The Treasury

Budget 2026 Information Release

September 2026

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Where this is the case, the relevant sections of the Act that would apply have been identified.

Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Key to sections of the Act under which information has been withheld:

[1] 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government

[2] 6(b)(i) - to avoid prejudice the entrusting of information to the Government of New Zealand on a basis of confidence by the Government of any other country or any agency of such a Government

[4] 6(c) - to avoid prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial

[7] 6(e)(ii) - to prevent serious damage to the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the regulation of banking or credit

[12] 7(a)(i) - to avoid prejudice to the security or defence of the self-governing State of the Cook Islands

[13] 7(a)(ii) - to avoid prejudice to the security or defence of the self-governing State of Niue

[14] 7(a)(iii) - to avoid prejudice to the security or defence of Tokelau

[15] 7(a)(iv) - to avoid prejudice to the security or defence of the Ross Dependency

[23] 9(2)(a) - to protect the privacy of natural persons, including deceased people

[25] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information

[26] 9(2)(ba)(i) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied

[27] 9(2)(ba)(ii) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest

[31] 9(2)(f)(ii) - to maintain the current constitutional conventions protecting collective and individual ministerial responsibility

[33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials

[34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions

[35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment;

[36] 9(2)(h) - to maintain legal professional privilege

[37] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice

[38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice

[39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage

[40] 18(c)(i) - that the making available of the information requested would be contrary to the provisions of a specified enactment

[41] 18(d) - information requested is or will soon be publicly available

Where information has been withheld, a numbered reference to the applicable section of the Act has been made, as listed above. For example, a [23] appearing where information has been withheld in a release document refers to section 9(2)(a).

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TE TAI ŌHANGA
THE TREASURY

Treasury Report: Budget 2026 Bilateral on Defence and Intelligence

Date:	06 March 2026	**Report No:**	T2026/418
		File Number:	BM-2-4-2026-4

Action sought

	Action sought	Deadline
Hon Nicola Willis **Minister of Finance**	**Discuss** the draft Defence and Intelligence package with the Minister of Defence and the Intelligence Agencies at the upcoming Budget bilateral meeting.	12 March 2026, ahead of the Defence and Intelligence Budget bilateral meeting at 3:30 pm

Contact for telephone discussion (if required)

Name	Position		Telephone	1st Contact
Frederick Thursfield	Analyst, Infrastructure, Security and Government	[39]	n/a	✓
Jess Balu	Senior Analyst, Infrastructure, Security and Government		n/a	
Shelley Robertson	Manager, Infrastructure, Security and Government		n/a	

Minister's Office actions (if required)

Return the signed report to Treasury.

Note any feedback on the quality of the report	

Enclosure: Yes (attached)

Treasury Report: Budget 2026 Bilateral on Defence and Intelligence

Purpose

1. You are meeting with the Minister of Defence and Minister for the New Zealand Security Intelligence Service (NZSIS) and Government Communications Security Bureau (GCSB), Hon Judith Collins KC at 3:30 p.m. on 12 March 2026 to discuss the New Zealand Defence Force and Ministry of Defence's (collectively 'Defence') and NZSIS and GCSB (collectively 'the Intelligence Agencies') Budget 2026 package. This report provides advice on the Defence initiatives. Advice at a CLASSIFIED level on the Intelligence initiatives has been provided to you separately.
    a. **Annex 1** provides you with a proposed agenda for the meeting and supporting Treasury advice and talking points. **This version will not be provided to portfolio Ministers ahead of the meeting.**
    b. **Annex 2** is the agenda that has – with your office's approval – also been sent to the office of the portfolio Minister(s) and their agency(s). **It is provided for your visibility only. You do not need to review it – there is no additional material in Annex 2 that is not already in Annex 1.**
    c. **Annex 3** provides you with an annex of Treasury's assessment of each initiative. **This will not be provided to portfolio Ministers ahead of the meeting.**
2. Decisions taken at this meeting will be reflected in the next draft Budget Ministers material we are providing you on 20 March.

Recommended Action

We recommend that you:

a **discuss** the contents of this report with Hon Collins (Minister of Defence and the Minister for NZSIS and GCSB) on 12 March

b **note** that the invited envelope amount would provide significant additional funding to Defence to support implementation of Year Two of the Defence Capability Plan (DCP), representing around an 8% increase to the NZDF operating baseline (averaged across the forecast period)

[1] & [34]

e **note** your expectation that all funding implications are to be managed through the annual Budget process to ensure maximum visibility of choices and trade-offs

f **ask** Minister Collins whether she considers any changes to the overall composition of the package may be required due to recent developments, and g if required, **request** a revised package within the invited $250 million envelope [1] , with further information outlining the rationale for any revisions, by Friday 20 March.

Shelley Robertson
Manager, Infrastructure, Security and Government

Hon Nicola Willis
Minister of Finance

/ 03 /2026

Annex 1 – Agenda and Supporting Advice

Agenda Item 1 – Implementation of the Defence Capability Plan and defence spending ambitions

<table>
<tr><td>Description of key issue</td><td>The Budget 2026 invited envelope for Defence and Intelligence [1] operating per annum) and pre-commitments ($101.8 million operating per annum and $1,648.0 million total capital) represent a significant increase in defence funding. [1]

The initiatives submitted within the invited envelope balance implementing investments in year two of the Defence Capability Plan (DCP) and NZDF cost pressures. [1]</td></tr>
<tr><td>Treasury recommended talking points</td><td>Note that the invited envelope amount would provide significant additional funding to Defence to support implementation of year two of the DCP, representing around an 8% increase to the NZDF operating baseline (averaged across the forecast period).
[1] & [34]

Handling note: talking points for the Intelligence initiatives will be provided at a higher classification.</td></tr>
<tr><td>Treasury advice</td><td><u>Composition of the current package</u>
The proposed package would support implementation of year two of the DCP and provides scaled funding for the Intelligence Agencies, as below:
<table>
<tr><th></th><th>Annual operating ($m)</th><th>Total capital ($m)</th></tr>
<tr><td>B26 pre-commitments already agreed [38]
[38]</td><td>101.8</td><td>1,648.0</td></tr>
<tr><td>Envelope initiatives submitted [1] package)</td><td>293.6</td><td>700.1</td></tr>
</table></td></tr>
</table>

Recommended package	254.1	700.1
Total B26 package (including B26 pre-commitments)	**355.9**	**2,348.1**

We have supported the cost pressure initiatives in the invited envelope in full. The cost pressure funding meets price pressures and enables NZDF to largely maintain the increased activity levels funded at Budget 2025 (measured through flying hours, sea days and army days). It also meets non-discretionary cost increases including minimum wage, depreciation and veterans' entitlements costs.

We have broadly supported Defence new investment initiatives in the invited envelope. We have [1] not supported some minor initiatives that have not been clearly justified and have limited impacts on core DCP delivery. These are included at Annex 3. We have also included scaled funding for intelligence initiatives – you have been briefed on these separately.

The current package comes to just over the invited envelope amount of $250 million per annum due to the application of the 10-year rule to one initiative and differences in how intelligence agency funding was calculated.[1]

[1], [33] and [34]

[1] and [33]

. We have informed Defence of this. Intelligence agencies' funding is generally aggregated for appropriation and allowance purposes to obfuscate expenditure, but had been separated during agencies' calculation of their submission.

[1] and [33]

We consider the current package appropriately balances meeting defence ambitions within current fiscal constraints. Several new investments will be progressed and cost pressure funding will maintain current output delivery. Cabinet agreed the DCP was an indicative investment plan, subject to annual Budget funding and investment decisions. However, we acknowledge that given public statements about the priority of the DCP and Defence spending, there may be appetite to increase the size of the envelope.

If the invited envelope were to be increased, **we would support any additional funding being focused on cost pressures** [1] **rather than DCP investments.** Defence is likely at full capacity for delivery of DCP investments and we have observed Defence has not been able to progress investments through business case processes as quickly as anticipated.

We do not consider any further DCP investments beyond the current envelope to be sufficiently investment ready.[2] [1] and [33]

[1]

, acknowledging the recommended

[2] The exception is [33] , included at agenda item 2.

[3] NZDF received $250 million per annum in cost pressure funding at Budget 2025.

	package and pre-commitment funding provides a significant uplift of defence of around 8% to Defence operating baselines in a fiscally constrained environment.

Agenda Item 2 – Composition of Defence and Intelligence package reflecting recent developments

Description of key issue	Recent developments following submission of Budget 2026 initiatives may require additional funding that cannot be met within defence or intelligence agencies' baselines. Additional funding would require changes to the composition of the package, including scaling or removing initiatives, to remain within the invited $250 million envelope amount.
Treasury recommended talking points	**Note** your expectation that all funding implications are to be managed through the annual Budget process to ensure maximum visibility of choices and trade-offs. **Ask** the Minister whether she considers any changes to the overall composition of the package may be required due to recent developments. **If changes are considered necessary, request** a revised package within the invited [1] envelope [1] , with further information outlining the rationale for any revisions, by Friday 20 March.
Treasury advice	We are aware of at least four instances which may impact prioritisation of initiatives within the package. You may wish to communicate your expectation that if these are to be funded, that they be prioritised within the existing Defence and Intelligence envelope amount. This would require Defence and the Intelligence Community to consider how existing initiatives would be scaled or removed from the envelope. [2] [33]

[33]

<u>Intelligence initiatives</u>

You have been separately briefed on the intelligence initiatives submitted in the envelope.

<u>Middle East developments</u>

The security situation in the Middle East may have some medium to long term impacts for Defence, [1] and [33]

.

If changes are considered necessary, a revised package should be submitted, with further information outlining the rationale for any revisions, by Friday 20 March. If you wish to increase the overall size of the package amount for the Defence and Intelligence Envelope, earlier communication of the amount would allow for it to be reflected in Budget Ministers' meeting materials.

Annex 2 – Annotated Agenda that has been referred to the portfolio Minister

Agenda

The proposed agenda for this meeting is set out below. Further details on each agenda item are set out in the tables below.

1. **Agenda Item 1: Implementation of the Defence Capability Plan and defence spending ambitions**
2. **Agenda Item 2: Composition of the Defence and Intelligence package reflecting recent developments**

Agenda Item 1 – Implementation of the Defence Capability Plan and defence spending ambitions

Description of key issue	The Budget 2026 invited envelope for Defence and Intelligence [1] operating per annum) and pre-commitments ($101.8 million operating per annum and $1,648.0 million total capital) represent a significant increase in defence funding. [1] and [33] The initiatives submitted within the invited envelope balance implementing investments in year two of the Defence Capability Plan (DCP) and NZDF cost pressures. [1] and [33]

Agenda Item 2 – Composition of Defence and Intelligence package reflecting recent developments

Description of key issue	Recent developments following submission of Budget 2026 initiatives may require additional funding that cannot be met within defence or intelligence agencies' baselines. These are: [2] [33] • Intelligence agency initiatives • Middle East developments (Defence) Additional funding would require changes to the composition of the package, including scaling or removing initiatives, to remain within the invited [1] envelope amount.

Annex 3 – Treasury recommendations on Defence and Intelligence submissions

Refer separate attachment

Budget 2026 - Package as at 3 March 2026 (Defence and Intelligence Envelope)

Note

1. Some initiatives have significant out year components. This alters the way operating averages are calculated and may result in misalignment between Total Opex and Opex P.A. in the Treasury Package.
2. This annex aligns to the [1] ' package set out in the Budget Ministers slides
3. Treasury's VAD framework quantifies the value (weighted through benefits and costs), alignment to Government Budget 2025 priorities, and delivery feasability of an initiative, rated from 1 (low) to 4 (high).

							Dept. Submissions $(m)			Current Package $(m)			Value for Money Values		
Vote	**ID**	**Budget Track**	**Title**	**Description**	**Current Status**	**Treasury Recommendation and Commentary**	**Total Opex**	**Opex P.A.**	**Total Capex**	**Total Opex**	**Opex P.A.**	**Total Capex**	**V**	**A**	**D**
Communications Security and Intelligence	[1]														
Defence	17119	New Service Or Policy	DCP - Supporting New Zealand's Defence Industry and the Delivery of the DCP	This initiative supports the ongoing delivery of the DCP. Building on B25 funding it will - develop and sustain a platform to support Prime suppliers to build robust NZ Industry Capability Plans and permanent resources to support development of NZ's defence industry, - [33] [33] , - reduce risk to project delivery through bolstering the Ministry's governance function overseeing major projects, - increase civilian advice on deployments through funding a permanent resource to support civilian attendance and provision of advice on deployments, and - ensure compliance with portfolio reporting requirements associated with DCP implementation.	Included	[1] Our recommendation would fund support for New Zealand Defence Industry Development, primarily through a new platform to support Defence and potential prime contractors to engage across industry and with potential sub-contractors. This would support implementation of the Defence Capability Plan and the Defence Industry Strategy. We also recommend funding to support the Ministry of Defence's governance and oversight of the delivery of the Defence Capability Plan. Other components of this initiative seeking funding for programme delivery, reporting and civilian policy advice do not appear to be high priority [1]	7.2	1.8	-	3.9	1.0	-	3	3	3

							Dept. Submissions $(m)			Current Package $(m)			Value for Money Values		
Vote	ID	Budget Track	Title	Description	Current Status	Treasury Recommendation and Commentary	Total Opex	Opex P.A.	Total Capex	Total Opex	Opex P.A.	Total Capex	V	A	D
Defence Force	17216	New Capital Investment	Defence Capability Plan – Homes for Families Tranche 1 Part 4	This initiative delivers [1] modern homes for NZDF Regular Force personnel and their families at Trentham, Ohakea, Linton, Woodbourne, Waiouru and Burnham. It replaces aged housing of poor condition, realigns housing stock to match demand and supports NZDF operational readiness. [[38]	Included	We recommend supporting this initiative, which progresses a multi-year programme to modernise defence housing. However the initiative assumes a minimum of [houses, which equates to an average cost of [33] per house. While contingencies and project costs explain some of this, we consider there may be ways for NZDF to consider reductions in the average cost per house and therefore increase the number of houses to be built with the requested funding. We recommend funding is set aside in a tagged contingency, with joint Ministers seeking further information regarding costs and the number of houses to be built with this funding following the completion of an Approval to Deliver.	[38]						3	3	4
	17217	New Capital Investment	Defence Capability Plan – Digital Modernisation Preparation	This initiative provides funding for a one-year preparation phase (FY26-27) to enable NZDF's Digital Modernisation Programme. It establishes governance, updates the business case, and develops architectures, policies, and standards for interoperability, cyber security and data management. A key deliverable is the Digital Platform Proof-of-Value, demonstrating how a secure, modular, and scalable platform can accelerate capability delivery, improve interoperability, and enable data-driver decision-making. [1] [1]	Included	We recommend supporting this initiative. The Digital Modernisation programme is intended to improve and consolidate Defence's data and digital infrastructure. This initiative seeks funding to establish a programme team, preparatory work including testing a proof-of-concept for the Defence digital system, and [1] While the programme has merit, we recommend Defence works closely with the Government Chief Digital Officer to ensure the programme is sufficiently aligned with the Digital Government Target State and delivers maximum value. We recommend funding is set aside in a tagged contingency, pending approval of a Detailed Business Case and engagement with the Government Chief Digital Officer on the programme.	10.0	2.5	-	10.0	2.5	-	3	3	3
	17218	New Capital Investment	Defence Capability Plan – Updating Classified Digital Services – Phase Two	This initiative provides funding for the second of two phases to upgrade the New Zealand Defence Force's classified environment, [1] , [1]	Included	We recommend supporting this initiative. This initiative is a key enabler of New Zealand Defence Force's ability to safely plan and undertake operations [1] [1] We recommend funding is set aside in a tagged contingency, pending Cabinet agreement to an Approval to Deliver for the investment.	[1] & [38]						3	3	3
	17219	New Capital Investment	Defence Capability Plan - Modernised Army Training Capability programme design stage	This initiative provides funding for the design stage of the Modernised Army Training Capability programme. The design stage will review and redesign how Army recruit training is delivered, de-risk investment through experimentation, and develop programme documentation and business cases to seek future investment. [33] [33] [33] . This investment is essential to growing the Army and ensuring that it is combat capable.	Included	We recommend supporting this initiative. A New Zealand Defence Force review of its army training systems has identified major issues in the system impacting its training of recruits. This initiative seeks funding to establish the Modernised Army Training Capability programme, intended to update Army training to reflect changes to the operating environment. This investment will support the establishment of the programme team (4 personnel) and preparatory work for the programme including design of key systems, training modules, and planning and design for remediation of Army training facilities at Waiouru Military Camp. The initial investment would support planning for subsequent phases of the Modernised Army Training Capability programme.	2.6	0.6	22.9	2.6	0.6	22.9	3	3	3
	17220	New Capital Investment	Defence Capability Plan – Mission Command Training Facility	This initiative provides funding to deliver a world class, secure facility at Linton Military Camp to allow the NZDF to simulate the planning and execution of military operation [1] [1] The Military Command Training Facility (MCTF) will be integrated with other NZDF facilities and have the capacity to act as a headquarters during crisis to support other agencies and aid in national resilience [1] [1]	Included	We recommend supporting this initiative. The initiative would fund the construction of a secure training facility at Linton Military Camp, primarily to support training of personnel in mission command positions through simulation of military operations. [1] [1] . We recommend funding is set aside in a tagged contingency, pending Cabinet agreement to a Detailed Business Case for the investment.	[38]						3	3	3

Vote	ID	Budget Track	Title	Description	Current Status	Treasury Recommendation and Commentary	Dept. Submissions $(m)			Current Package $(m)			Value for Money Values		
							Total Opex	Opex P.A.	Total Capex	Total Opex	Opex P.A.	Total Capex	V	A	D
Defence Force	17221	New Capital Investment	Defence Capability Plan – Maritime Fleet Renewal Persistent Surveillance (UXV) Phase 1a	This initiative provides funding [1] [1] [1] The investment delivers a key system enabler in support of the 2024 Maritime Security Strategy through greater maritime awareness and border security, while also supporting the Navy to deliver on the Government's broader defence policy objectives and future investments within the 2025 Defence Capability Plan.	Included	We recommend supporting this initiative. It seeks funding for investment in uncrewed marine vessels to enhance the ability of the New Zealand Defence Force and New Zealand Customs Service to monitor New Zealand's maritime domain, particularly in the Exclusive Economic Zone. Given uncrewed systems are relatively new for NZDF, this investment would provide 'lessons learned' to reduce risks in future uncrewed systems signalled in the Defence Capability Plan. We recommend funding is set aside in a tagged contingency, pending Cabinet agreement to a Detailed Business Case for the investment.	[38]						3	3	3
	17222	New Capital Investment	Defence Capability Plan – Maritime Fleet Renewal Polar Patrol Phase 1 – Aotearoa Enhancement ISR UAS	This initiative provides funding for the acquisition of an uncrewed aerial system to conduct enhanced intelligence, surveillance, and reconnaissance missions from HMNZS Aotearoa in the Southern Ocean. [33] [33] [33] . These capabilities will support the Navy to deliver on the Government's defence, maritime security, and foreign policy objectives.	Included	We recommend supporting this initiative. It seeks funding for investment in uncrewed aerial surveillance systems to increase the ability of HMNZS Aotearoa to operate, particularly in polar regions [33] [33] [33] Given uncrewed systems are relatively new for NZDF, this investment would provide 'lessons learned' to reduce risks in future uncrewed systems signalled in the Defence Capability Plan. We recommend funding is set aside in a tagged contingency, pending Cabinet agreement to a Detailed Business Case for the investment.	[38]						3	3	3
	17223	New Capital Investment	Defence Capability Plan - Frigate Sustainment Programme Phase 2A	This initiative provides funding for Phase 2A of the Frigate Sustainment Programme (FSP). [33] [33] [33] . Phase 1 has successfully delivered projects to preserve the capability of the frigates and enable life extension.	Included	We recommend supporting this initiative. This investment would extend the planned end of life of the ANZAC frigates [1] , and enable further decisions in future to further extend end of life [1] This life extension is signalled in the Defence Capability Plan to enable potential replacement vessels purchased through the Maritime Fleet Renewal programme to be delivered by the mid-2030s without experiencing a capability gap. Life extension also prevents a loss of people, expertise and enabling functions for future vessels, which can be extremely difficult to rebuild if lost. This investment therefore supports the effectiveness of the Maritime Fleet Renewal Programme and ensures the Government has options when considering replacements.							3	3	3
	17224	New Capital Investment	Defence Capability Plan – Maritime Platform Restoration Activities – ANZAC Frigates & Canterbury	This initiative provides funding for Platform Restoration Activities (PRA) and the Canterbury Sustainment Program phase 2 (CANSP) to ensure the vessels remain operational. HMNZS Te Kaha (TEK) and Te Mana (TEM) safeguard New Zealand's freedom of action at sea, while HMNZS Canterbury (CAN) enables strategic deployment of personnel and equipment. The investment will: replace key systems on the Canterbury to bridge to end-of-life without extending design life; and undertake [1] major maintenance activities on the frigates to continue operation availability. This work is necessary to ensure that the ships are available to undertake the necessary training and operational activities required by Government.	Included	We recommend supporting this initiative. New Zealand Defence Force advises that due to constraints on its balance sheet, it is unable to fund significant capital maintenance on the ANZAC frigates and HMNZS Canterbury. Previous decisions to partially fund major investments, and time lags between capital injections and depreciation flows have resulted in reduced capital reserves. The maintenance works in this initiative are required to ensure the vessels continue to be operational to their planned end of life. There are no major delivery concerns.	[33]			79.4	19.9	142.6	3	3	3

Vote	ID	Budget Track	Title	Description	Current Status	Treasury Recommendation and Commentary	Dept. Submissions $(m) Total Opex	Dept. Submissions $(m) Opex P.A.	Dept. Submissions $(m) Total Capex	Current Package $(m) Total Opex	Current Package $(m) Opex P.A.	Current Package $(m) Total Capex	Value for Money Values V	Value for Money Values A	Value for Money Values D
Defence Force	17225	New Capital Investment	Defence Capability Plan – Maritime Fleet Renewal Transformation and Programme Costs	This initiative provides funding for up to [33] additional staff (at the peak of the programme), and specialist services to transform the Navy across workforce, training, operations, and sustainment, and to prepare investment cases [33] [33] of capital investments signalled in the Defence Capability Plan. Transformation of the Navy will prepare the organisation for the introduction of the future fleet, support introducing more uncrewed systems and simulation technologies, and maximise the value of future investments. The transformation of the Navy, together with investment signalled in the Defence Capability Plan, are required to deliver on the Government's defence, maritime security and foreign policy.	Included	We recommend supporting this initiative. The Maritime Fleet Renewal Programme is large and complex, spanning the replacement of naval vessels and transformation of navy operations across a 15 year period. This initiative seeks funding for the programme delivery and transformation work underpinning the wider Fleet Renewal Programme, along with early funding for major projects. The Fleet Renewal Programme is still in its early stages and we anticipate the scope and timeframes are likely to change as it develops. We recommend funding is set aside in a tagged contingency from 2027/28 onwards, [33] [33]	56.3	14.1	-	56.3	14.1	-	3	3	3
	17226	New Capital Investment	Defence Capability Plan – Defence Technology Accelerator	This initiative provides funding to deliver a NZDF business unit focused on connecting industry with Defence to solve specific military challenges facing the NZDF. As outlined as a priority in the Defence Capability Plan (DCP) and the Industry Strategy, the Technology Accelerator (TA) will support rapid development of advanced technologies, allowing the NZDF to explore emerging capabilities, build resilience through growing a domestic defence market and support export opportunities for defence and dual use technologies. [[34]	Included	We recommend supporting this initiative which establishes the pilot for the Defence Technology Accelerator. The Accelerator is intended to connect Defence with industry to solve military challenges and support advanced technology development. [33]	16.1	4.0	1.5	16.1	4.0	1.5	3	3	3
	17227	New Capital Investment	Defence Capability Plan – Intelligence Advantage Need To Invest	This initiative provides funding [1] to increase Defence Intelligence capability as signalled in the 2025 Defence Capability Plan. These roles will ensure our intelligence work is well managed, meeting legal and quality standards. [1] n They will ensure that Defence can meet the Government's defence policy objectives of protecting and promoting the security of New Zealand, its immediate region, and enhance security partnerships.	Excluded	We recommend deferring this initiative. This initiative proposes funding for [personnel to increase New Zealand Defence Intelligence capability. While there may be merit in increasing intelligence capability, limited information is available to demonstrate how this initiative contributes to delivery of the Defence Capability Plan, or why it is an immediate priority for funding at Budget 2026. In the absence of funding, there do not appear to be significant risks or implications for Defence.	2.9	0.7	-	-	-	-	2	3	4
	17228	New Capital Investment	Defence Capability Plan: Building Resilience and Capacity to Strengthen National Security and Innovation	This initiative strengthens Defence Science and Technology (DST) capability to support high-value investments under the Defence Capability Plan. It funds [1] specialist science roles in priority areas – space, autonomy, cyber, and electronic warfare – alongside foundational partnerships with academia and industry. [1] [1] These measures ensure timely, evidence-based advice, reduce technical risk, and accelerate integration of advanced technologies into Defence programmes. The initiative aligns with the Government priorities for innovation-led growth and national security resilience.	Excluded	[1] and [33] The initiative proposes funding for [personnel to increase Defence Science and Technology capability, in advance of future Budget requests. While there may be merit in increasing science and technology capability within Defence there is limited information available to demonstrate why this is an immediate priority for funding at Budget 2026. In the absence of funding, there do not appear to be significant risks or implications for Defence.	5.6	1.4	-	-	-	-	2	3	3
	17229	New Capital Investment	Defence Capability Plan - Small Scale capability projects	This initiative provides operating funding only to [1] and [33] Together these projects will improve the ability of the Defence Force to undertake operations in support of the Government's defence and foreign policy objectives; deliver components of the Defence Capability Plan 2025, and maximise the use of existing NZDF funding.	Included	[1] and [33] It seeks operating funding for [1] and [33] small scale capability projects that maintaining existing capabilities and will sup continued delivery of key outputs. The New Zealand Defence Force can meet the associated capital costs from its accumulated depreciation, and this funding would enable around [33] of capital investments to progress. The projects are all relatively small scale and low risk, with limited delivery concerns.	[33]		-	53.9	13.5	-	3	3	3
	17230	Service Or Policy Cost Escalation	Depreciation expense arising from Asset Revaluations	This initiative will fund the net increase of $34.900 million in the annual depreciation expense resulting from the net revaluation of the New Zealand Defence Force's Land, Building, and Infrastructure assets, and Specialist Military Equipment assets as at 30 June 2025. The increase in depreciation expense is a result of meeting the Public Benefit Entity International Public Sector Accounting Standard 17 Property, Plant & Equipment (PBE IPSAS 17) standard, and Generally Accepted Accounting Practice as required by the Public Finance Act 1989, that assets are revalued, at least once every five years, to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.	Included	We recommend supporting this initiative. Accounting standards require agencies to periodically revalue their assets. The funding sought would meet the additional depreciation expenses arising from the most recent regular revaluation of New Zealand Defence Force assets as at 30 June 2025.	139.6	34.9	-	139.6	34.9	-	3	3	4
	17231	Service Or Policy Cost Escalation	Defence Force Remuneration Cost Pressure	This initiative provides essential funding to enable the NZDF to meet its legislated employer obligations and provide a remuneration uplift for its workforce aligned to the Minister of Finance's Budget 2026 guidance. Funding will enable movement of remuneration for staff (civilian and uniformed) closer to market, in order to bridge the broadening gap.	Included	[1] It would provide funding to meet non-discretionary remuneration increases for New Zealand Defence Force (primarily due to increases in the minimum wage). [1] and [33]	[1] and [33]			12.0	3.0	-	3	3	4

							Dept. Submissions $(m)			Current Package $(m)			Value for Money Values		
Vote	ID	Budget Track	Title	Description	Current Status	Treasury Recommendation and Commentary	Total Opex	Opex P.A.	Total Capex	Total Opex	Opex P.A.	Total Capex	V	A	D
Defence Force	17232	New Capital Investment	[33]				[33]		-	-	-	-	2	3	3
	17233	Service Or Policy Cost Escalation	Defence Capability Plan - Cost Increases	[1] and [33]	[1] and [33]	. This funding would address New Zealand Defence Force cost pressures due largely to price increases. We assess based on Defence data that this level of funding for cost pressures will enable delivery against core Army, Navy and Air Force outputs at levels similar to the 2025/2026 year and support increased costs to facilities management across the Defence Estate, supply chain logistics across the enterprise, and increased software licensing costs. [1] and [33]			-	254.0	63.5	-	3	3	3
	17234	Service Or Policy Cost Escalation	Veterans' Affairs Cost Pressure	This initiative provides funding for additional personnel [33] [33]) to enable Veterans' Affairs to process and manager applications for support from veterans in a timely manner should the High Court's 2023 interpretation of the Veterans' Support Act 2024 and a subsequent decision of the Veterans' Entitlements Appeal Board in 2024 remain in place. These require Veterans' Affairs to process claims under different arrangements, using technical skills which are not at present available to the organisation; are expected to result in a significantly increased number of claims being accepted; and will require additional resources to offer services to an increased number of clients on a continuing basis.	Included	[1] and [33] . This funding would provide for Veterans' Affairs resourcing of [33] to support processing applications for veterans' entitlements under the Veterans' Support Act 2014. This addresses an increase in applications received by Veterans' Affairs following a High Court decision expanding the test for eligibility under the Act. [1] and [33]			-	6.0	1.5	-	3	3	3
	17235	Service Or Policy Cost Escalation	Veterans' entitlements arising from retrospective declarations of Qualifying Operational Service	This initiative provides funding for a one-year non-cash increase to the Crown's Veteran's Entitlements Liability through the Service Cost Veterans' Entitlements appropriation. This increase would align with an increase in the Veterans' Support Entitlement Obligation from past and current qualifying operational service deployments. This funding would allow the Minister for Veterans to declare veterans' entitlements eligibility under the Veterans' Support Act 2014 to an estimated [33] former or current service personnel who participated in specific historical and current deployments which have been assessed as presenting a medium or higher environmental/health or operational threat situation. The obligation under the Veterans' Support Act 2014 is assessed as non-discretionary.	Included	We recommend supporting this initiative. This funding would meet the additional costs of veterans' entitlements as a result of a planned declaration of eligibility under the Veterans Support Act 2014. The Minister for Veterans must make a declaration upon being satisfied that personnel met a threshold of risk while deployed. A declaration of Qualifying Operational Service is planned in the coming months for Defence personnel involved in specific Middle East naval deployments from [33] . New Zealand Defence Force has assessed this obligation as non-discretionary.	61.4	15.4	-	61.4	15.4	-	3	3	4
Security Intelligence	[1]														