

ASSOCIATE MINISTER OF DEFENCE

New Zealand Defence Force: Future Naval Base Programme Business Case

December 2025

This paper seeks Cabinet's approval of the Future Naval Base Programme Business Case to redevelop Devonport Naval Base and reports on progress on a business case for a supplementary facility at Whangārei.

The pack comprises the following documents:

- November 2025 Cabinet Expenditure and Regulatory Review Committee Minute of Decision: *New Zealand Defence Force: Future Naval Base Programme Business Case* [EXP-25-MIN-0114]; and
- The associated Cabinet Paper: *New Zealand Defence Force, Future Naval Base Programme*.

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: *where making the information available would be likely to prejudice the security or defence of New Zealand; and*
- 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;*
- 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 department or organisation in the course of their duty; and*
- section 9(2)(j) of the OIA: *to enable a Minister of the Crown or any department or organisation holding the information to carry out, without prejudice or disadvantage, negotiations.*

In addition, Enclosures 1 and 2 to the paper (*Future Naval Base Programme Business Case and Appendices*) have 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 Expenditure and Regulatory Review 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.

New Zealand Defence Force: Future Naval Base Programme Business Case

Portfolio **Associate Defence**

On 18 November 2025, the Cabinet Expenditure and Regulatory Review Committee:

- 1 **noted** that the poor state of existing infrastructure means there is an urgent and critical need to regenerate the Devonport Naval Base (DNB) to keep it operating and to meet future capability needs;
- 2 **noted** that in 2022 the previous government endorsed the Future Naval Base (FNB) Indicative Business Case, agreed to the recommended option to remain at Devonport and agreed that the New Zealand Defence Force (NZDF) develop a Programme Business Case that outlines the investment required to remain at DNB [GOV-22-MIN-0027];
- 3 **noted** that a recent Independent Quality Assurance has confirmed that the FNB Programme Business Case provides a sound foundation for proceeding with planned investment at Devonport, recognising it as first-rate analytical work;
- 4 **noted** that the Defence Capability Plan 2025 signals investment in future DNB design [CAB-25-MIN-0113];
- 5 **noted** that a FNB Programme Business Case has been developed that considers sea-level rise, coastal and stormwater inundation and spatial sufficiency to accommodate current and future naval functions at DNB;
- 6 **approved** the FNB Programme Business Case attached to the submission under EXP-25-SUB-0114;
- 7 **noted** that the August 2024 FNB Programme Business Case Gateway Review Phase 0/1 resulted in an Amber rating;
- 8 **noted** that the Infrastructure Commission has endorsed the FNB Programme Business Case as a National infrastructure priority at Stage 2, indicating this is a priority problem or opportunity for New Zealand;
- 9 **noted** that for Tranche 1a design and enabling works \$5.375 million operating uplift over the forecast period (FY26-FY29) and \$25.185 million capital was provided through a Budget 25 initiative;

- 10 **noted** that funding for Tranche 1b (construction of Tranche 1a projects) will be sought in 2029 (or earlier if Budgets and priorities allow) through a detailed business case for tranche 1 construction and tranche 2 design in 2028/29;
- 11 **noted** that in 2022 the previous government agreed that NZDF develop a Programme Business Case that outlines the investment required to develop a supplementary facility at Whangārei [GOV-22-MIN-0027];
- 12 **noted** the entire Royal New Zealand Navy fleet, or substantial components thereof, cannot be accommodated at Marsden Point without displacing Northport and Channel Fuels operations, resulting in significant economic, logistical, and fuel security implications;
- 13 **noted** that whilst proceeding with DNB investment, Marsden Point remains under consideration in the evolving strategic landscape, including the implementation of the Defence Capability Plan 2025, and that the proposed Northland dry dock at Marsden Point presents opportunities that warrant ongoing monitoring and engagement, particularly through the Maritime Fleet Renewal programme; and
- 14 **noted** that, in recognising Marsden Point's strategic value for regional economic development, resilience, and infrastructure synergies, NZDF will continue to engage with the Ministry of Business, Innovation and Employment to realise future strategic opportunities;
- 15 **noted** that future investments will need to clearly justify the need for investment, articulate capital and operating costs of project phases where relevant, and demonstrate support of Defence Capability Plan delivery.

Sam Moffett
Committee Secretary

Present:

Hon David Seymour (Chair)
Hon Nicola Willis
Hon Chris Bishop
Hon Simeon Brown
Hon Louise Upston
Hon Judith Collins KC
Hon Mark Mitchell
Hon Brooke van Velden
Hon Shane Jones
Hon Casey Costello
Hon Chris Penk
Hon Andrew Hoggard
Hon Mark Patterson

Officials present from:

Prime Minister's Office
Office of the Minister of Defence
Ministry of Defence
New Zealand Defence Force
Officials Committee for EXP

New Zealand Defence Force, Future Naval Base Programme

Proposal

1. This paper supports the implementation of the Defence Capability Plan 2025 (DCP 2025) and seeks Cabinet's approval of a programme business case to redevelop Devonport Naval Base (Future Naval Base Programme Business Case – Enclosure 1). Additionally, this paper reports on progress to advance a business case outlining the investment required to develop a supplementary facility at Whangārei.

Relation to Government Priorities

2. The Future Naval Base (FNB) Programme (the Programme) will support the implementation of the DCP 2025 [CAB-25-MIN-0113 refers] and the Defence Estate Portfolio Plan [EXP-25-MIN-0068 refers]. Continued investment in the New Zealand Defence Force (NZDF) is necessary to achieve the Government's foreign, defence and trade policy priorities. A functional and fit for purpose naval base is vital to achieving current and future expectations for NZDF's operational readiness.

Executive Summary

3. Devonport Naval Base (DNB) is New Zealand's only naval port. In August 2022, Cabinet agreed to remain at Devonport with the endorsement of an indicative business case [GOV-22-MIN-0027]. A recent (August 2025) Independent Quality Assurance (IQA) has confirmed findings that the RNZN should remain based in Devonport and that the NZDF should therefore "*proceed with the DNB investment programme as outlined in the Programme Business Case*".
4. The current state of infrastructure at DNB is insufficient to meet current and future operational, training and support requirements for the Royal New Zealand Navy (the RNZN). A lack of capital investment over decades has meant that many infrastructure assets are operating beyond their design life. The unscheduled maintenance spend at DNB is three times higher than other NZDF camps and bases.
5. The Programme has been developed to help address this historic lack of investment and to prepare DNB for future NZDF capability. The Programme is a comprehensive assessment of future infrastructure needs at DNB and is reflective of the wider strategic priorities of the NZDF. Key inputs into the development of the Programme include:
 - a. consideration of the changing defence strategic environment;
 - b. climate change risk assessment and adaptation planning;
 - c. infrastructure master planning; and
 - d. focused investment prioritisation.
6. The investment proposed by the Programme is recognised by the recently released Defence Capability Plan 2025 [CAB-25-MIN-0113]. Approval of the business case

will enable coordinated investment, design and construction, and provide minimum viable capability for the RNZN. Funding of \$25.185 million capital and associated operating uplifts was provided through Budget 2025 [CAB-25-MIN-0126.19], to establish the programme and begin Tranche 1 design and enabling works (Tranche 1a). Tranche 1 work constitutes 'no-regrets spend' on infrastructure capability that is (already) identified as priority investment to maintain current and future operational outputs.

7. The estimated capital cost to regenerate DNB, inclusive of all projects that make up this Programme could be as large as \$4 billion (unescalated) over 35 years. The current Whole of Life Costs for the Programme is \$9.5 billion (unescalated, undiscounted).
8. The FNB Programme has been developed in parallel with the Maritime Fleet Renewal (MFR) Programme Business Case. Early FNB Programme tranches are well defined and well supported across the NZDF. Subsequent Programme tranches are indicative to give the programme flexibility and adaptability to future RNZN fleet decisions. The breakdown of Programme tranches is attached at Annex A.
9. In 2022, Cabinet also agreed that NZDF develop a programme business case that outlines the investment required to develop a supplementary facility at Whangārei [GOV-22-MIN-0027 refers]. This has not occurred. However, the evolving strategic landscape - including implementation of the DCP 2025 and the proposed dry dock at Marsden Point - creates opportunities that warrant continued monitoring and engagement, particularly through the MFR Programme.

Background

10. Devonport, on Auckland's North Shore, has been home to the naval forces in New Zealand since 1841. DNB houses the majority of functions required to support the operations of the RNZN. The RNZN plays a key role within New Zealand's national security architecture, helping protect and advance the nation's interests from the sea. In addition, DNB supports maintaining maritime security, protecting fisheries, protecting trade routes, providing humanitarian and disaster relief assistance for operational partners including: NZ Customs; NZ Police; the National Emergency Management Agency; Department of Conservation; Ministry for Primary Industries and others.
11. DNB requires significant upgrades to deliver fit-for-purpose infrastructure across working, training, and living accommodation, as well as underground services. DNB has faced decades of underinvestment and uncertainty. Between 1997 and 2018, ongoing uncertainty over the home of the RNZN has contributed to the deteriorating condition of infrastructure. In 2018 an assessment of alternative locations was commissioned, including assessment of alternative locations such as Picton and Whangārei Harbour.
12. In 2022, as part of the First Principles Review of the Defence Estate footprint, Cabinet agreed that the RNZN would remain at Devonport [CAB-22-MIN-0027 refers]. Analysis confirmed RNZN requirements cannot be accommodated at other New Zealand ports. For example, if relocating to Marsden Point, the RNZN would displace Northport and Channel Fuels operations, with significant economic, logistical, and fuel security consequences. The Waitemata Harbour also provides a

superior deep-water channel with greater ease of manoeuvrability for RNZN vessels compared to Whangārei Harbour.

13. Remaining at DNB, rather than relocating to Whangārei or adopting a split-base option, offered the best value for money for the NZDF, government and the wider economy. At the time, relocating to Whangārei was estimated to cost approximately \$945 million more in real terms than remaining at Devonport. Relocation was also expected to take up to 20 years and would require a substantial, long-term funding commitment. During the period, the NZDF would need to maintain functionality and capability at DNB while constructing new facilities. While a split-base approach was rejected, supplementary facilities at Whangārei or Marsden Point were considered potentially appropriate.
14. At this point, the NZDF adopted a dual-track process. It completed the Programme Business Case for investment at DNB in November 2024. This confirmed that all requirements could fit at DNB and there was no operational need for supplementary facilities. The NZDF also undertook a strategic assessment of what a supplementary facility at Whangārei or Marsden Point might involve and found no *prima facie* case for moving functions from DNB.
15. Following this, the NZDF awaited approval of the DCP 2025 in April 2025 to submit the Programme to Cabinet. To validate the assumption of “no *prima facie* case for change” under current government direction, the NZDF commissioned an Independent Quality Assurance (IQA) review in July/August 2025. The review assessed both the previous decision and the Programme Business Case presented in this submission. The review concluded NZDF should:

Proceed with the DNB investment programme as outlined in the 2024 Programme Business Case, recognising it as first-rate analytical work that provides a sound foundation for naval infrastructure development.

16. Noting this, and recognising that Cabinet in 2022 had directed the NZDF to outline the investment required to develop a supplementary facility in Whangārei, spatial planning indicates that DNB has sufficient developable land and seaway to meet the requirements of the maritime force. This remains the case even after accounting for projected impacts of sea-level rise, inundation, and future operational needs. However, the evolving strategic landscape - including implementation of the DCP 2025 and the proposed dry dock at Marsden Point - creates opportunities that warrant continued monitoring and engagement, particularly through the MFR Programme.

Maritime Fleet Renewal (MFR)

17. Influencing this programme and future NZDF infrastructure are potential investments set out in the DCP 2025. These include: procurement of a multirole vessel; Southern Ocean patrol capability; replacing the Anzac frigates and patrol vessels; persistent surface and sub-surface surveillance (uncrewed autonomous vessels); and the RNZN reaching 3,000 personnel by 2035. The final selection of the future fleet will be determined through the MFR Programme and individual business cases.
18. The MFR Programme is a transformational change programme for the RNZN fleet and naval system. All ships in the fleet (with the exception of HMNZS AOTEAROA) will reach the end of their intended design life by the mid-2030s.

19. The MFR Programme has critical dependencies with the FNB Programme. The NZDF estate provides the foundation to effectively operate, maintain and support the future RNZN fleet. These foundations will need to be planned and in place before new ships and capability are delivered.
20. The NZDF will establish structures to manage oversight between the programmes to ensure information, processes and relevant requirements are communicated through to the FNB Programme.
21. The tranche structure proposed for delivery provides logical decision points to ensure emerging requirements from the MFR programme are incorporated. Future tranches will be developed so that platforms and their procurement are linked with planning for physical infrastructure.
22. The investments and timelines in the DCP 2025 and MFR Programme have been used to inform the future state assumptions of the FNB Programme. These include, wharf infrastructure to accommodate larger ships, and increased living and working facilities for land-based personnel. The funding envelopes contemplated in the DCP 2025 align with the proposals in the Programme Business Case for Tranche 1, which is outlined below.

Investment at Devonport Naval Base (DNB)

23. There is an urgent and critical need to regenerate DNB. A historic lack of capital investment means that 76% of built infrastructure on base will reach the end of its design life within 20 years. A lack of investment has created an unscheduled maintenance burden that is three times higher than other NZDF camps and bases and is forecast to double every five years. Without considered and sustained investment at DNB the NZDF will not be able to meet maritime military outputs.
24. The condition of assets is affecting operational readiness and increasing risks of regulatory breach. Recent examples include:
 - a. Regular flooding of the Sea Safety Training School in Ngātaringa Bay. This facility is out of commission due to flooding for up to six weeks a year. Sailors cannot go to sea unless they are certified through this facility.
 - b. The building housing the Officer Training School was decommissioned in 2018 due to the potential for airborne asbestos contamination. It has been replaced by temporary Portacom buildings.
 - c. The Boiler Wharf cannot be used for ship maintenance activities because of the condition of the wharf. There have been occurrences of piles detaching and floating into the Waitemata harbour.
 - d. 95 personnel are displaced from the Fleet Engineering Centre at DNB due to restrictions on building maintenance and other works related to asbestos contamination risk in the facility.
25. The Programme considers the best estate and infrastructure investment options required to regenerate DNB over the long-term, against an updated Master Plan for the base.
26. An adaptive management approach is a foundational principle of the programme, to balance current needs with future requirements. DNB has sufficient space to

accommodate known requirements for the foreseeable future. This conclusion is based on an assessment of climate change risks, functional user requirements, infrastructure master planning and that some functions are not required at Devonport and could move to other Auckland Defence locations (Whenuapai, Kauri Point or Whangaparāoa) or to Whangārei / Marsden Point.

27. An initial tranche of eight projects addresses specific and immediate infrastructure challenges and issues at DNB. The Programme confirms the use of \$25.185 million capital and associated operating uplifts to establish the programme and begin Tranche 1 design and enabling works (Tranche 1a), as provided for through Budget 2025.
28. Decisions on future investment will be made through detailed business cases and MFR Programme Business Case decisions. Annex B outlines the plan of tranche development, funding, approvals and adjacent workstreams. Generally, NZDF infrastructure projects take two years to reach procurement (through the Plan, Design, Approve and Procure sequence) and then a further two years for construction.

Investment at Whangārei / Marsden Point

29. Proposals are being led by the Ministry of Business, Innovation and Employment (MBIE) for a shipyard and floating dry dock at Marsden Point and expansion of the marine industry in the Northland region [ECO-25-MIN-0061 refers]. The Northport floating dry dock project will build a dry dock and maritime maintenance facility at Marsden Point capable of serving New Zealand's current and planned vessels in the maritime sector (such as large RNZN ships¹, interisland ferries, coastal carriers, and some ocean-going fishing vessels).
30. RNZN utilisation of the proposed dry dock will require some form of NZDF presence at Marsden Point, which would surge during docking periods. In addition to maintenance infrastructure associated with the dry dock, NZDF is investigating alternative basing locations outside of DNB for uncrewed autonomous vessels².
31. With more certainty on dry dock proposals and development of the MFR Programme, NZDF is proceeding with investigations into location and site requirements for basing uncrewed autonomous vessels (including Marsden Point). Any funding required for an NZDF facility for uncrewed autonomous vessels will be sought as part of the MFR programme. Any ongoing consideration of a NZDF presence at Marsden Point will be co-ordinated with MBIE as part of all-of-government considerations for a private commercial floating dry dock. Therefore, investment at Marsden Point will remain under consideration as the MFR Programme evolves and as Whangārei's marine industry and infrastructure develops further.

Financial implications

32. The current Whole of Life Costs for the Programme is \$9.5 billion (unescalated, undiscounted). The estimated capital cost to regenerate DNB, inclusive of all projects

¹ HMNZS Canterbury and HMNZS Aotearoa cannot be dry docked at the DNB dry dock. Future maritime fleet may also require alternative dry docking.

² For persistent surface monitoring of New Zealand's northern maritime domain as part of the MFR Programme.

that make up this Programme could be as large as \$4 billion (unescalated) over 35 years.

33. The Programme has been broken down into seven tranches spanning till 2060. Table 1 details the indicative estimated capital costs across the tranches to give an indication of the scale of the programme. Note that costs for later tranches are indicative only and subject to change.

Table 1 – Future Naval Base Programme costs per tranche (unescalated, excluding programme management and horizontal infrastructure planning)

Tranche breakdown	Tranche ToC \$M
Tranche 1	s.9(2)(j)
Tranche 2	
Tranche 3	
Tranche 4	
Tranche 5	
Tranche 6	
Tranche 7	
Site-wide provisions	
Total (All tranches)	

34. The total capital expenditure required for the Programme cannot be met by depreciation reserves alone. Assuming s.9(2)(j) of depreciation funding will be available per annum, this leaves a s.9(2)(f)(iv) funding gap, or nearly s.9(2)(f)(iv) per annum. To make best use of all funding options, it is proposed that funding for Programme projects be determined on a case-by-case basis. Appropriate mixes of depreciation funding, capital injection, alignment with capability funding, and alternative sources of funding and finance will be outlined in each tranche detailed business case.
35. The current Whole of Life Costs for the Programme is \$9.5 billion (unescalated, undiscounted). If escalation and a 30% management reserve are included, then this figure increases to \$25 billion (undiscounted). This is detailed in Table 2.

Table 2 - Future Naval Base Programme Whole of Life Costs

Cost category	(\$million)		
	Unescalated	Escalated	Escalated (including management reserve)
Capital cost (incl. 20% project contingency)	s.9(2)(j)		
Management reserve unescalated (30%)			
Operating and maintenance costs			
Midlife upgrades			
Total Whole of Life Costs	9,477	s.9(2)(j)	25,083

36. Project requirements and cost estimates for Tranche 1 (Table 3) are well developed and represent Class 1 – Class 5 estimates³. Tranche 1 has been separated into two phases, 1a and 1b. Tranche 1a includes design work, enabling works, demolition and decommissioning. Tranche 1b is the indicative cost of procurement and construction of these 1a projects.

Table 3 – Future Naval Base Programme Tranche 1 Capital Costs (escalated) (\$ million)

Project	Planning and design (1a)	Procurement and construction (1b)	Total Capital
Removal of the original Officer Training Facility	s.9(2)(j)		
New OTS training facility at Narrow Neck			
Replacement Sea Safety Training Facility			
Transitory Multi-Purpose Office space(s)			
Redevelopment Stanley Bay Gate Entrance			
Replacement Dry Dock Caisson Gates			
Base-wide Horizontal Infrastructure network planning			
Programme management costs (T1a only)			
Total	25.185	s.9(2)(j)	

37. Funding for Tranche 1a of \$25.185 million capital funding and \$5.375 million operating uplift over the forecast period (FY26-FY29) has been provided through Budget 25 [CAB-25-MIN-0126.19] as outlined in Table 4.

Table 4 – Appropriation changes provided in Budget 2025 (\$ million)

	2025/26	2026/27	2027/28	2028/29	2029/30 and outyears
Total Operating	0.700	1.300	1.663	1.712	1.500
Total Capital	14.243	9.869	0.529	0.544	-

38. Funding for Tranche 1b (construction of Tranche 1a projects) will be sought in future Budgets.

³ In NZ construction, Class 1-5 refers to a system of cost estimating where each class represents a different level of detail and accuracy. Class 5 being an early rough estimate and Class 1 being a highly detailed.

Investment Assurance

39. A Gateway Review was completed for the Programme in August 2024. The Gateway Review Report allocated an amber confidence assessment. This identified funding as a blocker. The Gateway Action Plan is included as Annex C.
40. The Programme was also reviewed as part of the Infrastructure Commission's Infrastructure Priorities Programme [CAB-24-MIN-0277.02 refers]. It was endorsed (at Stage 2) as a national priority in the draft National Infrastructure Plan released on 25 June 2025, along with five other NZDF investment cases. This reflects its national significance, and benefits to the New Zealand people, economy and security, and gives Ministers further assurance that investment in regeneration of DNB aligns with national objectives.
41. Prior to this submission NZDF completed an IQA examining the robustness of the decision-making process that led to the conclusion that the RNZN should remain based at DNB. A key finding was *"This review finds confidence in the technical foundation supporting immediate Devonport investment, whilst recognising that strategic opportunities will continue to evolve through regional infrastructure development and defence capability planning"*.

Other Implications

42. There are no cost of living, human rights, legislative, regulatory, gender, or disability implications resulting from this investment. The NZDF is engaging with local iwi to ensure that it meets its obligations under the Treaty of Waitangi.

Use of External Resources

43. As part of the Defence Estate regeneration, the NZDF has formed an Alliance with professional services firms Beca, EY and GHD. The need for this strategic partnership was identified as part of the Defence Estate Portfolio Business Case [approved by Cabinet in April 2019 - CAB-19-MIN-0171.01 refers].
44. The FNB Programme Business Case was developed with technical support from Alliance partners in the following areas: climate change assessment and adaptation planning; specialist business case development expertise and advice; project costings; and technical and engineering advice (for example, wharf infrastructure). The cost of Alliance support to the development of the FNB Programme Business Case and technical inputs between years 2023-2025 was \$1,945,879.

Consultation

45. This paper has been prepared by the New Zealand Defence Force. The Ministry of Defence, The Treasury, New Zealand Infrastructure Commission, National Infrastructure Funding and Financing Limited, Ministry of Business, Innovation, and Employment, Ministry of Foreign Affairs and Trade, National Emergency Management Agency, Public Service Commission were consulted during the preparation of this paper. The Department of the Prime Minister and Cabinet was informed.
46. Auckland Council, Auckland Transport and Port of Auckland Ltd have been engaged at various times throughout the development of the business case.

47. Whangārei District Council, Northland Regional Council, Northport Limited and Marsden Maritime Holdings Limited have been engaged with respect to activities at Marsden Point.

48. There were no other outstanding items as a result of interdepartmental consultation.

Communications

49. Upon agreement to this paper and recommendations the NZDF will communicate and re-engage with relevant stakeholders including local and regional government, iwi and operational partners including: Ministry for Primary Industries; NZ Customs Service, Department of Conservation, NZ Police, and Maritime NZ.

Proactive release

50. This paper will be proactively released within 30 business days of Cabinet's decision, subject to any appropriate redactions.

Recommendations

The Associate Minister of Defence recommends that the Committee:

- 1 **note** that the poor state of existing infrastructure means there is an urgent and critical need to regenerate the Devonport Naval Base to keep it operating and to meet future capability needs;
- 2 **note** that in 2022 the previous government endorsed the Future Naval Base Indicative Business Case, agreed to the recommended option to remain at Devonport and agreed that the New Zealand Defence Force develop a Programme Business Case that outlines the investment required to remain at Devonport Naval Base [GOV-22-MIN-0027];
- 3 **note** that a recent Independent Quality Assurance has confirmed that the Future Naval Base Programme Business Case provides a sound foundation for proceeding with planned investment at Devonport recognising it as first-rate analytical work;
- 4 **note** the Defence Capability Plan 2025 signals investment in future Devonport Naval Base design [CAB-25-MIN-0113];
- 5 **note** that a Future Naval Base Programme Business Case has been developed that considers sea-level rise, coastal and stormwater inundation and spatial sufficiency to accommodate current and future naval functions at Devonport Naval Base;
- 6 **approve** the Future Naval Base Programme Business Case (Enclosure 1 to this submission);
- 7 **note** that the August 2024 Future Naval Base Programme Business Case Gateway Review Phase 0/1 resulted in an Amber rating;
- 8 **note** the Infrastructure Commission has endorsed the Future Naval Base Programme Business Case as a National infrastructure priority at Stage 2, indicating this is a priority problem or opportunity for New Zealand;

- 9 **note** that for Tranche 1a design and enabling works \$5.375 million operating uplift over the forecast period (FY26-FY29) and \$25.185 million capital was provided through a Budget 25 initiative;
- 10 **note** funding for Tranche 1b (construction of Tranche 1a projects) will be sought in 2029 (or earlier if Budgets and priorities allow) through a detailed business case for tranche 1 construction and tranche 2 design in 2028/29;
- 11 **note** that in 2022 the previous government agreed that the Defence Force develop a Programme Business Case that outlines the investment required to develop a supplementary facility at Whangārei [GOV-22-MIN-0027];
- 12 **note** the entire Royal New Zealand Navy fleet, or substantial components thereof, cannot be accommodated at Marsden Point without displacing Northport and Channel Fuels operations, resulting in significant economic, logistical, and fuel security implications;
- 13 **note** that whilst proceeding with Devonport investment, Marsden Point remains under consideration in the evolving strategic landscape, including the implementation of the Defence Capability Plan 2025, and that the proposed Northland dry dock at Marsden Point presents opportunities that warrant ongoing monitoring and engagement, particularly through the Maritime Fleet Renewal programme; and
- 14 **note** that, in recognising Marsden Point's strategic value for regional economic development, resilience, and infrastructure synergies, the New Zealand Defence Force will continue to engage with the Ministry of Business, Innovation and Employment to realise future strategic opportunities.

Authorised for lodgement

Hon Chris Penk
Associate Minister of Defence

Annexes

- A. Future Naval Base Tranche breakdown
- B. Future Naval Base Ten Year Plan
- C. Gateway Review Action Plan

Enclosures

- 1. Future Naval Base Programme Business Case
- 2. Future Naval Base Programme Business Case Appendices

Annex A - Future Naval Base Tranche Breakdown

Tranche	Project Categorisation	Funding Source	Projects
Tranche 0	Projects in or approaching construction	NZDF depreciation funding	Replacement for Dry Dock portal crane
			Replacement for Naval Fuel Installation system
			Construction of Wahi Tiri facility
			Replacement for workshop gantry cranes
	Project in advanced stages of design	NZDF depreciation funding in out-years	Construct new Small Boats Storage and Maintenance Facility
Tranche 1	Priority projects that have not yet commenced planning and design phases	Seeking capital injection	Develop Transitional Multi-Purpose Office space
			Reopen and redevelop entrance to Stanley Bay Gate
			Commence development of a training precinct at Narrow Neck
			Decommission existing Officer Training School facilities at Narrow Neck
			Development of a new Sea Safety Training Squadron
			Replace Dry Dock Caisson Gate
	Non-physical costs that support the efficacy of the programme	Seeking mix of capital and operating funding	Horizontal infrastructure network planning
Tranche 2	Projects signals an initial indication of subsequent efforts following Tranche 1	Not yet determined – but likely seeking mix of capital and operating funding	Establish a formal Programme team (incl. climate monitoring)
			s. 9(2)(g)(i)
Tranche 3 and beyond	Projects linking to the delivery of Maritime Fleet Renewal	Not yet determined – but likely seeking mix of capital and operating funding	Refer next page

Future Naval Base Programme Tranches

s. 6(a), s. 9(2)(g)(i)

Proactively Released by the Associate Minister of Defence

Annex B - Future Naval Base Ten Year Plan

s. 6(a), s. 9(2)(f)(iv), s. 9(2)(g)(i)



Proactively Released by the Associate Minister of Defence

Annex C - Gateway Review Action Plan

Ref.	Recommendation	Priority	Action Plan / SRO response	Status
R1.	That the Programme proactively engage with central agencies to socialise the Future Naval Base Programme Business case	Consider	Engagement was undertaken with central agencies and a range of other in the lead up to the Cabinet decision on the Programme Business Case.	In progress
R2.	Edit the Future Naval Base Programme Business Case to create a more concise narrative that makes a compelling strategic case for the investment.	DO NOW	Completed before submission of Programme Business Case to Cabinet.	Completed
R3.	At the appropriate time, consider the amalgamation of the Future Naval Base and Maritime Fleet Renewal Programme Business Cases in line with the Maritime Fleet Renewal Programme Business Case timeline	Consider	Continued alignment of the FNB and MRF Programmes progressing.	In progress
R4.	Conduct Value Engineering on each project at each tranche to ensure optimum through life solutions are selected.	Do for each tranche	Each project will be subject to its own Single Stage Business Case and options for delivery will be presented.	To be completed as part of each project approval process
R5.	Consider the practicalities of extension or relocation of the existing dry dock to increase its long-term operability.	Consider	A dry dock proposal for New Zealand is being advanced by MBIE at Northport. Investigations for extension of the Calliope Dry Dock will be reconsidered if this does not proceed.	To be initiated
R6.	Complete the Infrastructure Master Plan and sequencing planning to underpin the Programme Business Case.	Do by the time the PBC is submitted	The Infrastructure Master Plan has been completed and with VCDF for approval.	Completed
R7.	That NZDF establish a dedicated Programme Team to advance and deliver the Future Naval Base.	Post PBC approval	A programme team is being established.	In progress and to be completed pending approval of the Programme Business Case

Proactively Released by the Associate Minister of Defence