

Budget 2026 Defence Funding

OVERALL BUDGET PACKAGE: \$1.58 billion combined operating and capital packages.

DEFENCE CAPABILITY PROJECTS: \$700 million of capital funding, the majority over the next four years, to implement projects identified in the Defence Capability Plan (DCP) 2025.

DEFENCE OPERATING: \$880 million over the next four years.

\$134.5 million average per annum operating funding to fund activities, projects and cost pressures, covering:

- \$43.5 million (\$174m over four years) to meet cost increases and ensure NZDF personnel and equipment is ready to deploy to protect New Zealand's interests.
- \$5 million (\$20m over four years) to regenerate operational trades and critical support functions.
- \$30 million (\$120m over four years) to bring Defence Force pay closer to market rates, and to meet additional non-discretionary remuneration increases.
- \$35 million (\$140m over four years) for increased depreciation due to revaluation of NZDF assets.
- \$4 million (\$15m over four years) to strengthen intelligence, Defence Science and Technology and industry engagement capability.
- \$1.5 million (\$6m over four years) for Veterans' Affairs to assist with processing of applications to support veterans.
- \$61.4 million one-off non-cash increase to the Crown's Veteran's Entitlements Liability to meet Veterans' Support Entitlement Obligation to past or current personnel who qualify for veterans' support.

\$85.5 million per annum average operating uplift to support the implementation of the Defence Capability Plan. This includes operating costs related to specific projects (see list below).

Major Defence projects

- **Maritime fleet renewal programme:** \$51 million operating funding over the next four years in the overall programme looking at the make-up of New Zealand's maritime fleet.
There is also funding for two uncrewed systems:
 - Uncrewed surface vessels and enabling systems to provide long-duration intelligence, surveillance and reconnaissance over the South-West Pacific.
 - A polar-capable uncrewed aerial system to conduct a range of missions from Royal New Zealand Navy vessels to enhance maritime domain awareness and supplement polar patrol capability.
- **Maritime sustainment and restoration:** \$143 million capital and \$72 million operating over four years for critical maintenance on the Anzac frigates and HMNZS Canterbury.
 - There is also funding for further work to extend the life of the frigates while the project develops options for their replacement.
- **Training:** Building a modern secure training facility at Linton Military Camp to prepare soldiers for mission planning in contemporary combat scenarios.
 - There is also \$23 million capital and \$2.5 million operating over four years for initial design work to modernise recruit training which includes targeted funding for immediate critical upgrades in areas such as the rifle range at Waiouru as well as simulation and other tools.
- **Updating classified digital services:** Funding the next phase of a programme of work to update classified digital services.
- **Technology accelerator:** \$1.5 million capital and \$16 million operating over four years on a pilot programme focused on connecting industry with Defence to solve specific military challenges.
- **Defence housing programme – Homes for Families:** Continuing the long-term programme to provide new housing at various defence locations.

Operating funding has also been provided to support 11 NZDF combat readiness capability projects as well as essential maintenance.

Funding is allocated subject to Cabinet approval of final business cases. Unless otherwise indicated, specific project funding totals are commercially sensitive while business cases are under development.

Note: Numbers have been rounded.