

MINISTER OF DEFENCE

Modernised Army Training Capability Programme – Recruit Training Capability

July 2026

This paper seeks approval of the Programme Business Case for Modernised Army Training Capability – Recruit Training Capability.

The pack comprises the following documents:

- May 2026 Cabinet Minute of Decision: *Modernised Army Training Capability Programme – Recruit Training Capability* [CAB-26-MIN-0151];
- April 2026 Cabinet Economic Policy Committee Minute of Decision: *Modernised Army Training Capability Programme Recruit Training Capability* [ECO-26-MIN-0068]; and
- The associated Cabinet Paper: *Recruit Training Modernisation Capability Investment*.

This pack has been released on the New Zealand Defence Force website, available at:

www.nzdf.mil.nz/nzdf/search-our-libraries/documents/?document-type=Official+information&sort=relevance.

Information has been withheld in accordance with:

- Section 6(a) of the OIA: *if the making available of that information would be likely to prejudice the security or defence of New Zealand or the international relations of the Government of New Zealand;*
- section 9(2)(f)(iv) of the OIA: *to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials; and*
- section 9(2)(g)(i) of the OIA: *to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty.*

In addition, the Programme Business Case has been withheld in full in accordance with sections 9(2)(f)(iv) and 9(2)(j) of the OIA. The public interest is met with a summary of the key information that formed the basis of Cabinet's decision to invest this funding being provided by the Cabinet paper.



Cabinet

Minute of Decision

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

Modernised Army Training Capability Programme – Recruit Training Capability

Portfolio Defence

On 4 May 2026, following reference from the Cabinet Economic Policy Committee, Cabinet:

- 1 **approved**, subject to sufficient funding being made available at Budget 2026, the Programme Business Case for the Modernised Army Training Capability – Recruit Training Capability (MATC), attached to the submission under CAB-26-SUB-0151;
- 2 **noted** that capital funding of \$22.900 million over FY 2026/27–2028/29, and four-year operating funding of \$2.576 million for capital charge and depreciation, is being sought through Budget 2026 for design, de-risking activities, review of Land Training System policies, procedures and curriculum, and Detailed Business Case development (the Design Phase);
- 3 **noted** that these decisions do not imply agreement to funding at Budget 2026, and delivery of the investment is subject to sufficient funding being made available at Budget 2026;
- 4 **directed** Defence officials, subject to Budget 2026 decisions, to develop a Detailed Business Case for the Delivery Phase of the recommended option (Option Two – Recruit Training Effective);
- 5 s.9(2)(f)(iv)
- 6 **noted** that the current indicative mid-point capital cost for the Delivery Phase for Option Two – Recruit Training Effective is s.9(2)(f)(iv) capital over four years, with a mid-point whole-of-life cost of s.9(2)(f)(iv), and that, subject to Cabinet approval of a Detailed Business Case s.9(2)(f)(iv)

Rachel Hayward
Secretary of the Cabinet



Cabinet Economic Policy Committee

Minute of Decision

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

Modernised Army Training Capability Programme Recruit Training Capability

Portfolio

Defence

On 29 April 2026, the Cabinet Economic Policy Committee **referred** the submission under ECO-26-SUB-0068 to Cabinet on 4 May 2026 for further consideration.

Rachel Clarke
Committee Secretary

Present:

Hon David Seymour
Rt Hon Winston Peters
Hon Nicola Willis (Chair)
Hon Chris Bishop
Hon Brooke van Velden
Hon Shane Jones
Hon Erica Stanford
Hon Paul Goldsmith
Hon Louise Upston
Hon Tama Potaka
Hon Simon Watts
Hon Chris Penk
Hon Penny Simmonds
Hon Andrew Hoggard
Hon Nicola Grigg
Hon James Meager
Hon Scott Simpson
Hon Cameron Brewer
Simon Court MP

Officials present from:

Office of the Prime Minister
Office of Hon Chris Penk
Office of Hon Cameron Brewer
New Zealand Defence Force
Ministry of Defence
Officials Committee for ECO

Office of the Minister of Defence

Chair, Cabinet Expenditure and Regulatory Review Committee

Recruit Training Modernisation Capability Investment

Proposal

1. This paper seeks approval of a Programme Business Case for investment to modernise recruit training infrastructure.

Relation to government priorities

2. Continued investment in the NZDF is necessary to achieve the Government's defence, economic and foreign policy objectives.

Executive Summary

3. Much of the infrastructure required to train NZDF personnel, like classrooms or rifle ranges, is World War II era, and is increasingly ineffective, and creating a potential for unsafe training environments.
4. The infrastructure to support training of recruits, in particular, is not in a position to meet existing or future demand in an effective way, and investment is needed to avoid future failure.
5. I propose that we focus investment on recruit training at Waiouru Military Camp. This is Option Two of the Programme Business Case and strikes a balance between increasing capability and affordability. This options includes a range of possible investments, including upgraded barracks, classrooms, staff and health facilities, small arms ranges and simulation training facilities.
6. This paper does not seek funding for delivery and does not commit Cabinet to future decisions. It asks Cabinet to approve the Programme Business Case and direct NZDF to proceed to a Detailed Business Case.
7. Design Phase funding for this Programme Business Case, of \$22.900 million in capital funding and associated 4-year operating uplift of \$2.576 million related to capital charge and depreciation, was included in DCP25, and is being sought through Budget 2026.
8. At this stage, the recommended option has an indicative mid-point capital cost of s.9(2)(f)(iv) for the Delivery Phase, and an associated mid-point Whole of Life Cost of s.9(2)(f)(iv)
9. s.9(2)(f)(iv)
s.9(2)(f)(iv)
s.9(2)(f)(iv)
s.9(2)(f)(iv) Recruit Training modernisation, the subject of this paper, is a highly valuable standalone and foundational investment, regardless of future decisions.

Background

State of the Land Training System

10. Every single soldier, from the Chief of Army to the newest recruit, trains annually. The NZ Army's locations are largely unchanged from World War II and are shaped by historical defence models and investment decisions made throughout the 20th century.
11. The Land Training System is made up of four training sub-systems across a continuum: Recruit, Individual, Collective, and Mission Rehearsal. Combined, these four training sub-systems consist of 88 separate and diverse component parts, ranging from classrooms to rifle ranges to training areas. These four training sub-systems sit on a continuum. The Land Training System generates the two major Land Force platforms - the Motorised Infantry Battle Group (MIBG) and the Special Operations Task Group (SOTG).
12. Conducting land operations, the MIBG consists of approximately 800 personnel and is equipped with combat capabilities. The MIBG is sustained by Land Support, consisting of up to an additional 500 personnel who perform Communications, Intelligence, Logistics, Health and Offensive Support roles. The MIBG conducts combat, security and disaster relief operations. Conducting special operations, the SOTG deploys Special Forces elements that respond to high priority threats.
13. The Land Training System is under pressure as a result of aging assets, long term underinvestment and an inability to keep pace with modern technology and training methods. Recruit Training is not in a position to meet existing or future demand in an effective way, and investment is needed to avoid future failure. s.6(a)

s.6(a)

14. The Programme has undertaken an Investment Logic Map, generating the following four problem statements faced by the Land Training System:

14.1. The Land Training System used for the last 30 years is not capable of ensuring success for the next 30 years;

14.2. Poor infrastructure in failing condition makes it difficult to train and retain people, negatively impacting the Land Training System and outputs;

14.3. s.6(a)

14.4. Rigidity in the current Land Training System limits the adaptivity needed to respond and prepare for current and future NZ Army outputs.

State of the Recruit Training Sub-system

15. Recruit training, centred around Waikouru Military Camp and Training Area, is experiencing a range of significant challenges that collectively contribute to it s.6(a) being the most pressing need for investment.

Examples include:

15.1. s.6(a)

15.2. s.6(a)

15.3. Analogue manually operated ranges being inefficient and unsuitable for modern weapons and training.

Relationship to DCP25

16. NZ Army operations contribute to meeting defence policy objectives as detailed in DCP25:

16.1. Protecting and promoting the security of New Zealand and immediate region;

16.2. Enhancing the ANZUS alliance with Australia and New Zealand's most important security partnerships; and

16.3. Contributing to achieving New Zealand's global interests.

17. DCP25 included Design Phase costs of \$22.9 million capital for the MATC Programme, for initial design work, programme de-risking activities² that will be enduring, and a detailed review of Land Training System policies, procedures and curriculum. The investment delivery phases were not included in DCP25, as costs were not fully known or mature enough at that point, as detailed Programme Business Case analysis had not taken place.

² Targeted facility upgrades, as detailed at paragraph 24.2

18. That analysis has now been completed, and is detailed in this paper and the attached Programme Business Case. s.9(2)(f)(iv)

Relationship to Mission Command Training Facility (MCTF)

19. The Detailed Business Case for the MCTF, which is also seeking funding through Budget 2026, was approved by EXP on 3 March 2026. The MCTF proposal is for a new purpose-built, secure training facility in Linton Military Camp, for conducting synthetic training using classified information, as a scalable, efficient lead-in to live field training. While both significant, and related, investments, they have different purposes – MCTF for synthetic, headquarters based training, MATC for general, physical training and related infrastructure.

Options Analysis

20. The attached Programme Business Case identifies the following investment objectives:

- 20.1. Investment Objective One: A Land Training System that enables and sustains combat operations;
- 20.2. Investment Objective Two: A Land Training System that equips the NZ Army to integrate with Australia and other partners, and operate jointly with other Government services; and
- 20.3. Investment Objective Three: Flexible and responsive training components and environments to cater to future growth and the introduction of new and emerging challenges, systems and capabilities.

21. Initial option development took an effectiveness lens to the Land Training sub-systems. The current state was determined, and subjective assessment was used to determine its predicted future state in 2035. s.6(a)

22. The Programme Business Case attached provides detailed analysis of options against investment objectives and critical success factors. In the final assessment of the shortlisted options, the three key principles applied with the highest weighting were affordability (including the parameters of the current DCP), timeliness and achievability as detailed in the table below:

23. When viewed through a primary lens of affordability, timeliness and achievability, Option Two, focusing on Recruit Training only, is considered to be the minimum viable capability needed in the short term and is the recommended option to take forward to the Detailed Business Case stage. As is standard practice, the Detailed Business Case will test the recommended option against alternative options, to provide Cabinet with a range of choices.

Design Phase for the Recommended Option

24. Option Two will begin with a Design Phase, which I am seeking funding for through the Budget 2026 process. The Design Phase will be based on three lines of effort:

- 24.1. Line of Effort One: Review and redesign the NZ Army Land Training System and curriculum, s.9(2)(f)(iv)

³ As detailed in the Programme Business Case, each option received a score of 1 (does not meet) to 5 (fully meets) for each Critical Success Factor. The scores are then summarised as an overall Fail, Partial or Pass in this table. The Critical Success Factors were those included in Treasury guidance for Programme Business Cases: Strategic fit and business needs, potential value for money, timeliness, supplier capacity and capability, potential affordability and potential achievability.

24.2. Line of Effort Two: De-risk future programme investment through partnering with industry and leveraging off Australia and partners, by making a series of targeted facility updates to add resilience to a significantly degraded capability, that will be of value regardless of future Programme decisions. This will aim to procure, (subject to market engagement and prioritisation)::

24.2.1. One upgraded and mechanised rifle range;

s.9(2)(f)(iv)



24.3. Line of Effort Three: Develop the Detailed Business Case and supporting programme documentation to seek potential future investment. Existing NZDF design will be used throughout and where this is not available, Australian designs will be used where possible.

25. s.9(2)(f)(iv)



Delivery Phase for the Recommended Option

26. The major components of the Recruit Training sub-system within the Waiohuru Military Camp and Training Area are made up of Headquarters facilities, instruction facilities, weapon training simulation and ranges, training areas and barracks.

27. The Detailed Business Case will provide further detail on a range of possible investments, across scope, timing and cost, including⁴:

s.9(2)(f)(iv)



⁴ Costs for each of these investments, and for those listed in paragraph 24.2, are detailed in the Programme Business Case, are benchmarked against recent NZDF investments and New Zealand commercial industry standards and benchmark costs, and will be subject to a competitive process and further refined.

s.9(2)(f)(iv)

Implementation

28. Should Cabinet agree to the recommendations in this paper, NZDF will develop a Detailed Business Case based around Option Two - Recruit Training Effective, and, subject to Budget 26 decisions, begin the Design Phase for the recommended option.

29. s.9(2)(f)(iv)

30. The MATC – Recruit Training Capability programme outline plan is detailed below:

Phase	Duration
Initiate Phase: Approval to initiate	Complete
Definition Phase: Capability definition	Complete
PBC Phase: Programme Business Case (Cabinet)	April 2025 – April 2026
Design Phase: Design and review work, de-risking activities and Detailed Business Case production	Quarter 3 2026 – Quarter 2 2029
Delivery Phase: Build and Delivery for Recruit Training Capability	s.9(2)(f)(iv)
Closure Phase: Introduction to Service, followed by Programme Closure	s.9(2)(f)(iv)

Financial Implications

31. The cost of the preferred option in this Programme Business Case is \$22.900 million in capital funding and associated 4-year operating uplift of \$2.576 million, in new investment, for design, de-risking activities, a Land Training System review and DBC development. This funding is being sought through the Budget 2026 process and therefore the delivery of this investment is subject to funding being made available through Budget 2026. This funding was included in DCP25 and the related Integrated Investment Plan, and is phased as following:

Annual phasing	2026/27	2027/28	2028/29	2029/30 & 2030/31	2031/32 & out years

Capital expenditure	s.9(2)(f)(iv)
Operating funding	

32. The indicative capital expenditure over three financial years are:

32.1. Line of Effort One: Review and redesign the Army training system and curriculum s.9(2)(f)(iv)

32.2. Line of Effort Two: De-risk programme investment s.9(2)(f)(iv) and

32.3. Line of Effort Three: Develop the necessary programme documentation, design (both architectural and engineering), engagement, resource management and business case development to seek potential future investment s.9(2)(f)(iv)

33. For the Delivery Phase, the recommended option (*Option Two – Recruit Training Effective*) has an indicative mid-point capital cost of s.9(2)(f)(iv) and a mid-point net present Whole of Life Cost of s.9(2)(f)(iv) (unescalated). s.9(2)(f)(iv)

Initial capital cost estimates (excluding contingency) over the project life are detailed below:

Annual phasing	Year 1	Year 2	Year 3	Year 4
Total capital expenditure	s.9(2)(f)(iv)			

Investment Assurance

34. The MATC – Recruit Training Capability programme has been assessed as medium risk using the Treasury's Risk Profile Assessment tool and moderation process, and is therefore not subject to Gateway review.

Implications

35. This paper has no cost-of-living, climate, legislative, population, or human rights implications.

Use of external resources

36. External advisors have supported costs benchmarking and independent review. It is expected that Defence Estate and Infrastructure Alliance partners and specialist advisors will support design and Detailed Business Case development as required.

Consultation

37. This paper has been consulted with the New Zealand Defence Force, Ministry of Defence and the Treasury. The Department of the Prime Minister and Cabinet has been informed.

Communications

38. If approved, any announcements will be coordinated through the Office of the Minister of Defence, aligned with Budget 2026 communications.

Proactive Release

39. I intend to proactively release this paper following Budget 2026, subject to any redactions as appropriate under the Official Information Act 1982.

Recommendations

The Minister of Defence recommends that the Committee:

1. **approve**, subject to sufficient funding being made available at Budget 2026, the Programme Business Case for the Modernised Army Training Capability – Recruit Training Capability;
2. **note** that capital funding of \$22.900 million over FY 2026/27–2028/29, and four-year operating funding of \$2.576 million for capital charge and depreciation, is being sought through Budget 2026 for design, de-risking activities, review of Land Training System policies, procedures and curriculum, and Detailed Business Case development (the Design Phase);
3. **note** that agreement to this paper does not imply agreement to funding at Budget 2026, and delivery of the investment is subject to sufficient funding being made available at Budget 2026;
4. **direct** NZDF, subject to Budget 2026 decisions, to develop a Detailed Business Case for the Delivery Phase of the recommended option (*Option Two – Recruit Training Effective*);
5. s.9(2)(f)(iv) [REDACTED]
6. **note** that the current indicative mid-point capital cost for the Delivery Phase for *Option Two – Recruit Training Effective* is s.9(2)(f)(iv) capital over four years, with a mid-point whole-of-life cost of s.9(2)(f)(iv) and that, subject to approval of a Detailed Business Case s.9(2)(f)(iv) [REDACTED]

Authorised for lodgement

Hon Chris Penk

ASSOCIATE MINISTER OF DEFENCE

List of Annexes:

Annex A: Defence Capability Plan considerations
Annex B: Summary A3

Annex A – Defence Capability Plan considerations

What is the Australian approach and is there any reason for New Zealand to take a different approach?

In the last three years the Australian Army has reviewed both its version of the NZ Army Land Training System and specifically its Army Recruit Training Capability. In February 2026 the Australian Government announced a near billion-dollar investment in Army Recruit Training, along very similar lines proposed by this Programme Business Case. s.9(2)(f)(iv)

The Modernised Army Training Capability: Recruit Training Programme Business Case is considered to be tightly aligned with the Australian Army approach. Design work over the next two years will focus on improving this alignment. Additional review is also occurring into work our partners have conducted on Recruit Training, specifically the UK Army, US Army, US Marine Corps and Singaporean Armed Forces.

Can we partner with industry to deliver the capability differently?

Partnership with industry to deliver the Recruit Training capability will take place in both the build and delivery phase, especially for infrastructure constructions and upgrades. This will also occur in supporting functions throughout the life of the capability in areas such as logistics, accommodation, and facilities management.

What is the minimum viable capability needed (including to limit bespoke requirements)?

A range of options were shortlisted as part of the Modernised Army Training Capability Programme Business Case. The programme business case recommends investing in *Option Two – Recruit Training Effective*, which is considered the minimum viable capability as it is focussed on the most critical part of the Land Training System, Recruit Training, which is significantly degraded s.6(a). Further assessment on capability requirements is included in the Programme Business Case.

What is the most cost effective and durable option?

Of the shortlisted options, *Option Two – Recruit Training Effective* is considered the most cost effective and durable option, especially when assessed against affordability, timeliness and achievability. Further details on options analysis is included in the Programme Business Case.

Annex B - Modernised Army Training Capability – Recruit Training Capability Summary

Current State

- The Land Training System is made up of four training sub-systems across a continuum: Recruit, Individual, Collective, and Mission Rehearsal.
- This system is under significant pressure, from aging assets and infrastructure, some of which are World War II era, low adoption of modern technology, and increasingly ineffective, inefficient s.6(a), s.9(2)(g)(i) training environments.

Recruit Training sub-system

- The critical Recruit Training sub-system, on which the overall continuum rests, is not in a position to meet existing or future demand in an effective way, and investment is needed to avoid future failure. It is significantly degraded, s.6(a)
- While the other sub-systems also require investment over time, the MATC Programme Business Case, which considered the state of the overall system, has determined immediate investment in Recruit Training is the most pressing need, when balanced against affordability, timeliness and achievability.

s.6(a)

Proposal



- The recommended option (Option Two), solely contained within Waiouru Military Camp and Training Area and focussed on Recruit Training, is expected to deliver s.9(2)(f)(iv)
- A Design Phase (\$22.9 million in capital funding and associated 4-year operating uplift of \$2.576 million) is planned, to undertake initial design work, refine cost, scope and timing for the delivery phase, and support Detailed Business Case (DBC) development. It is will also involve a series of limited programme de-risking activities, including targeted facility upgrades, which will be of enduring value regardless of future Programme decisions.
- Funding for the Design Phase is being sought through Budget 26. The Design Phase will begin following agreement to the recommendations in this paper and subject to Budget 26 decisions.
- s.9(2)(f)(iv)

Enablers required:

Defence Estate & Infrastructure, Army General Staff, and the Army Training Group are the key enablers.

Waiouru is the only location in New Zealand where combined arms, joint training with other services and training with an MIBG or larger-sized force can take place.

If not funded...

Combat capable

Poor infrastructure in failing condition makes it difficult to attract, train and retain people. Ultimately around 60% of the NZ Army's Land Training System infrastructure is at the end of its life and by 2035 the number will rise to 80% .

s.6(a)

Resilience

The current Land Training System used for the last 30 years requires urgent modernisation. Without modernisation the System will be at risk of failing to achieve benefits. s.6(a)

Alignment with Government priorities

The current Land Training System is not optimised to work in an interoperable way in a Joint environment, with domestic agencies, Australia and our other defence partners. s.6(a)

ANNEX C

Modernise Army Training Capability – Following the Economic Policy Committee (ECO) of 29 April 2026

Following the Economic Policy Committee of 29 April, the following answers are provided to Ministers questions:

1. Is it standard practice to capitalise design costs. Where design costs are required to bring an asset into its intended working condition, they are capitalised in accordance with accounting standards (PBE IPSAS 17) which is aligned with The Treasury direction to agencies. In this instance, the costs relate to the design of facilities necessary to support the modernisation of recruit training.
2. The project is planned to deliver: This is the first phase of the programme. The *Design Phase* is seeking an initial investment of **\$22.9 million in capital funding and associated 4-year operating uplift of \$2.576 million**. The funding will allow the following activities:

s.9(2)(f)(iv)



3. The specific costs for future phases are indicative, in line with the Better Business Case process, and will be further refined as the Detailed Business Case is developed. Further, it is intended, where possible to leverage existing NZDF designs and ADF facilities where possible.