	2021/22		2022/23
Assessment of Performance	Final Budgeted Standard	Estimated Actual	Budget Standard
Percentage of NZDF participation in central and local governments' planning and multi-agency training exercises to enhance the all-of-government preparedness for responses to community-scale crises	100%	100%	100%
<b>Defence International Engagement</b>			
This category is intended to support foreign policy objectives that strengthen security and avert conflict.			
Ensure the programme of military engagement through a network of multilateral and bilateral military relationships provides for a range of interactions that informs Defence of emerging advances in military operations, provides for professional development, fosters interoperability and enhances the reputation of New Zealand and the NZDF	Meet	Met	Meet
Percentage of exercises and related activities participated in that support the Government's foreign policy objectives through recognised alliance and other arrangements that foster peace and security	60%	60%	90%
Percentage of approved Senior Officer visit programme completed that maintains a strong network of professional relationships and complements the Government's broader foreign policy objectives	60%	60%	100%
Percentage of maritime deployments, exercises with security partners and ship visits to selected nations completed that are cognisant of the Government's foreign policy and defence engagement priorities and satisfies all-of-government efforts to enhance New Zealand's reputation	60%	60%	100%
Percentage of regional activities participated in that contribute to the Government's foreign policy objectives to improve the resilience, economic and social wellbeing of Pacific Island nations	80%	80%	100%
Percentage of multilateral and bilateral confidence and security building activities participated in that contribute to initiatives that prevent the proliferation of weapons of mass destruction and further New Zealand's foreign policy objectives, as directed by the Government	100%	100%	100%
Percentage of resident and non-resident Defence representation maintained through the assignment of Defence Attaches and Advisers in host nations and in accordance with the Government's direction	100%	100%	100%
The NZDF remains well-informed about defence doctrine and advances in defence-related technology through: 1. maintaining active participation in specific military fora to enable the NZDF to remain well-informed about military doctrine, current military operations and future changes and exchanges of information related to the profession-of-arms; and 2. maintaining a network of relationships with external scientific and technology organisations that contribute to the development of solutions for the Government, the Defence Force, and New Zealand's national security agencies and supports the provision of military capability and promotion of security	Meet	Met	Meet

	2021/22		2022/23
Assessment of Performance	Final Budgeted Standard	Estimated Actual	Budget Standard
<b>Defence Support to the Community</b>			
This category is intended to provide 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.			
Percentage of NZDF leadership and skills training activities completed for the New Zealand Cadet Forces to develop confident, responsible young citizens who are valued in their community by providing them with safe, enjoyable and challenging opportunities	Not less than 90%	Not less than 90%	Not less than 90%
Percentage of satisfaction of the Ministry of Social Development requirements for trainees selected for Limited Service Volunteer courses to gain life skills, develop core values, teamwork and trust, which boost self-esteem and confidence	Not less than 90%	Not less than 90%	Not less than 90%
Percentage of satisfaction of the Ministry of Education Youth Life Skills programme requirements for Service Academies and the provision of leadership development and outdoors adventure-based training opportunities within high schools	Not less than 90%	Not less than 90%	Not less than 90%
Percentage of satisfaction of the New Zealand Police Blue Light Trust with NZDF services to enhance the Trust's youth development programmes nationwide	Not less than 90%	Not less than 90%	Not less than 90%
Percentage of satisfaction of Service Museum Trust Boards with NZDF support to Service Museums and the development, management and display of New Zealand's military history collections for the preservation of New Zealand's military history and culture for the enjoyment of future generations	Not less than 90%	Not less than 90%	Not less than 90%
Percentage of satisfaction to support significant national and local events that benefit the community through the provision of services at hui of significance and national and local events, including ceremonial and military displays that contribute to the success of the occasion and enhances the identity and professional reputation of the NZDF	Not less than 90%	Not less than 90%	Not less than 90%
<b>Military Assistance to Civil Authorities in Non-Emergency Situations</b>			
This category is intended to provide periodic Defence Force resources, services and non-emergency assistance to the Government and civil authorities.			
Percentage of requests met to provide military guards, suitably tailored for the occasion, military bands and associated support to support State ceremonial activities that represent the nation and meet the Government's direction	100%	100%	100%
Percentage of requests met to provide military guards, suitably tailored for the occasion, military bands and associated support to support significant military anniversaries, nationally recognised commemorative events and significant commemorative events overseas	100%	100%	100%
Percentage of requests met to provide representational staff for the Viceregal House, military guards, suitably tailored for the occasion, military bands, air, land and sea transport and associated support for viceregal activities	100%	100%	100%
Percentage of requests met to provide air, land and sea transport for members of the Government and guests of the State to support the Government's internal and external transportation requirements	100%	100%	100%

	2021/22		2022/23
Assessment of Performance	Final Budgeted Standard	Estimated Actual	Budget Standard
<b>Resource and Border Protection Operations</b>			
This category is intended to provide the sharing of information and provision of resources to support all-of-government efforts to protect New Zealand's borders and offshore maritime interests.			
Percentage of information on maritime traffic, suitably adapted for civil needs, that is passed to the National Maritime Coordination Centre in an actionable timeframe so that government agencies are informed of activities going-on in the maritime zones of national interest to New Zealand	100%	100%	100%
Percentage of the total agreed pre-planned air surveillance tasks requested by the National Maritime Coordination Centre met	Approx 80-90%	Approx 80-90%	Not less than 90%
Percentage of the total air surveillance response tasks requested by the National Maritime Coordination Centre within the agreed notice to move to meet the Centre's requirement to investigate vessels of interest and respond to actual or potential non-compliance with New Zealand and international legislation met	Approx 80-90%	Approx 80-90%	Not less than 90%
Percentage of the total agreed pre-planned maritime tasks requested by the National Maritime Coordination Centre met	Approx 80-90%	Approx 80-90%	Not less than 90%
Percentage of the total response tasks requested by the National Maritime Coordination Centre within the agreed notice to move to meet the Centre's requirement to investigate vessels of interest and respond to actual or potential non-compliance with New Zealand and international legislation met	Not less than 90%	Not less than 90%	Not less than 90%
Percentage of satisfaction of the NZDF's specialised military capabilities to support Antarctic New Zealand's operations in New Zealand and on the Antarctic continent, including contributions to the joint United States/New Zealand logistics pool to support New Zealand's right to sovereignty over the Ross Dependency and continuous presence on the Antarctic continent	Not less than 90%	Not less than 90%	Not less than 90%
Percentage of satisfaction of the Ministry of Foreign Affairs and Trade for the NZDF's provision of specialised military capabilities to support New Zealand's efforts to manage marine living resources on and about the Antarctic continent	Not less than 90%	Not less than 90%	Not less than 90%
Percentage of total pre-planned tasks requested by the National Maritime Coordination Centre to conduct pre-planned missions to service the offshore islands and demonstrate New Zealand's sovereignty met	Approx 80-90%	Approx 80-90%	Not less than 90%

The increase in the Budget Standards for 2022/23 in the above table are due to the lifting of the COVID-19 international travel restrictions.

### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the Chief of Defence Force in the NZDF Annual Report for the year ended 30 June 2023 to be presented in the House.

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2021/22 Final Budgeted \$000	2022/23 Budget \$000	2023/24 Estimated \$000	2024/25 Estimated \$000	2025/26 Estimated \$000
Defence Force Remuneration	2022/23	-	3,468	3,468	3,468	3,468
Defence Force Construction Cost Pressures	2022/23	-	480	400	-	-
Defence Force Supply Chain Cost Pressures	2022/23	-	126	126	126	126
Depreciation on Asset Revaluation	2021/22	4,117	4,117	4,117	4,117	4,117
Defence Force Depreciation Funding Shortfall	2021/22	4,875	9,698	14,625	14,625	14,625
Generation of Defence Estate to support delivery of Defence Policy	2019/20	2,463	2,463	2,463	2,463	2,463
Generation of Military Enablers to support delivery of Defence Policy	2019/20	1,597	1,597	1,597	1,597	1,597
Defence Force Future Air Surveillance Approval to Purchase the Boeing P-8A	2018/19	15,219	12,594	30,116	30,695	30,821
Defence White Paper 2016 Operating Initiative	2018/19	13,060	13,060	13,060	13,060	13,060

### *Reasons for Change in Appropriation*

This appropriation decreased by \$107.951 million to \$531.376 million for 2022/23 due to:

- decreased funding of \$111.800 million that was transferred in 2020/21 for delivery of the border and isolation facilities in support of Government's response to the COVID-19 global pandemic
- decreased funding of \$1.896 million relating to the recovery of building costs from third parties for the Youth Development Unit Facility in Whenuapai
- decreased funding of \$1.500 million for the alignment of funding to the delivery of outputs
- decreased funding of \$1.208 million that was transferred to 2021/22 for the Pacific Leader Development Programme
- decreased funding of \$945,000 to reflect the phasing of the acquisition, implementation and operation of the Boeing P-8A Poseidon Aircraft, and
- decreased funding of \$483,000 for the reduction in the capital charge rate from 6% to 5%.

This has been partially offset by:

- increased funding of \$4.823 million to correct a historical depreciation issue and for the increase in the depreciation expense as a result of the revaluation of assets, capital investments and committed capital spends
- increased funding of \$3.468 million for remuneration
- increased funding of \$724,000 relating to the reduction in Limited Service Volunteer Programme in 2021/22 due to the cancellation or reduction in size of courses due to COVID-19 restrictions
- increased funding of \$480,000 for construction cost pressures
- increased funding of \$260,000 which was transferred from this appropriation in 2021/22 to assist with the self-defence of Ukraine, and
- increased funding of \$126,000 for supply chain cost pressures.





# *Vote Foreign Affairs*

---

APPROPRIATION MINISTER(S): Minister of Foreign Affairs (M34)

DEPARTMENT ADMINISTERING THE VOTE: Ministry of Foreign Affairs and Trade (A20)

RESPONSIBLE MINISTER FOR MINISTRY OF FOREIGN AFFAIRS AND TRADE: Minister of Foreign Affairs

## Overview of the Vote

The Minister of Foreign Affairs is responsible for appropriations in the Vote for the 2022/23 financial year covering a total of \$1,790 million for the following:

- a total of over \$63 million for the provision of analysis, advice and Ministerial services on New Zealand's foreign policy
- a total of nearly \$280 million for the delivery of all elements of New Zealand's foreign policy
- a total of nearly \$57 million for the delivery of services to support New Zealand individuals, businesses and agencies overseas
- a total of over \$107 million for managing of New Zealand's International Development Cooperation
- a total of \$20,000 to meet the costs of superannuation for local staff employed by overseas posts
- a total of nearly \$64 million on capital expenditure
- a total of nearly \$27 million on purchasing support for Antarctic research from the New Zealand Antarctic Institute
- a total of \$950,000 for New Zealand's participation at Expo 2020 Dubai
- a total of over \$1 million to the Pacific Cooperation Foundation for the promotion of mutual understanding and constructive linkages between New Zealanders and other countries and people of the Pacific
- a total of nearly \$6 million to the Asia New Zealand Foundation for the provision of services that build and sustain New Zealanders' knowledge and understanding of Asia
- a total of \$50,000 to cover any concessional terms and conditions that may apply to recoverable consular loans
- a total of nearly \$3 million on payments in accordance with the Diplomatic Privileges and Immunities Act 1968
- a total of nearly \$61 million on subscriptions to international organisations
- a total of nearly \$2 million in loans to assist New Zealanders in distress overseas
- a total of \$61 million to the New Zealand Antarctic Institute for capital expenditure, and
- a total of over \$1,058 million for delivering International Development Cooperation.

The Minister of Foreign Affairs is also responsible for a capital injection of nearly \$32 million to the Ministry of Foreign Affairs and Trade to provide the physical infrastructure needed to support the desired policy direction of the Pacific Reset.

Details of these appropriations are set out in Parts 2-4.

# Details of Appropriations and Capital Injections

## Annual Appropriations and Forecast Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Departmental Output Expenses</b>			
<b>Policy Advice and Representation - Other Countries PLA (M34) (A20)</b> This appropriation is limited to meeting the costs, as set out in section 11 of the Foreign Affairs Act 1988, of superannuation for local staff employed by overseas posts to help with the management of New Zealand's foreign and trade relations with other countries.	20	20	20
<b>Total Departmental Output Expenses</b>	20	20	20
<b>Departmental Capital Expenditure</b>			
<b>Ministry of Foreign Affairs and Trade - Capital Expenditure PLA (M34) (A20)</b> This appropriation is limited to the purchase or development of assets by and for the use of the Ministry of Foreign Affairs and Trade, as authorised by section 24(1) of the Public Finance Act 1989.	62,508	55,423	63,863
<b>Total Departmental Capital Expenditure</b>	62,508	55,423	63,863
<b>Non-Departmental Output Expenses</b>			
<b>Antarctic Research and Support (M34) (A20)</b> Provision of management and logistic support for New Zealand activities in the Antarctic. The provider is the New Zealand Antarctic Institute.	22,820	22,820	<b>26,820</b>
<b>Expo 2020 Dubai (M34) (A20)</b> This appropriation is limited to New Zealand's participation at Expo 2020 Dubai.	21,323	21,323	<b>950</b>
<b>Pacific Cooperation Foundation (M34) (A20)</b> The promotion of mutual understanding and constructive linkages between New Zealanders and the other countries and people of the Pacific. The provider is the Pacific Cooperation Foundation of New Zealand.	1,400	1,400	<b>1,400</b>
<b>Promotion of Asian Skills and Relationships (M34) (A20)</b> This appropriation is limited to the provision of services that build and sustain New Zealanders' knowledge and understanding of and relationships with Asia.	5,500	5,500	<b>5,500</b>
<b>Total Non-Departmental Output Expenses</b>	51,043	51,043	34,670
<b>Non-Departmental Other Expenses</b>			
<b>Consular Loan Expenses (M34) (A20)</b> This appropriation is limited to unrecoverable financial assistance provided to New Zealanders in distress overseas and expenses arising from any concessional terms and conditions that apply to recoverable financial assistance provided.	250	250	<b>50</b>
<b>Disbursements Made and Exemptions from Taxation PLA (M34) (A20)</b> Refund of New Zealand local body rates for offices and residential premises of overseas diplomatic missions and consular posts pursuant to section 21 of the Diplomatic Privileges and Immunities Act 1968.	2,700	2,700	2,700

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Titles and Scopes of Appropriations by Appropriation Type</b>			
<b>Subscriptions to International Organisations (M34) (A20)</b> This appropriation is limited to non-discretionary payments required as formal obligations arising from New Zealand's membership of international organisations, and as a signatory to international treaties and conventions.	60,729	60,729	<b>60,729</b>
<b>Support for Ukraine (M34) (A20)</b> This appropriation is limited to the provision of support to Ukraine not within the scope of other appropriations.	7,500	7,500	-
<b>Total Non-Departmental Other Expenses</b>	71,179	71,179	63,479
<b>Non-Departmental Capital Expenditure</b>			
<b>Consular Loans (M34) (A20)</b> This appropriation is limited to recoverable financial assistance provided to New Zealanders in distress overseas to help them meet essential and immediate needs, including the costs of repatriation.	500	500	<b>1,700</b>
<b>New Zealand Antarctic Institute (M34) (A20)</b> To enable NZAI to maintain the Scott Base buildings and services infrastructure.	23,000	23,000	<b>61,000</b>
<b>Total Non-Departmental Capital Expenditure</b>	23,500	23,500	62,700
<b>Multi-Category Expenses and Capital Expenditure</b>			
<b>Act in the world to build a safer, more prosperous and more sustainable future for New Zealanders MCA (M34) (A20)</b> The single overarching purpose of this appropriation is to promote and protect New Zealand's interests and values in the world to build a safer, more prosperous and more sustainable future for New Zealanders.	490,411	478,880	<b>507,441</b>
<b>Departmental Output Expenses</b>			
<b>Analysis and advice to inform New Zealand's foreign policy</b> This category is limited to providing analysis, advice and Ministerial services, and undertaking related domestic engagement, on all elements of New Zealand's foreign policy, other than international development cooperation.	64,861	63,165	63,260
<b>Delivery of New Zealand's foreign policy</b> This category is limited to international representation, advocacy and negotiation on all elements of New Zealand's foreign policy, other than international development cooperation.	272,950	266,183	279,983
<b>Delivery of services</b> This category is limited to the delivery of services to support New Zealand individuals, businesses and agencies overseas, and host government services to the diplomatic and consular corps in New Zealand.	58,162	56,819	56,934
<b>Management of New Zealand's International Development Cooperation</b> This category is limited to advice (including related domestic engagement and Ministerial services), representation and advocacy on international development issues, and the management of the New Zealand Aid Programme.	94,438	92,713	107,264
<b>Total Multi-Category Expenses and Capital Expenditure</b>	490,411	478,880	507,441
<b>Total Annual Appropriations and Forecast Permanent Appropriations</b>	698,661	680,045	732,173

## Multi-Year Appropriations

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
<b>Departmental Output Expenses</b>		
<b>Hosting APEC 2021 (M34) (A20)</b> This appropriation is limited to enabling the planning and delivery of the year-long Asia-Pacific Economic Cooperation 2021.  Commences: 01 July 2018  Expires: 30 June 2022	Original Appropriation Adjustments to 2020/21 Adjustments for 2021/22 Adjusted Appropriation  Actual to 2020/21 Year End Estimated Actual for 2021/22 Estimate for 2022/23 Estimated Appropriation Remaining	99,560 (23,020) 590 77,130  38,955 38,175 - -
<b>Non-Departmental Other Expenses</b>		
<b>International Development Cooperation (M34) (A20)</b> This appropriation is limited to providing development cooperation and humanitarian assistance that support the sustainable development and welfare of Pacific Island and developing countries.  Commences: 01 July 2021  Expires: 30 June 2024	Original Appropriation Adjustments to 2020/21 Adjustments for 2021/22 Adjusted Appropriation  Actual to 2020/21 Year End Estimated Actual for 2021/22 Estimate for 2022/23 Estimated Appropriation Remaining	2,538,709 - 471,905 3,010,614  - 841,492 1,058,167 1,110,955

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

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Annual Appropriations and Forecast Permanent Appropriations	698,661	680,045	732,173
Total Forecast MYA Departmental Output Expenses	38,175	38,175	-
Total Forecast MYA Non-Departmental Other Expenses	841,492	841,492	1,058,167
<b>Total Annual Appropriations and Forecast Permanent Appropriations and Multi-Year Appropriations</b>	<b>1,578,328</b>	<b>1,559,712</b>	<b>1,790,340</b>

## Capital Injection Authorisations

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Ministry of Foreign Affairs and Trade - Capital Injection (M34) (A20)	10,500	10,500	31,600

# Supporting Information

## Part 1 - Vote as a Whole

### 1.1 - New Policy Initiatives

Policy Initiative	Appropriation	2021/22 Final Budgeted \$000	2022/23 Budget \$000	2023/24 Estimated \$000	2024/25 Estimated \$000	2025/26 Estimated \$000
Aotearoa New Zealand's International Climate Finance Commitment 2022-2025	<b>International Development Cooperation: MYA</b> Non-Departmental Other Expenses	-	200,000	250,000	-	-
	<b>International Development Cooperation: Annual Appropriation</b> Non-Departmental Other Expenses	-	-	-	250,000	100,000
	<b>Departmental Multi-Category Expenses and Capital Expenditure: Act in the world to build a safer, more prosperous and more sustainable future for New Zealanders</b>					
	<b>Management of New Zealand's International Development Cooperation</b>	-	10,000	12,500	12,500	5,000
	Departmental Output Expenses					
<b>Total</b>		<b>-</b>	<b>210,000</b>	<b>262,500</b>	<b>262,500</b>	<b>105,000</b>

## 1.2 - Trends in the Vote

### Summary of Financial Activity

	2017/18	2018/19	2019/20	2020/21	2021/22		2022/23			2023/24	2024/25	2025/26
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Final Budgeted \$000	Estimated Actual \$000	Departmental Transactions Budget \$000	Non- Departmental Transactions Budget \$000	Total Budget \$000	Estimated \$000	Estimated \$000	Estimated \$000
<b>Appropriations</b>												
Output Expenses	29,485	45,517	55,230	62,822	89,238	89,238	20	34,670	34,690	40,740	49,740	47,740
Benefits or Related Expenses	-	-	-	-	-	-	N/A	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	692,662	766,483	794,662	861,729	912,671	912,671	-	1,121,646	1,121,646	1,174,434	1,174,434	1,024,434
Capital Expenditure	46,430	53,160	45,197	45,172	86,008	78,923	63,863	62,700	126,563	199,877	149,324	112,982
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	N/A	-	-	-	-
Multi-Category Expenses and Capital Expenditure (MCA)												
<i>Output Expenses</i>	387,172	433,444	444,488	443,489	490,411	478,880	507,441	-	507,441	508,925	502,134	494,634
<i>Other Expenses</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Capital Expenditure</i>	-	-	-	-	-	-	N/A	-	-	-	-	-
<b>Total Appropriations</b>	1,155,749	1,298,604	1,339,577	1,413,212	1,578,328	1,559,712	571,324	1,219,016	1,790,340	1,923,976	1,875,632	1,679,790
<b>Crown Revenue and Capital Receipts</b>												
Tax Revenue	-	-	-	-	-	-	N/A	-	-	-	-	-
Non-Tax Revenue	1,910	870	229	284	400	400	N/A	400	400	400	400	400
Capital Receipts	-	-	613	588	500	500	N/A	1,700	1,700	100	100	100
<b>Total Crown Revenue and Capital Receipts</b>	1,910	870	842	872	900	900	N/A	2,100	2,100	500	500	500

Note - where restructuring of the vote has occurred then, to the extent practicable, prior years information has been restated as if the restructuring had occurred before the beginning of the period covered. In this instance Total Appropriations for the Budgeted and Estimated Actual year may not equal Total Annual Appropriations and Forecast Permanent Appropriations and Multi-Year Appropriations in the Details of Appropriations and Capital Injections.

## Adjustments to the Summary of Financial Activity Table Due to Vote Restructuring

There have been no restructuring adjustments to prior year information in the Summary of Financial Activity table.

### 1.3 - Analysis of Significant Trends

#### *Total Vote: All Appropriations*

Trends in Departmental actual expenditure since 2017/18, estimated expenditure for 2021/22 and the trajectory of expenditure appropriations out to 2025/26 are shown in Figure 1 below. The impact of COVID-19 is evident from Figure 1 with actual expenditure in 2020/21 significantly below all appropriations, while estimated expenditure for 2021/22 is below the final supplementary estimates appropriations for departmental capital expenditure and the multi-category Departmental expenditure appropriation. Commentary on the key drivers of movements in the trend by appropriation type follows Figure 1.

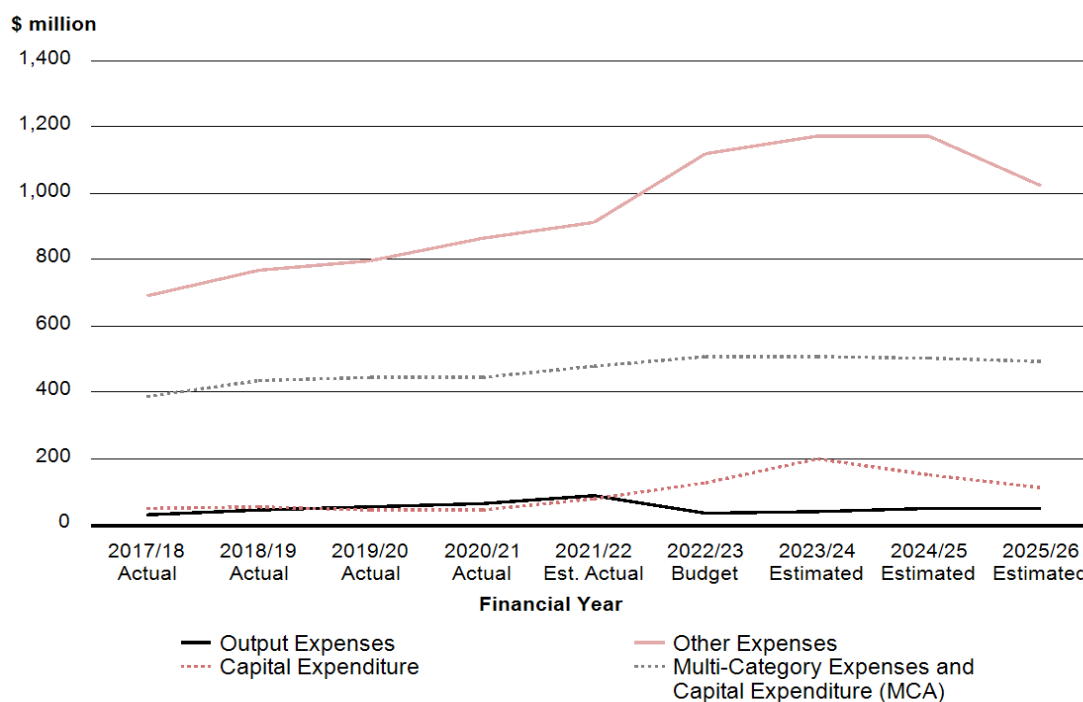
COVID-19 has had a significant impact on the Ministry's operations in the 2020/21 and 2021/22 financial years, particularly those that are travel dependent, and appears set to continue during the first half of the 2022/23 financial year. The lower expenditure caused by COVID-19 enabled the Ministry to respond to the immediate needs arising from the event, notably providing consular support and assistance to thousands of New Zealanders overseas, the servicing of exporters, sustain New Zealand's offshore network and, more latterly, the Afghanistan response.

Reduced expenditure arising from the inability to advance some diplomatic initiatives and business activities, such as asset maintenance and replacements, has necessitated several expense transfers to enable those programmes to catch up in the 2022/23 financial year.

In an environment of flat nominal baselines (no new increases in funding), rising costs and the easing of travel restrictions, the Ministry's funding will, however, come under increasing pressure from 2023/24 onwards. Future cost pressures will need to be resolved either through efficiencies, prioritisation and/or seeking new funding.

The significant changes in departmental and non-departmental appropriations are summarised below.



**Figure 1** - Vote trends in actual expenses and capital expenditure by appropriation type

Source: Ministry of Foreign Affairs and Trade

### *Output Expenses*

The Ministry had two departmental output expenses until 2021/22, of which the multi-year Hosting APEC 2021, which expired in 2021/22, was the most significant. The Ministry also has four non-departmental output expenses, of which Antarctic Research and Support and the multi-year Expo 2020 Dubai are the most significant, although the latter will expire in 2022/23. From the 2017/18 financial year there are progressive annual increases in output expenses through to 2025/26 reflecting the provision of policy initiative funding for:

- Expo 2020 Dubai (\$61.020 million), which commenced in 2017/18 and ceases in 2022/23
- hosting APEC 2021 (\$184.140 million), which commenced in 2018/19 and ceased in 2021/22. In July 2020 Cabinet agreed that the amount appropriated for APEC could be reduced by \$107.600 million, reflecting the decision that New Zealand host a largely virtual APEC in 2021, including all high-level meetings and the Leaders' meeting, and
- Antarctic Research and Support (\$63 million), which commenced in 2021/22 through to 2025/26 to support the re-development of Scott Base.

### *Non-Departmental Other Expenses*

The Ministry's non-departmental other expenses primarily comprise two appropriations, Subscriptions to International Organisations and International Development Cooperation. Actual prior year expenditure on the former from 2017/18 (\$46.984 million) through to the estimated actual for 2021/22 (\$60.729 million), and which remains unchanged in the outyears, has fluctuated due to changes both in the cost of subscriptions and the associated foreign currency exchange rates, in respect of the non-discretionary payments required as formal obligations arising from New Zealand's membership of international organisations, and as a signatory to international treaties and conventions.

2021/22 is the first year of the multi-year appropriation (International Development Cooperation) approved for the three-year period 2021/22 to 2023/24, with an appropriation of \$2,538.709 million. The appropriation has increased to \$3,010.614 million largely reflecting a new policy initiative approved in October 2021 being Aotearoa New Zealand's International Climate Finance Commitment 2022-25, \$450 million over four years to 2025/26.

### *Capital Expenditure*

The trend of capital expenditure reflects the timing and level of expenditure for the replacement and renewal of existing assets and additional capital investments, as reflected in the Ministry's Capital Plan.

Estimated actual Departmental expenditure in 2021/22 totals \$55.423 million, reflecting the adverse impact of COVID-19 on the delivery of the capital investment programme. The appropriation increases to \$63.863 million in 2022/23, reflecting the scheduling of building construction and refurbishment work within the Ministry's capital programme (funded from the Ministry's capital reserves), together with capital injections (\$31.600 million), to provide the physical infrastructure needed to support the desired policy direction of the Pacific Reset. There are further capital injections totalling \$16.225 million for the Pacific Reset in 2023/24.

### *Non-Departmental Capital Expenditure*

Non-Departmental capital expenditure comprises two appropriations as follows:

- New Zealand Antarctic Institute for the redevelopment of Scott Base, with funding of \$303 million over the planning horizon 2021/22 through to 2025/26, and
- Consular Loans for the provision of recoverable financial assistance to New Zealanders in distress overseas to help them meet essential and immediate needs, including the costs of repatriation, with funding of \$2.500 million available over the planning horizon 2021/22 through to 2025/26.

### *Multi-Category Output Expenses*

The multi-category appropriation was new in 2020/21, with the historical trend information through to 2019/20 represented by expenditure from a number of dis-established appropriations from the previous Vote Foreign Affairs and Trade and Vote Official Development Assistance.

The year-on-year upward trend in this appropriation through to 2023/24 (inclusive of expense transfers and technical budget initiatives funded by savings), which then largely stabilises in the outyears, primarily reflects annual funding increases from new initiative packages approved in successive budgets and effective from the 2017/18 financial year onwards. Actual expenditure in 2020/21 was below appropriation (5.8%) while estimated actual expenditure for 2021/22 is forecast to be some 1.2% below the final supplementary estimates. These two results reflect the impact of COVID-19 on the Ministry's business operations, initiatives and activities. In addition the 2021/22 final supplementary estimates are net of \$11.500 million of funding transferred to provide support for Ukraine.

While actual expenditure in the COVID-19 affected 2020/21 and 2021/22 financial years was below appropriations, the annual increases in the appropriation through the out-years of the planning horizon reflecting the injection of additional funding, derive from the following key factors:

## International Development Cooperation

The Government has historically targeted growth in the International Development Cooperation programme in line with movements in Gross National Income, and increased funding for the management of the programme has been commensurate, as follows:

- Budget 2018 new funding associated with “increasing our aid to tackle the biggest global and regional challenges of our time” totalling \$11.930 million in 2018/19, \$15.566 million in 2019/20, \$19.248 million in 2020/21 and \$22.892 million in 2021/22 and each of the outyears
- Budget 2019 new funding associated with “increasing New Zealand’s Investment to Deliver on the Pacific Reset and to Demonstrate Global Leadership” totalling \$1.098 million in 2019/20, \$2.090 million in 2020/21, \$2.590 million in 2021/22 and \$6.756 million in 2022/23 and each of the outyears
- Budget 2020 new funding associated with “increasing New Zealand’s international assistance to ensure strong governance and inclusive development” totalling \$5.420 million in 2020/21 only.

## New Posts

Additional funding has been provided to enable the establishment of new overseas posts as follows:

- Budget 2016 funding for the establishment of an embassy in Bogota, Colombia, being \$3.626 million in 2018/19 and \$3.719 million in 2019/20 and each of the outyears
- Budget 2017 funding for the establishment of a New Zealand High Commission in Sri Lanka, and the establishment of a New Zealand Embassy in Ireland, totalling \$3.091 million in 2018/19, \$6.258 million in 2019/20, and \$6.278 million in 2020/21 and each of the outyears.

## Growing Capability and Capacity

Investment has been made to ensure the Ministry of Foreign Affairs and Trade has the required capability and capacity to deliver on its strategic goals, as follows:

- Budget 2017 funding for the initiatives making New Zealanders more prosperous through trade and making New Zealanders more connected totalling \$6.541 million in 2018/19, \$7.139 million in 2019/20, \$8.864 million in 2020/21 and 2021/22, and \$8.602 million in 2022/23 and each of the outyears
- Budget 2018 funding for Foreign and Trade Policy Challenges comprising meeting departmental pressures, increasing departmental capability (including the establishment of a New Zealand embassy in Stockholm, Sweden), and departmental capital pressures totalling \$22.569 million in 2018/19, \$31.533 million in 2019/20, \$42.898 million in 2020/21 and \$53.434 million in 2021/22 and each of the outyears
- Budget 2020 funding over the planning horizon to 2023/24 for providing the physical infrastructure needed to support the desired policy direction of the Pacific Reset (\$14.600 million).

## Savings Delivered

The Ministry’s contribution to the Budget 2019 initiative Reprioritisation of Funding - Forecast Departmental Underspends totals \$20.217 million over the period 2018/19 to 2022/23.

## Part 2 - Details of Departmental Appropriations

### 2.1 - Departmental Output Expenses

#### Policy Advice and Representation - Other Countries PLA (M34) (A20)

##### *Scope of Appropriation*

This appropriation is limited to meeting the costs, as set out in section 11 of the Foreign Affairs Act 1988, of superannuation for local staff employed by overseas posts to help with the management of New Zealand's foreign and trade relations with other countries.

##### *Expenses and Revenue*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	20	20	20
Revenue from the Crown	20	20	20
Revenue from Others	-	-	-

##### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve the Ministry's obligation, as set out in section 11 of the Foreign Affairs Act 1988, of superannuation for local staff employed by overseas posts.

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

	2021/22		2022/23
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
New Zealand Government Superannuation Scheme for locally recruited staff in the United States of America continues to be funded to the required level by the Crown	Met	Met	Met

##### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the Ministry of Foreign Affairs and Trade in its Annual Report to be tabled in the House.

## 2.3 - Departmental Capital Expenditure and Capital Injections

### Ministry of Foreign Affairs and Trade - Capital Expenditure PLA (M34) (A20)

#### *Scope of Appropriation*

This appropriation is limited to the purchase or development of assets by and for the use of the Ministry of Foreign Affairs and Trade, as authorised by section 24(1) of the Public Finance Act 1989.

#### *Capital Expenditure*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	51,798	47,123	51,548
Intangibles	10,710	8,300	12,315
Other	-	-	-
<b>Total Appropriation</b>	<b>62,508</b>	<b>55,423</b>	<b>63,863</b>

#### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve the provision of modern, secure and effective premises for accommodating NZ Inc.'s requirements offshore and modernising the Ministry's IT systems.

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

	2021/22		2022/23
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Percentage of chanceries with a Fit-for-Purpose performance gap of <=2 (see Note 1)	80%	82%	80%
Percentage of official residences with a Fit-for-Purpose performance gap of <=2 (see Note 1)	85%	95%	85%
Percentage of time our networks are available	99.7%	99.6%	99.7%
Percentage of time our critical services are available	99.7%	100%	99.7%

Note 1 - The Ministry uses a Fit-for-Purpose framework that rates every Chancery (office) and Official Residence property against five asset management criteria of *location*, *building and infrastructure quality*, *brand*, *functionality*, and *flexibility*. Weighted sub-criteria are used to reflect the criticality of each asset management criteria relative to specific locations. The current performance of each property asset in the above mentioned class is scored against pre-determined business defined target scores. The target scores reflect the relative importance of each of the five asset criteria as an enabler supporting the specific objectives and business model in each location.

## *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the Ministry of Foreign Affairs and Trade in its Annual Report to be tabled in the House.

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

### **Ministry of Foreign Affairs and Trade**

Details of Net Asset Schedule	2021/22 Estimated Actual \$000	2022/23 Projected \$000	Explanation of Projected Movements in 2022/23
Opening Balance	744,713	755,213	
Capital Injections	10,500	31,600	The capital injection is to fund the physical property infrastructure needed in the Pacific posts as part of the Pacific reset policy. The individual elements are as follows: Port Moresby Chancery \$7.100 million; Pacific infrastructure Nuku'alofa \$6.500 million; Pacific infrastructure Apia \$6.400 million; Honiara staff housing \$4.700 million; Project management \$1.900 million; Medium housing phase 1 \$1.700 million; Tarawa staff house \$1.100 million; Residential replacements phase 1 \$800,000; Sustainable energy \$800,000; Pacific infrastructure Other \$600,000
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
<b>Closing Balance</b>	<b>755,213</b>	<b>786,813</b>	

## Part 3 - Details of Non-Departmental Appropriations

### 3.1 - Non-Departmental Output Expenses

#### Antarctic Research and Support (M34) (A20)

##### *Scope of Appropriation*

Provision of management and logistic support for New Zealand activities in the Antarctic. The provider is the New Zealand Antarctic Institute.

##### *Expenses*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	22,820	22,820	26,820

##### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve the delivery of safe and effective support for New Zealand's Antarctic related activities and interests.

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

	2021/22		2022/23
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Health and Safety - There are no serious injuries or illnesses (rated at a critical risk level)	Revised measure	Revised measure	Achieved
Logistics Support Effectiveness - Antarctic programme participant's rating of how well their logistics support objectives were achieved against the agreed plan - for both science and non-science projects (including any impacts outside of Antarctica New Zealand's control eg, weather)	85%	85%	85%
Host the Antarctic Science Platform and support it to be successful - Annual key performance measures as agreed with MBIE are delivered in full	New measure	New measure	Achieved
Environmental compliance - Antarctica New Zealand fully complies with the terms of its own Environmental Impact Assessments and permits issued under the Antarctica (Environmental Protection) Act 1994	Zero breaches	Zero breaches	Achieved
The Ministry of Foreign Affairs and Trade (MFAT) indicates satisfaction with (a) the quality and timeliness of environmental advice provided, including technical advice on the permitting of activities under the Antarctic (Environmental Protection) Act 1994 and (b) leadership on environmental policy in Antarctica through the Antarctic Treaty System - Committee on Environmental Protection (CEP)	Achieved	Achieved	Achieved

### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the New Zealand Antarctic Institute in its Annual Report to be tabled in the House.

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2021/22 Final Budgeted \$000	2022/23 Budget \$000	2023/24 Estimated \$000	2024/25 Estimated \$000	2025/26 Estimated \$000
Our Place in Antarctica - Redevelop Scott Base to maintain a safe presence in Antarctica to conduct high quality science	2021/22	2,000	6,000	13,000	22,000	20,000
Our Place in Antarctica - Enabling the redevelopment of Scott Base into a safe, fit-for-purpose facility	2019/20	900	900	900	900	900-

### *Reasons for Change in Appropriation*

The appropriation increases by \$4 million to \$26.820 million for 2022/23 due to the new initiatives package for the re-development of Scott Base approved for Budget 2021.

## **Expo 2020 Dubai (M34) (A20)**

### *Scope of Appropriation*

This appropriation is limited to New Zealand's participation at Expo 2020 Dubai.

### *Expenses*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	21,323	21,323	950

### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to enable New Zealand's participation in the World Expo to be hosted in Dubai, United Arab Emirates. Expo 2020 will provide a springboard to promote New Zealand as an innovative, solution-focused economy to the 25 million visitors expected to attend. New Zealand's participation in Expo 2020 will focus on maximising benefits to New Zealand in alignment with the Government's international trade policy agenda with the overall objective to build a prosperous New Zealand.

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

Assessment of Performance	2021/22		2022/23
	Final Budgeted Standard	Estimated Actual	Budget Standard
New Zealand Pavilion decommissioning complete before 31 December 2022	New measure	New measure	Achieved



### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by New Zealand Trade and Enterprise in its Annual Report to be tabled in the House.

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2021/22 Final Budgeted \$000	2022/23 Budget \$000	2023/24 Estimated \$000	2024/25 Estimated \$000	2025/26 Estimated \$000
Expo 2020 COVID-19 and related postponement costs	2021/22	7,280	500	-	-	-

### *Reasons for Change in Appropriation*

This appropriation provides residual funding of \$950,000 in 2022/23 to meet the remaining costs of New Zealand's participation at Expo 2020 Dubai, which was due to begin on 20 October 2020, however, owing to the COVID-19 pandemic the Expo was postponed until 1 October 2021. The 2022/23 funding comprises the original \$500,000 approved from the COVID-19 Response and Recovery Fund in July 2020 together with an expense transfer of \$450,000 from 2021/22.

## **Pacific Cooperation Foundation (M34) (A20)**

### *Scope of Appropriation*

The promotion of mutual understanding and constructive linkages between New Zealanders and the other countries and people of the Pacific. The provider is the Pacific Cooperation Foundation of New Zealand.

### *Expenses*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	1,400	1,400	1,400

### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve outputs to promote outcomes in particular on a pan-regional basis in three strategic priority areas: promoting economic sustainability and business growth in the Pacific, connecting people and organisations in the Pacific and New Zealand, and enhancing New Zealand's identity as a Pacific nation.

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

	2021/22		2022/23
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Percentage of objectives met as outlined in PCF's annual Purchase Agreement with MFAT	80%	80%	80%
Government priorities in the Pacific supported through PCF programmes (alignment of programmes in support of Government priorities. As measured on a scale of 1-7, with 1 = extremely unsatisfactory and 7 = extremely satisfactory)	Average results 5 or higher on scale	4	Average results 5 or higher on scale
PCF stakeholders report satisfaction with PCF leadership, engagement, communications and support (as measured on a scale of 1-7 in an annual survey of all PCF stakeholders, with 1 = extremely unsatisfied and 7 = extremely satisfied)	Average results 5 or higher on scale	4	Average results 5 or higher on scale
An independent audit of PCF is undertaken annually	Completed	Completed	Completed

*End of Year Performance Reporting*

Performance information for this appropriation will be reported by the Pacific Cooperation Foundation in its Annual Report to be tabled in the House.

**Promotion of Asian Skills and Relationships (M34) (A20)***Scope of Appropriation*

This appropriation is limited to the provision of services that build and sustain New Zealanders' knowledge and understanding of and relationships with Asia.

*Expenses*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	5,500	5,500	5,500

*What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve improving knowledge among New Zealanders about Asian countries and develop the necessary skills required by New Zealanders in their dealings with Asia.

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

	2021/22		2022/23
Assessment of Performance	Final Budgeted Standard	Estimated Actual	Budget Standard
<b>Strategic Goal 1 - Growing awareness/knowledge</b>			
Number of research reports published and distributed	5	6	4
Education Champions engaged in at least two Foundation initiatives over the year	New measure	New measure	75%
Content about Asia on Foundation and Media digital platforms	250	Not yet available	300
<b>Strategic Goal 2 - Deepening connections</b>			
Level of New Zealand public awareness of the importance of Asia to New Zealand (social research)	Maintain	Not yet available	Maintain
Number of Track II dialogues conducted	8	Not yet available	7
Number of inward/outward Asia experiences	On hold pending removal of travel restrictions	0	50
Number of partnerships/sponsorships	20	Not yet available	20
Number of attendees at partnership/sponsorship event	18,000	30,000	18,000
<b>Strategic Goal 3 - Growing confidence</b>			
Number of supported entrepreneurs engaged with Asian counterparts	On hold pending removal of travel restrictions	10	20
Percentage increase in applications for internships	On hold pending removal of travel restrictions	800%	5%
<b>Strategic Goal 4 - Organisational performance</b>			
Stakeholders satisfied with what the Foundation is delivering (survey to be conducted biannually)	Not measured (conducted biannually)	Not measured	Maintain

### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the Asia New Zealand Foundation in its Annual Report to be tabled in the House.

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2021/22 Final Budgeted \$000	2022/23 Budget \$000	2023/24 Estimated \$000	2024/25 Estimated \$000	2025/26 Estimated \$000
Asia New Zealand Foundation: equipping New Zealanders to thrive in the Asian century	2018/19	1,500	1,500	1,500	1,500	1,500

## 3.4 - Non-Departmental Other Expenses

### Consular Loan Expenses (M34) (A20)

#### *Scope of Appropriation*

This appropriation is limited to unrecoverable financial assistance provided to New Zealanders in distress overseas and expenses arising from any concessional terms and conditions that apply to recoverable financial assistance provided.

#### *Expenses*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	250	250	50

#### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve the coverage of unrecoverable financial assistance provided to New Zealanders in distress overseas and expenses arising from any concessional terms and conditions that apply to recoverable financial assistance provided.

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

	2021/22		2022/23
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Under 10% of the opening loans balance is expensed in the year	Met	Met	Met

#### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the Minister of Foreign Affairs in a report to be appended to the Annual Report of the Ministry of Foreign Affairs and Trade to be tabled in the House.

#### *Current and Past Policy Initiatives*

	Year of First Impact	2021/22 Final Budgeted \$000	2022/23 Budget \$000	2023/24 Estimated \$000	2024/25 Estimated \$000	2025/26 Estimated \$000
Policy Initiative						
Consular Loan Expenses	2020/21	50	50	50	50	50

#### *Reasons for Change in Appropriation*

In June 2020 approval was granted for the establishment of a non-departmental other expense appropriation to cover any concessional terms and conditions that may apply to recoverable consular loans, including foregone interest on consular loans and the write-off of any uncollectable loans. The appropriation decreases by \$200,000 in 2022/23 due to a one-off fiscally neutral transfer into 2021/22 from the Consular Services component of the Delivery of Services category of the Ministry's Multi-Category Appropriation. This will ensure full compliance with the requirement for the Ministry to provision for the Expected Credit Loss (ECL) on consular loans provided.

## Disbursements Made and Exemptions from Taxation PLA (M34) (A20)

### *Scope of Appropriation*

Refund of New Zealand local body rates for offices and residential premises of overseas diplomatic missions and consular posts pursuant to section 21 of the Diplomatic Privileges and Immunities Act 1968.

### *Expenses*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	2,700	2,700	2,700

### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve the fulfilment of New Zealand's obligations pursuant to section 21 of the Diplomatic Privileges and Immunities Act 1968.

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

	2021/22		2022/23
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Number of rate reimbursements processed	65-80	65-80	65-80

### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the Minister of Foreign Affairs and appended to the Annual Report of the Ministry of Foreign Affairs and Trade to be presented to the House.

### *Service Providers*

Provider	2021/22 Final Budgeted \$000	2021/22 Estimated Actual \$000	2022/23 Budget \$000	Expiry of Resourcing Commitment
Ministry of Foreign Affairs and Trade	2,700	2,700	2,700	Ongoing

### *Conditions on Use of Appropriation*

Reference	Conditions
Diplomatic Privileges and Immunities Act 1968	Approval of the Minister of Finance and the Minister of Foreign Affairs and Trade

## International Development Cooperation (M34) (A20)

### *Scope of Appropriation and Expenses*

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
<b>International Development Cooperation (M34) (A20)</b> This appropriation is limited to providing development cooperation and humanitarian assistance that support the sustainable development and welfare of Pacific Island and developing countries.  Commences: 01 July 2021  Expires: 30 June 2024	Original Appropriation	2,538,709
	Adjustments to 2020/21	-
	Adjustments for 2021/22	471,905
	Adjusted Appropriation	3,010,614
	Actual to 2020/21 Year End	-
	Estimated Actual for 2021/22	841,492
	Estimate for 2022/23	1,058,167
	Estimated Appropriation Remaining	1,110,955

### *Expenses*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	841,492	841,492	1,058,167

### *Components of the Appropriation*

The components of this appropriation include the design, management, implementation and monitoring and evaluation of activities intended to achieve sustainable development objectives. This can include capacity building initiatives, coordination support to partners, research on development issues and development education and awareness in New Zealand. Activities approved under the appropriation will reflect the Official Development Assistance definition and reporting directives of the Organisation for Economic Cooperation and Development along with the provision of assistance to Pacific Island countries irrespective of their eligibility for Official Development Assistance. There may also be a small amount of expenditure that does not meet either criterion. This may be due to definitional changes after a contract is signed or for other usually administrative reasons.

### *What is Intended to be Achieved with this Appropriation*

This Appropriation is intended to achieve progress by Pacific Island and developing countries against their sustainable development priorities and against the 2030 Agenda and Sustainable Development Goals.

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

	2021/22		2022/23
Assessment of Performance	Final Budgeted Standard	Estimated Actual	Budget Standard
<b>International Development Cooperation Results (more directly attributable to New Zealand support)</b>			
Number of Pacific Island countries that remain on track on their economic and public sector reform programme	Maintain or improve trend	Not measured yet	Maintain or improve trend
Number of people participating in a labour mobility initiative (No., M/F)	Maintain or improve trend	Not measured yet	Maintain or improve trend
Number of people directly benefitting from activities which aim to increase resilience to climate change and environmental degradation (No., M/F)	Standard dependent on need	Not measured yet	Standard dependent on need
Number of people supported to improve their livelihoods (No., M/F)	Standard dependent on need	Not measured yet	Standard dependent on need
Number of people directly benefitting from improved infrastructure and services (No., M/F)	Standard dependent on need	Not measured yet	Standard dependent on need
Number of people benefitting from sexual and reproductive health services (No., M/F)	Standard dependent on need	Not measured yet	Standard dependent on need
Number of people benefitting from enhanced learning through ICT (No., M/F)	Standard dependent on need	Not measured yet	Standard dependent on need
Number of people receiving training or capability-building support in priority sectors (No., M/F)	Standard dependent on need	Not measured yet	Standard dependent on need
People that complete tertiary or vocational training scholarships	>90% of people who were awarded scholarships	Not measured yet	>90% of people who were awarded scholarships
New Zealand responses to natural disasters in the Pacific are launched within mandated timeframes (%)	100%	100%	100%
Number of affected people provided with essential and useful assistance following a natural or human induced disaster (No., M/F) (see Note 1)	Standard dependent on need	Not measured yet	Standard dependent on need
<b>Quality</b>			
Percentage of Activities with effectiveness rated as good or better (based on MFAT Activity Completion Assessments)	Maintain or improve trend	Not measured yet	Maintain or improve trend

Note 1 - This is a Sustainable Development Goal Indicator. Detailed guidance can be found at <https://unstats.un.org/sdgs/metadata/>.

Note 2 - The performance measure on Commitment to Development Index score was removed from the Estimates as the other measures are more relevant indicators of activity.

## *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the Minister of Foreign Affairs in a report to be appended to the Annual Report of the Ministry of Foreign Affairs and Trade to be presented to the House.

## Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2021/22 Final Budgeted \$000	2022/23 Budget \$000	2023/24 Estimated \$000	2024/25 Estimated \$000	2025/26 Estimated \$000
Aotearoa New Zealand's International Climate Finance Commitment 2022-2025	2022/23	-	200,000	250,000	250,000	100,000
Increasing New Zealand's investment to deliver on the Pacific Reset and to Demonstrate Global Leadership	2019/20	23,971	62,541	62,541	62,541	62,541
Increasing our aid to tackle the biggest global and regional challenges of our time	2018/19	211,904	211,904	211,904	211,904	211,904

## Subscriptions to International Organisations (M34) (A20)

### Scope of Appropriation

This appropriation is limited to non-discretionary payments required as formal obligations arising from New Zealand's membership of international organisations, and as a signatory to international treaties and conventions.

### Expenses

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	60,729	60,729	60,729

### Components of the Appropriation

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Asia Pacific Economic Cooperation Business Advisory Council	18	18	17
Asia Pacific Economic Cooperation Pacific Economic Cooperation Council	65	65	63
Asia Pacific Economic Cooperation Secretariat	231	231	217
Arms Trade Treaty	6	6	6
Asia Europe Foundation	58	58	58
Biological Weapons Convention	9	9	8
Chemical Weapons Convention	363	363	364
Commonwealth Foundation	186	186	187
Commonwealth Secretariat	703	703	705
Conservation of Antarctic Marine Living Resources	145	145	146
Comprehensive Test Ban Treaty	587	587	575
Convention to Combat Desertification	36	36	37
Convention on Cluster Munitions	8	8	8



	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Convention on International Exhibitions	33	33	33
Export Controls for Arms and Ammunition	15	15	15
Global Environment Facility	2001	2001	2001
Inhumane Weapons Convention	7	7	7
International Atomic Energy Agency	1780	1780	1861
International Criminal Court	1571	1571	1588
International Humanitarian Fact Finding Mission	3	3	3
International Organization of Wine and Vine	14	14	14
International Renewable Energy Agency	83	83	78
International Seabed Authority	44	44	41
International Whaling Commission	57	57	58
Law of Sea Conference	223	223	213
NZ/US Education Foundation	1172	1172	1172
Organisation for Economic Cooperation and Development	4064	4064	4183
Ottawa Mine Bank Convention	4	4	4
Permanent Court of Arbitration	22	22	22
Secretariat for the Antarctic Treaty	89	89	86
SPREP Noumea Convention	36	36	-
Treaty on the Non-Proliferation of Nuclear Weapons	12	12	11
Treaty on the Prohibition of Nuclear Weapons	35	35	33
World Trade Organisation	762	762	743
United Nations Subscription	13511	13511	13470
United Nations Peacekeeping Operations	32776	32776	32702
Total	60729	60729	60729

### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve the funding of the non-discretionary payments required as formal obligations arising from New Zealand's membership of international organisations, and as a signatory to international treaties and conventions.

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

An exemption from reporting performance measures for this appropriation has been granted under s.15D(2)(b)(ii) of the Public Finance Act.

## 3.5 - Non-Departmental Capital Expenditure

### Consular Loans (M34) (A20)

#### *Scope of Appropriation*

This appropriation is limited to recoverable financial assistance provided to New Zealanders in distress overseas to help them meet essential and immediate needs, including the costs of repatriation.

#### *Capital Expenditure*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	500	500	1,700

#### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve the provision of recoverable financial assistance to New Zealanders in distress overseas to help them meet essential and immediate needs, including the costs of repatriation.

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

	2021/22		2022/23
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Number of new approved consular loans	50	16	20

#### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the Minister of Foreign Affairs in a report to be appended to the Annual Report of the Ministry of Foreign Affairs and Trade to be tabled in the House.

#### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2021/22 Final Budgeted \$000	2022/23 Budget \$000	2023/24 Estimated \$000	2024/25 Estimated \$000	2025/26 Estimated \$000
Consular Loans	2020/21	100	100	100	100	100

#### *Reasons for Change in Appropriation*

The increase in the appropriation to \$1.700 million is due to a capital transfer from 2021/22 to ensure that the Ministry has the financial capacity to respond to increased consular demands in 2022/23.

## New Zealand Antarctic Institute (M34) (A20)

### *Scope of Appropriation*

To enable NZAI to maintain the Scott Base buildings and services infrastructure.

### *Capital Expenditure*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	23,000	23,000	61,000

### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to provide the necessary resource in the form of design, engineering, site survey, environmental impact assessment and project planning that is necessary to complete a full concept, developed design and detailed business case for a modern, low-impact, efficient facility that satisfies New Zealand's strategic interests.

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

	2021/22		2022/23
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Scott Base redevelopment project - Deliver the annual plan to redevelop Scott Base to agreed milestones - in scope, on time and within budget	Achieved	Achieved (see Note 1)	Achieved

Note 1 - Project funding of \$5 million scheduled for 2022/23 and beyond was brought forward to 2021/22 to advance delivery and reduce risk of future project deliverables in Antarctica.

### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the New Zealand Antarctic Institute in its Annual Report to be tabled in the House.

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2021/22 Final Budgeted \$000	2022/23 Budget \$000	2023/24 Estimated \$000	2024/25 Estimated \$000	2025/26 Estimated \$000
Our Place in Antarctica - Redevelop Scott Base to maintain a safe presence in Antarctica to conduct high quality science	2021/22	18,000	66,000	114,000	69,000	36,000

### *Reasons for Change in Appropriation*

The appropriation of \$61 million in 2022/23 is due to the new initiative funding approved for the redevelopment of Scott Base.

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

### 4 - Multi-Category Expenses and Capital Expenditure

**Act in the world to build a safer, more prosperous and more sustainable future for New Zealanders (M34) (A20)**

#### *Overarching Purpose Statement*

The single overarching purpose of this appropriation is to promote and protect New Zealand's interests and values in the world to build a safer, more prosperous and more sustainable future for New Zealanders.

#### *Scope of Appropriation*

##### **Departmental Output Expenses**

##### *Analysis and advice to inform New Zealand's foreign policy*

This category is limited to providing analysis, advice and Ministerial services, and undertaking related domestic engagement, on all elements of New Zealand's foreign policy, other than international development cooperation.

##### *Delivery of New Zealand's foreign policy*

This category is limited to international representation, advocacy and negotiation on all elements of New Zealand's foreign policy, other than international development cooperation.

##### *Delivery of services*

This category is limited to the delivery of services to support New Zealand individuals, businesses and agencies overseas, and host government services to the diplomatic and consular corps in New Zealand.

##### *Management of New Zealand's International Development Cooperation*

This category is limited to advice (including related domestic engagement and Ministerial services), representation and advocacy on international development issues, and the management of the New Zealand Aid Programme.

#### *Expenses, Revenue and Capital Expenditure*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Total Appropriation</b>	<b>490,411</b>	<b>478,880</b>	<b>507,441</b>
<b>Departmental Output Expenses</b>			
Analysis and advice to inform New Zealand's foreign policy	64,861	63,165	63,260
Delivery of New Zealand's foreign policy	272,950	266,183	279,983
Delivery of services	58,162	56,819	56,934
Management of New Zealand's International Development Cooperation	94,438	92,713	107,264

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Funding for Departmental Output Expenses</b>			
<b>Revenue from the Crown</b>	<b>479,596</b>	<b>468,065</b>	<b>496,626</b>
Analysis and advice to inform New Zealand's foreign policy	64,861	63,165	63,260
Delivery of New Zealand's foreign policy	272,950	266,183	279,983
Delivery of services	47,347	46,004	46,119
Management of New Zealand's International Development Cooperation	94,438	92,713	107,264
<b>Revenue from Others</b>	<b>10,815</b>	<b>10,815</b>	<b>10,815</b>
Delivery of services	10,815	10,815	10,815

### *Components of the Appropriation*

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Departmental Output Expense</b>			
<b>Analysis and Advice to inform New Zealand's foreign policy</b>			
Policy Advice	48,018	46,763	46,833
Ministerial Services	4,550	4,431	4,438
Monitor Crown Entities	70	68	68
Aotearoa New Zealand domestic engagement	12,223	11,903	11,921
<b>Total Analysis and Advice to inform New Zealand's foreign policy</b>	<b>64,861</b>	<b>63,165</b>	<b>63,260</b>
<b>Departmental Output Expense</b>			
<b>Delivery of New Zealand's foreign policy</b>			
Strengthen, protect and use international rules and institutions to pursue Aotearoa New Zealand values and interests	34,349	33,498	35,234
Grow sustainable economic returns and resilience from trade, investment and other international connections	55,321	53,950	56,746
Embed Aotearoa New Zealand as an active and integral partner in shaping an Indo-Pacific order that delivers regional stability and economic integration	18,424	17,968	18,899
Promote a stable, prosperous and resilient Pacific in which Aotearoa New Zealand's interests and influence are safeguarded	32,900	32,084	33,748
Promote sustainable international solutions to global environment and natural resource challenges that impact on Aotearoa New Zealand	15,984	15,588	16,396
Lead Aotearoa New Zealand's international action to advance and protect New Zealanders' safety and Aotearoa New Zealand's security	19,559	19,074	20,063
Build and leverage targeted international relationships to achieve our goals	96,413	94,021	98,897
<b>Total Delivery of New Zealand's foreign policy</b>	<b>272,950</b>	<b>266,183</b>	<b>279,983</b>

	2021/22		2022/23
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Departmental Output Expense</b>			
<b>Delivery of Services</b>			
Services to New Zealand exporters and businesses to help them succeed overseas	9,984	9,754	9,774
Consular services to keep New Zealanders safer abroad	37,620	36,751	36,825
Host government services to the diplomatic and consular corps in Aotearoa New Zealand	2,290	2,237	2,241
Services for other Aotearoa New Zealand agencies overseas	8,268	8,077	8,094
<b>Total Delivery of Services</b>	<b>58,162</b>	<b>56,819</b>	<b>56,934</b>
<b>Departmental Output Expense</b>			
<b>Management of New Zealand's International Development Cooperation</b>			
Policy Advice	3,177	3,119	3,608
Ministerial Services	19	19	21
Representation and advocacy	5,941	5,833	6,748
Aotearoa New Zealand Domestic Engagement	7,444	7,308	8,455
Delivery of the New Zealand Aid Programme	77,857	76,434	88,432
<b>Total Management of New Zealand's International Development Cooperation</b>	<b>94,438</b>	<b>92,713</b>	<b>107,264</b>
<b>Total Multi-Category Appropriation</b>	<b>490,411</b>	<b>478,880</b>	<b>507,441</b>

### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve the provision of analysis and advice, and delivery of Aotearoa New Zealand's foreign policy through representation, advocacy and negotiation; the delivery of services to support New Zealand individuals, businesses and agencies overseas, and host government services to the diplomatic and consular corps in Aotearoa New Zealand; and management of Aotearoa New Zealand's international development cooperation (including related advice, representation and advocacy).

### *How Performance will be Assessed for this Appropriation*

	2021/22		2022/23
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Percentage of stakeholders who are satisfied with MFAT's effectiveness at representing Aotearoa New Zealand interests	80%	80%	80%

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

	2021/22		2022/23
Assessment of Performance	Final Budgeted Standard	Estimated Actual	Budget Standard
<b>Departmental Output Expenses</b>			
<b>Analysis and advice to inform New Zealand's foreign policy</b>			
This category is limited to providing analysis, advice and Ministerial services, and undertaking related domestic engagement, on all elements of Aotearoa New Zealand's foreign policy, other than international development cooperation.			
<b>Policy Advice</b>			
Policy submissions produced for Ministers	550-750	1,500	1,250-1,750 (see Note 1)
Assessment of performance of the quality of the Ministry's policy advice papers (see Note 2)	4	4	4
In relation to the quality of policy advice, the distribution of scores for policy papers assessed using the common Policy Quality Framework:			
Score of 4.5 or higher will be no less than	40%	40%	40%
Score of 3 or higher will be no less than (see Note 3)	New measure	New measure	100%
Satisfaction of the portfolio Minister with the policy advice service (see Note 4)	4 or above	4 or above	4 or above
<b>Ministerial Services</b>			
Number of Ministerial letters prepared	1,000-1,150	1,100	1,000-1,250 (see Note 1)
Number of Parliamentary Question responses provided	170-250	500	300-500 (see Note 1)
Number of Ministry Official Information Act request (OIA) responses provided	250-300	330	250-350
Percentage of Ministerial correspondence completed within 15 working days	90%	95%	90%
Percentage of Ministry OIA requests responded to within statutory timeframes (see Note 5)	90%	95%	90%
Average number of days to send Ministry OIA request response to a requestor (see Note 5)	25 days	25 days	25 days
<b>Monitor Crown entities</b>			
Ministers receive advice on the performance of Crown entities within agreed timeframes	100%	100%	100%
<b>Aotearoa New Zealand domestic engagement</b>			
Percentage of domestic stakeholders who are satisfied with their engagement with MFAT	90%	90%	90%

	2021/22		2022/23
Assessment of Performance	Final Budgeted Standard	Estimated Actual	Budget Standard
<b>Delivery of New Zealand's foreign policy</b>			
This category is intended to achieve international representation, advocacy and negotiation on all elements of Aotearoa New Zealand's foreign policy, other than international development cooperation.			
<b><i>Strengthen, protect and use international rules and institutions to pursue Aotearoa New Zealand values and interests</i></b>			
Number of multilateral meetings in which Ministers are supported to participate (UN, WTO, Commonwealth, OECD and other relevant meetings) (see Note 6)	15-25	15-25	Baseline to be reset
Number of resolutions Aotearoa New Zealand leads or co-sponsors in the UN General Assembly and the Human Rights Council	20-30	70	55-75 (see Note 1)
Number of negotiations concluded in line with Cabinet mandates	5-10	5-10	3-8 (see Note 7)
Proportion of issues raised by Aotearoa New Zealand in WTO committees resolved to the satisfaction of our domestic traders	10%	10%	10% (see Note 8)
Percentage of WTO notification obligations that Aotearoa New Zealand has complied with in a timely manner	90%	90%	90%
<b><i>Grow sustainable economic returns and resilience from trade, investment and other international connections</i></b>			
Number of visits on which New Zealand Trade Ministers are supported by the Ministry (see Note 9)	Pending removal of travel restrictions	4	3-5
Number of trade negotiations concluded in line with Cabinet mandate and signed	3	1	3
Number of trade negotiations in progress	5-8	12	11 (see Note 7)
Number of Non-Tariff Barriers resolved for exporters	15	14	15
<b><i>Embed Aotearoa New Zealand as an active and integral partner in shaping an Indo-Pacific order that delivers regional stability and economic integration</i></b>			
Number of APEC, ASEAN, EAS, ARF, ASEM, FEALAC meetings in which Ministers are supported to participate (see Note 6)	20-30	20-30	Baseline to be reset
Number of official-level Indo-Pacific regional meetings MFAT participates in	100-140	100-140	90-120 (see Note 7)
Number of policy statements and initiatives initiated or co-sponsored by Aotearoa New Zealand in Indo-Pacific regional fora	22-32	22-32	18-28 (see Note 7)
Percentage of Aotearoa New Zealand's commitments in the ASEAN Plan of Action assessed as on track or completed at the end of the financial year (see Note 10)	70%	70%	70%
<b><i>Promote a stable, prosperous and resilient Pacific in which Aotearoa New Zealand's interests and influence are safeguarded</i></b>			
Inwards Guest of Government visits from Pacific countries supported by the Ministry (see Note 9)	Pending removal of travel restrictions	1-2	4-8
Number of outward bilateral visits to Pacific countries on which New Zealand Ministers are supported by the Ministry (see Note 9)	Pending removal of travel restrictions	1-2	5-12



	2021/22		2022/23
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Number of High Level Consultations between Aotearoa New Zealand and Pacific bilateral partners	12	12	12
Number of High Level Consultations between Aotearoa New Zealand and Pacific Regional Agencies	2	3	3
Formal engagements focused on the Pacific between Aotearoa New Zealand and non-Pacific bilateral partners	5	5	5
Percentage of implemented Pacific Security Fund projects which meet stated objectives	100%	100%	100%
Percentage of implemented Pacific Enabling Fund projects which meet stated objectives	100%	100%	100%
<i>Promote sustainable international solutions to global environment and natural resource challenges that impact on Aotearoa New Zealand</i>			
Number of multilateral or plurilateral environment and climate change-related meetings in which Ministers are supported to participate (see Note 6)	15-20	15-20	Baseline to be reset
Number of negotiations concluded in line with Cabinet mandates	3	3	3
Number of High-Level Consultations between Aotearoa New Zealand and bilateral partners on climate change issues	5	4	5
<i>Lead Aotearoa New Zealand's international action to advance and protect New Zealanders' safety and Aotearoa New Zealand's security</i>			
Number of multilateral and regional security-related meetings in which Ministers are supported to participate (see Note 6)	20-25	20-25	Baseline to be reset
Number of people trained to lift security capability from MFAT's Global Security Fund (see Note 11)	Revised measure	Revised measure	120-180
Number of export control permits assessed	700-800	700-800	700-800
Number of space payload approvals assessed	15-20	15-20	15-20
Number of high-quality joint Cabinet papers regarding peace and security related deployments approved by Ministers	1-3	7	2
<i>Build and leverage targeted international relationships to achieve our goals</i>			
Inwards Guest of Government visits supported by the Ministry (from outside the Pacific) (see Note 9)	Pending removal of travel restrictions	0	20-30
Number of outward bilateral visits on which New Zealand Ministers are supported by the Ministry (outside the Pacific) (see Note 9)	Pending removal of travel restrictions	4	30-40
Percentage of visits rated as 4 or better on a scale of 1-5 by internal review against the Ministry's quality standard for visits management (see Note 9)	Pending removal of travel restrictions	Not measured	80%
Number of joint Ministerial statements delivered with bilateral partners	15-25	5-10	5-10 (see Note 1)
Number of Foreign Ministry Consultations between Aotearoa New Zealand and bilateral partners	30-40	20-26	20-26 (see Note 1)

	2021/22		2022/23
	Final Budgeted Standard	Estimated Actual	Budget Standard
<b>Assessment of Performance</b>			
<b>Delivery of services</b>			
This category is intended to achieve the delivery of services to support Aotearoa New Zealand individuals, businesses and agencies overseas, and host government services to the diplomatic and consular corps in Aotearoa New Zealand.			
<b><i>Services to Aotearoa New Zealand exporters and businesses to help them succeed overseas</i></b>			
Percentage of exporters who are satisfied that MFAT solved their queries	95%	89%	95%
Number of unique visits on Tradebarriers.govt.nz and Tariff finder online services	35,000-40,000	47,000	40,000-50,000 (see Note 1)
Number of "market insight" reports on the conditions in offshore countries published by the Ministry for exporters	90-110	90-110	90-110
Number of unique visits on "market insight" report pages on the Ministry website	25,000-35,000	94,000	90,000-100,000 (see Note 1)
<b><i>Consular services to keep New Zealanders safer abroad</i></b>			
Percentage of respondents satisfied with the quality of consular services (see Note 12)	New measure	New measure	85%
Distressed New Zealanders overseas who received consular services (demand driven) (see Note 13)	3,000-3,500	3,947	3,500-4,000 (see Note 1)
General consular advice enquiries responded to (demand driven)	25,000-35,000	44,569	45,000-55,000 (see Note 1)
Notarial services provided (demand driven)	7,000-10,000	7,358	7,000-10,000
Consular emergencies responded to	30	24	30
<b><i>Host government services to the diplomatic and consular corps in Aotearoa New Zealand</i></b>			
Percentage of relevant formal Aotearoa New Zealand appointment documentation prepared in compliance with the Diplomatic Privileges and Immunities Act 1968 and Consular Privileges and Immunities Act 1971 and the Vienna Convention on Diplomatic Relations and the Vienna Convention on Consular Relations	100%	100%	100%
Percentage of arrival and departure documentation for foreign diplomatic and consular staff resident in Aotearoa New Zealand completed within 10 working days	90-100%	80-100%	80-100%
<b><i>Services for other Aotearoa New Zealand agencies overseas</i></b>			
Average satisfaction score on the Ministry's service provision on a five point scale (see Note 14)	3.5	3.5	3.5
<b>Management of New Zealand's International Development Cooperation</b>			
This category is limited to advice (including related domestic engagement and Ministerial services), representation and advocacy on international development issues, and the management of the New Zealand Aid Programme.			
<b><i>Policy Advice</i></b>			
Policy submissions produced for Ministers	150-200	300	200-300 (see Note 1)
Assessment of performance of the quality of the Ministry's policy advice papers (see Note 2)	4	4	4

	2021/22		2022/23
	Final Budgeted Standard	Estimated Actual	Budget Standard
<b>Assessment of Performance</b>			
In relation to the quality of policy advice, the distribution of scores for policy papers assessed using the common Policy Quality Framework:			
Score of 4.5 or higher will be no less than	40%	40%	40%
Score of 3 or higher will be no less than (see Note 3)	New measure	New measure	100%
Satisfaction of the portfolio Minister with the policy advice service (see Note 4)	4 or above	4 or above	4 or above
<b>Ministerial Services</b>			
Number of Ministerial letters prepared	75-125	100	75-125
Number of Parliamentary Question responses provided	20-50	30	20-50
Number of Official Information Act request (OIA) responses provided	30-60	70	40-70 (see Note 1)
Percentage of Ministerial correspondence completed within 15 working days	90%	95%	90%
Percentage of Ministry OIA requests responded to within statutory timeframes (see Note 5)	90%	95%	90%
Average number of days to send Ministry OIA request response to a requestor (see Note 5)	25 days	25 days	25 days
<b>Aotearoa New Zealand domestic engagement</b>			
Percentage of domestic stakeholders who are satisfied with their engagement with MFAT	90%	90%	90%
<b>Representation and advocacy</b>			
Participation in governance mechanisms of targeted multilateral institutions which Aotearoa New Zealand core funds (% of institutions)	100%	100%	100%
Participation in governance mechanisms of targeted Pacific regional institutions which Aotearoa New Zealand core funds (% of institutions)	100%	100%	100%
<b>Delivery of the New Zealand Aid Programme</b>			
Percentage of Crown IDC for the partner government sector disbursed in year for which it was scheduled (Bilateral programmes only)	90%	90%	90%
Proportion of Pacific country partner governments provided with an indicative Total Country Aid Programme Budget for the current year plus projections for two or more years in the future	100%	100%	100%
Amount and percentage of Crown IDC resources spent on the Pacific	60% for the triennium (+/- 5% for any given year)	60% for the triennium (+/- 5% for any given year)	60% for the triennium (+/- 5% for any given year)
Amount and percentage of Crown IDC resources spent in vulnerable countries (see Note 15)	Revised measure	Revised measure	Baseline to be set
Amount and percentage of IDC funding, which addresses climate change mitigation and adaption - of this: % and amount spent in the Pacific; % and amount addressing climate change adaptation (see Note 16)	New measure	New measure	Increasing trend
Amount and percentage of Crown IDC resources spent on Activities where gender equality and women's empowerment is a principal objective	At least 4%	At least 4%	At least 4%

	2021/22		2022/23
Assessment of Performance	Final Budgeted Standard	Estimated Actual	Budget Standard
Amount and percentage of Crown IDC resources spent on Aid for Trade	At least 20% of IDC	At least 20% of IDC	At least 20% of IDC
Amount and percentage of Crown IDC resources spent on scholarships	10-12% of annual spend	10-12% of core baseline annual spend	No more than 10% of core baseline annual spend
Amount and percentage of Crown IDC resources spent on strengthening statistics in the Pacific	Increasing trend	Increasing trend	Increasing trend
Percentage of Activity Monitoring Assessments (AMAs) and Activity Completion Assessments (ACAs) rated as robust (see Note 17)	Increasing trend	Increasing trend	Increasing trend
Percentage of evaluations (or summaries) that are published to MFAT website within 3 months of completion	100%	100%	100%
Percentage of Programmes rated 4 or higher on a scale of 1-5 by review against the Ministry's quality standard for programme management	>90%	>90%	>90%
Percentage of Activities rated 4 or higher on a scale of 1-5 by review against the Ministry's quality standard for activity management	>90%	>90%	>90%
NZ score in Aid Transparency Index	Increasing trend	Increasing trend	Maintain or improve trend

Note 1 - The budget standard was changed for 2022/23 to reflect a more realistic and relevant rate of activity based on 2021/22 levels.

Note 2 - The budget standard is on a scale of 1 to 5 and is based on using DPMC's Policy Quality Framework to assess the quality of policy advice papers. An average score will be reported from the assessment of policy advice papers.

Note 3 - This is a new performance measure for 2022/23 and was selected as it follows DPMC's Policy Quality Framework that recommends including a range of targets for the distribution of scores.

Note 4 - The budget standard is on a scale of 1 to 5 and is based on DPMC's Ministerial Satisfaction Survey to assess ministerial satisfaction with the policy service.

Note 5 - Ministry OIAs are requests of the Chief Executive of the Ministry of Foreign Affairs and Trade.

Note 6 - The budget standard includes both number of meetings and number of Ministers supported for each meeting.

Note 7 - The budget standard was changed for 2022/23 to reflect the expected rate of activity in 2022/23.

Note 8 - The budget standard recognises that issues can span a number of years with few resolved in any one year through being raised in the World Trade Organisation (WTO) alone. However, New Zealand traders benefit significantly when issues are resolved.

Note 9 - The budget standard was changed for 2022/23 from "pending removal of travel restrictions" with travel restrictions expected to be lifted in October 2022.

Note 10 - The ASEAN Plan of Action covers the 2022-2026 period.

Note 11 - The performance measure and budget standard were revised for 2022/23 to better reflect our activity.

Note 12 - This performance measure was reinstated for 2022/23 as it is a key quality measure in relation to consular services.

Note 13 - Volume of consular services provided and requests for advice varies depending on international events and conditions. The Ministry has no control over the volume of requests received.

Note 14 - Based on surveys of NZ Inc secondees and head office contacts.

Note 15 - This is a revised performance measure and was selected as it uses a multidimensional vulnerability index to assess development need. This is a more complete measure for assessing a country's development need, and overall resilience, than Least Developed Country status.

Note 16 - This is a new performance measure for 2022/23 and was selected as climate change mitigation and adaption addresses a Government goal and is a key focus of the Ministry.

Note 17 - AMAs are annual internal assessments completed by the Ministry of Foreign Affairs and Trade to monitor the performance of Activities in implementation, while ACAs are internal Ministry of Foreign Affairs and Trade assessments of performance undertaken after the completion of the Activity.

The Ministry applies safeguards to ensure accountability of the International Development budget. These include:

- approved financial delegations
- triennium allocations approved by the Minister of Foreign Affairs
- a robust online system of aid management that captures information on budgets, contracts and performance information, from the appropriation level down to the individual contract level
- quality standards for programme and activity management that are assessed through an annual quality management review
- transparency commitments, which include reporting activity data to the OECD and International Aid Transparency Initiative, and public reporting including: indicative annual allocations by programme on [www.MFAT.govt.nz](http://www.MFAT.govt.nz) at the time of approval; actual spend by programme and appropriation in the Ministry of Foreign Affairs and Trade Annual Report. This also incorporates Public Finance Act - Section 19B reporting on the performance of Non-Departmental appropriations; and each multi-year appropriation, forecast by year, in the Strategic Intentions and Estimates.

Note 18 - Seven performance measures were removed from the 2022/23 Estimates:

- Three measures relate to the Antarctic Treaty System, fossil fuel subsidy reform, and fish subsidy disciplines. These were removed as achieving a result can span a number of years whereas the Estimates report on annual results.
- Two measures relate to ministerial services: measures on Ministerial OIA request replies completed five days prior to the statutory time limit, unless otherwise agreed; and Ministerial OIA request responses that are factually accurate, meet any legislative requirements, and contain no avoidable errors, measured by rejection rates by the office of each Minister. These measures were removed as the other ministerial services measures are more relevant indicators of Ministry performance.

- Two measures relate to consular services. The number of overseas locations where consular services are provided was removed as the other consular measures are more relevant indicators of performance. The measure on the percentage of seconded MFAT staff who undertake consular training was removed as this is an input (service to MFAT internally) rather than an output (to customers and stakeholders externally).

Note 19 - Two measures relating to the number of foreign missions/posts and number of staff and dependents resident in Aotearoa New Zealand were moved to a separate table on the basis that the Ministry does not have control over the levels of volumes demanded. The table is to provide context only as the information directly accounts for the workload of hosting government services to the diplomatic and consular corps in Aotearoa New Zealand. The table also provides data available within the previous four years to demonstrate volume trends.

*The following information is provided for context only*

	2017/18 Actual	2018/19 Actual	2019/20 Actual	2020/21 Actual
<b><i>Host government services to the diplomatic and consular corps in Aotearoa New Zealand</i></b>				
Number of foreign diplomatic missions and consular posts resident in Aotearoa New Zealand (including those led by Honorary Consuls or Honorary Consuls General)	168	170	168	168
Number of foreign diplomatic and consular staff (and their dependents) resident in Aotearoa New Zealand	1,344	1,414	1,318	1,295

### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the Ministry of Foreign Affairs and Trade in its Annual Report to be tabled in the House.

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2021/22 Final Budgeted \$000	2022/23 Budget \$000	2023/24 Estimated \$000	2024/25 Estimated \$000	2025/26 Estimated \$000
Aotearoa New Zealand's International Climate Financing Commitment 2022-2025	2022/23	-	10,000	12,500	12,500	5,000
Enhancing Pacific Property	2020/21	2,000	3,800	7,200	7,200	7,200
Increasing New Zealand's Investment to Deliver on the Pacific Reset and to Demonstrate Global Leadership	2019/20	2,590	6,756	6,756	6,756	6,756
Reprioritisation of Funding - Forecast Departmental Underspends	2018/19	(4,043)	(5,200)	-	-	-
Foreign and Trade Policy Challenges - Meeting Departmental Pressures	2018/19	21,545	21,545	21,545	21,545	21,545
Foreign and Trade Policy Challenges - Increasing Departmental Capability	2018/19	22,000	22,000	22,000	22,000	22,000

Policy Initiative	Year of First Impact	2021/22 Final Budgeted \$000	2022/23 Budget \$000	2023/24 Estimated \$000	2024/25 Estimated \$000	2025/26 Estimated \$000
Foreign and Trade Policy Challenges - Departmental Capital Pressures	2018/19	9,889	9,889	9,889	9,889	9,889
Increasing our aid to tackle the biggest global and regional challenges of our time	2018/19	22,892	22,892	22,892	22,892	22,892
<b>Previous National-led Government</b>						
Making New Zealanders more prosperous through trade	2017/18	6,809	6,547	6,547	6,547	6,547
Making New Zealanders more connected	2017/18	2,055	2,055	2,055	2,055	2,055
New Zealand High Commission in Colombo, Sri Lanka - Establishment	2017/18	2,917	2,917	2,917	2,917	2,917
New Zealand Embassy in Dublin, Ireland - Establishment	2017/18	3,361	3,361	3,361	3,361	3,361
Establishment of a New Zealand Embassy in Bogota, Colombia	2016/17	3,719	3,719	3,719	3,719	3,719

### *Reasons for Change in Appropriation*

The increase of \$17.030 million in the appropriation to \$507.441 million in 2022/23, is primarily due to:

- an increase of \$14.547 million from the new initiatives packages in prior year Budgets (as detailed in the Current and Past Policy Initiatives table above), and including Aotearoa New Zealand's International Funding Commitment 2022-2025
- an increase of \$11.904 million from expense transfers into 2022/23
- an increase of \$11.500 million reflecting transfers out of the appropriation in 2021/22 for the provision of support to Ukraine
- an increase of \$7.258 million being funding transfers relating to the New Zealand High Commission in London and Moana Pasifica Super Rugby Club
- an increase of \$630,000 being the transfer into 2022/23 of funding for the Indigenous Peoples' Economic and Trade Cooperation Arrangement, and
- net minor increases of \$105,000.

These increases are partially offset by:

- a decrease of \$16.803 million from prior year expense transfers into 2021/22
- a decrease of \$6.600 million due to the end of time-limited funding in 2021/22 for the ASEAN Plan of Action and COVID-19 Recovery Initiatives
- a decrease of \$5.394 million resulting from foreign exchange rate and overseas inflation movements, and
- a decrease of \$117,000 being a transfer of funding for the Border Executive Board.

*Conditions on Use of Appropriation*

Reference	Conditions
<b>Departmental Output Expense</b>	
<b>Delivery of Services</b>	
Diplomatic Privileges and Immunities Act 1968 and the Consular Privileges Act 1971	These acts gave effect to the 1961 Vienna Convention on Diplomatic Relations and the 1963 Vienna Convention Consular Relations and set out New Zealand's rights and obligations under the Conventions
<b>Departmental Output Expense</b>	
<b>Delivery of Services - Services for other New Zealand agencies overseas</b>	
Agency Agreements	Agency Agreements set out the services to be provided and any other conditions on their provision as agreed with the agency concerned