

MINISTER OF DEFENCE

New Zealand Defence Force: Burnham 2/1 Infantry Regiment Facilities Project

October 2026

This paper seeks approval of a single stage business case to replace working accommodation for the 2/1 Royal New Zealand Infantry Regiment (2/1 RNZIR) at the Burnham Military Camp.

The pack comprises the following documents:

- September 2026 Cabinet Expenditure and Regulatory Review Committee Minute of Decision: *New Zealand Defence Force: Burnham 2/1 Infantry Regiment Facilities Project* [EXP-26-MIN-0038]; and
- The associated Cabinet Paper: *New Zealand Defence Force: Burnham 2/1 Infantry Regiment Facilities Project*.

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;*
- 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; and*
- Section 9(2)(j) of the OIA: *to enable a Minister of the Crown or any public service agency or organisation holding the information to carry out, without prejudice or disadvantage, commercial activities.*

In addition, Appendix 1 (*2/1 Royal New Zealand Infantry Regiment Facilities Single Stage 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 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: Burnham 2/1 Infantry Regiment Facilities Project

Portfolio **Defence**

On 1 September 2026, the Cabinet Expenditure and Regulatory Review Committee:

- 1 **noted** that existing working accommodation for two 2/1 Royal New Zealand Infantry Regiment (RNZIR) sub-units at Burnham Military Camp is outdated, in poor condition, contains asbestos, and is not fit for purpose;
- 2 **noted** that Option 2 of the single stage business case attached to the submission under EXP-26-SUB-0038 will deliver two modern, fit-for-purpose buildings and enable the planned development of the Burnham Logistics Precinct;
- 3 **approved** the single stage business case with detailed costings for the 2/1 RNZIR Facilities Project, which identifies Option 2 as the preferred option;
- 4 **noted** that the estimated capital expenditure for the preferred option is s.9(2)(j);
- 5 **noted** that the Chief of Defence Force has previously approved s.9(2)(j) capital expenditure on planning and design to support the development of the business case;
- 6 **noted** that the capital estimate has an upper bound s.9(2)(j) based on the level of design undertaken to date;
- 7 **agreed** to capital investment of up to s.9(2)(j) for the development of new 2/1 RNZIR facilities under Option 2, with associated capital and operating costs as set out below:

2/1 RNZIR Facilities Project Option 2 Capital Profile (\$M)	2021/22 - 2024/25	2025/26	2026/27	2027/28	2028/29	Total
Capital Expenditure - Buildings	s.9(2)(j)	s.9(2)(f)(iv), s.9(2)(j)				
Capital Funding NZDF Balance Sheet						
Capital Balance 30 June	-	-	-	-	-	-

*Based on the most likely outcome, not the upper bound.

2/1 RNZIR Facilities Project Option 2 Operating Profile (\$M)	2029/30	2030/31	2031/32 & outyears
Operating Expenses – Maintenance and direct operating	s.9(2)(f)(iv), s.9(2)(j)		
Operating Expenses – Depreciation			
Operating Expenses - Total			
Operating Funding - Baseline			
Operating surplus/(shortfall)	-	-	-

- 8 **noted** that no new funding is required and there is no impact on the operating balance or net debt, as capital expenditure will be funded from the NZDF's balance sheet from existing working capital as authorised under permanent legislative authority under section 24(1) of the Public Finance Act 1989, and operating expenses arising from this investment will be managed within NZDF baseline appropriations;
- 9 **authorised** the Chief of Defence Force to commit and approve capital expenditure up to s.9(2)(j) for the delivery of the 2/1 RNZIR Facilities Project;
- 10 **authorised** the Chief of Defence Force to sign a contract with the identified preferred construction supplier for the 2/1 RNZIR Facilities Project.

Sam Moffett
Committee Secretary

Present:

Hon David Seymour (Chair)
Hon Nicola Willis
Hon Chris Bishop
Hon Brooke van Velden
Hon Paul Goldsmith
Hon Louise Upston
Hon Mark Mitchell
Hon Casey Costello
Hon Simon Watts
Hon Andrew Hoggard
Hon Mark Patterson
Hon Mike Butterick

Officials present from:

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

Office of the Minister of Defence

Cabinet Expenditure and Regulatory Review Committee

New Zealand Defence Force: Burnham 2/1 Infantry Regiment Facilities Project

Proposal

1. This paper seeks approval of a single stage business case to replace working accommodation for the 2nd / 1st Battalion, Royal New Zealand Infantry Regiment (2/1 RNZIR) at Burnham Military Camp.

Relation to government priorities

2. This investment aligns with the 2025 Defence Capability Plan and the Defence Estate Portfolio Plan 2025, by supporting the provision of fit-for-purpose infrastructure for a modern defence force.

Executive summary

3. This paper seeks approval to replace ageing and outdated 1940s-era facilities at Burnham Military Camp. The existing facilities are unfit-for-purpose, in poor condition, contain asbestos, lack basic amenities, and are physically separated from the rest of the unit. These shortcomings create health and safety risks, reduce operational efficiency, and limit the unit's ability to maintain required readiness.
4. The preferred option will deliver two new, co-located, multi-functional facilities accommodating approximately 240 personnel.¹ The facilities will include office and administrative areas, training and briefing spaces, secure storage for weapons and equipment, vehicle maintenance and storage areas, and shared amenities. This represents the minimum viable capability required to support modern infantry operations and provides a standard template for future facilities.
5. The project will also enable redevelopment of the Burnham Logistics Precinct by freeing up currently occupied land and consolidating personnel into appropriately located infrastructure.
6. The estimated capital cost is s.9(2)(j), with an upper bound s.9(2)(j) to be funded from NZDF's balance sheet within existing baselines. The whole-of-life net present cost requires Cabinet approval.
7. Cabinet is asked to approve the business case, agree to capital investment up to s.9(2)(j) and delegate authority to the Chief of Defence Force to approve project expenditure and enter into construction contracts.
8. Without investment, personnel will remain in unsafe and unsuitable facilities, operational inefficiencies will persist, and planned redevelopment of the Burnham Logistics Precinct will be delayed.

¹ 3D renders of buildings are in appendix 1, page 3.

Background (Strategic Case)

9. Burnham Military Camp is the NZDF's largest operating base in the South Island and is key to Army force generation. It hosts combat, logistics, specialist communications, and reserve forces, alongside critical training functions that enable the NZDF to raise, train, and sustain operationally ready forces. These functions span collective combat training, medical preparedness, and leadership development, and are essential to maintaining credible land combat capability in the South Island.
10. Burnham Military Camp is integral to the delivery of several Vote Defence Force Outputs. It serves as the primary South Island launch point for civil emergency responses and as a mounting base for international deployments. The Camp also supports engagement with other militaries through major international exercises, reinforcing New Zealand's defence partnerships and regional commitments.
11. 2/1 RNZIR is one of the principal units based at Burnham Military Camp and the largest NZDF unit based in the South Island. It is responsible for generating, training, and sustaining light infantry forces for domestic operations, regional engagement, and international deployments. As a high-readiness combat unit, 2/1 RNZIR must maintain forces capable of deploying at specified notice, and its ability to do so is directly dependent on fit-for-purpose working and training infrastructure.
12. Burnham Military Camp is undergoing staged regeneration to address the age, condition, and functionality of legacy infrastructure and to align the Defence Estate with contemporary operational requirements. This regeneration is guided by a camp-wide masterplan and sequenced to manage dependencies between projects, including logistics, training, and unit accommodation. Investment in modern facilities for operational units such as 2/1 RNZIR is a critical enabler of this programme, ensuring that estate modernisation translates directly into improved operational effectiveness and sustained delivery of outputs.
13. 2/1 RNZIR working accommodation currently includes some deteriorating 1940s-era buildings that are no longer fit for purpose. The buildings are in poor condition, lack basic amenities, are subject to safety and compliance constraints that limit their effective use and are not located with the rest of the unit. Consolidating personnel into modern, co-located facilities would improve unit cohesion, command and control, and daily efficiency, while enabling redevelopment of the Burnham Logistics Precinct to proceed on the site occupied by the existing buildings.

Analysis (Economic Case)

Options

14. The business case explored four options as summarised below:
 - 14.1. Option 0 – Do nothing. The existing facilities would continue to be used, leaving the age, condition, and fitness-for-purpose issues unaddressed. This does not meet investment objectives and would disrupt delivery and operation of the Logistics Precinct. This would pose a serious health and safety risk for NZDF staff required to work in the area.

- 14.2. Option 1 – Consolidated facilities with targeted functionality. This would deliver two single-storey facilities with limited office and administration spaces only. This is the lowest-cost option but was discounted as it does not provide for the operational administration, equipment maintenance, and training spaces that are required for a combat unit to remain operationally effective.
- 14.3. Option 2 – Consolidated fit-for-purpose facilities (preferred). This option delivers the two double-storey facilities with functional spaces to meet all operational, training, and administrative requirements. It relocates Alpha and Support Companies to place them closer to the remainder of 2/1 RNZIR and allows for the development of the Burnham Logistics Precinct.
- 14.4. Option 3 – Comprehensive redevelopment. This option delivers new facilities for all four infantry companies within 2/1 RNZIR. In addition to Alpha and Support Company, this option includes Bravo and Delta Companies, which have the same issues with age, condition, amenity, and fitness-for-purpose. This option was discounted as it is unaffordable, with Bravo and Delta Companies considered a lower priority as they do not obstruct the Burnham Logistics Precinct in their current locations. Separate projects have been established to address the ongoing issues with these companies, which will be prioritised for funding and delivery against other Defence Estate regeneration projects.

Preferred option

15. Multi-Criteria analysis was used to assess the four options, with Option 2 scoring significantly higher than all other options. The whole-of-life net present cost of Option 2 is estimated at s.9(2)(j)
16. Option 2 is recommended given it provides the functional spaces that enable the full range of operational, administrative, training, and equipment support functions required for a combat unit to remain effective and deployable within current specified levels of readiness.
17. Option 2 would deliver two consolidated, two-storey working facilities for Alpha Company and Support Company of 2/1 RNZIR, accommodating over two hundred military personnel. The proposal would provide fit-for-purpose spaces for command and administration, secure planning and meeting rooms, training and simulation, and specialist equipment storage and support. This scope represents the minimum viable capability required for modern light infantry sub-units.
18. Option 2 also frees up space in the logistics area for the development of the Burnham Logistics Precinct. As an additional benefit, the resulting design will be reused for replacing and upgrading similar facilities across the Defence Estate.
19. As required in CO (23) 9, the vulnerability and exposure of Option 2 to climate related hazards was considered. There are no related risks that Cabinet needs to consider.

Implementation

Planned procurement process for the preferred option

s.9(2)(f)(iv), s.9(2)(g)(i), s.9(2)(j)

22. NZDF operational facilities are typically a higher cost per square metre when compared with government offices or commercial buildings, due to the requirement for specialist spaces, secure IT systems, secure storage for vehicles and military equipment, and New Zealand Government protective security requirements.
23. Benchmarking has been undertaken to confirm that the proposed investment offers value for money and support tender evaluation. The results in table 2 provide a comparison with recent projects delivered by the NZDF, including office spaces, logistics, and training facilities, as well as a recent similar NZ Police project, with maintenance facilities having a lower average cost per metre.

Table 2 – Benchmarking against similar projects

Comparison of recent similar projects ²	Floor area	Security Requirements	Cost per m ²
2/1 RNZIR Facilities (this investment)	3,680m²	s.6(a)	s.9(2)(j)
NZDF Consolidated Logistics Project Maintenance Support Facility (Burnham)	7,000m ²		
NZDF Linton Mission Command Training Facility	3,160m ²		
NZ Police Facility (Papakura Police Station)	2,000m ²		

² Costs per square metre include construction, and excludes design, site costs, margins, civil works, GST, and land valuation.

Investment assurance and key project risks

24. The project has an overall medium Risk Profile Assessment, consistent with the scale and complexity of what is proposed. A Gateway review is not required and has not been undertaken for this project.
25. The project is being governed within the Defence Estate Regeneration Programme. The Programme Board includes an independent member. The nature of this investment means that it is also governed by the NZDF Investment Committee.
26. Key delivery risks are well understood and are actively managed through a detailed risk register and established Defence Estate governance and assurance processes. The primary delivery risk relates to timing between procurement and contract award, which could affect cost certainty. The NZDF is seeking delegated authority to commit funds and enter a construction contract with the preferred tenderer to mitigate this risk.
27. Potential risks associated with the global fuel crisis will be managed through commercial, contractual, and delivery controls. These risks are not accounted for within the project contingencies, but at this stage are expected to be manageable within upper range of the project budget.

Financial implications

28. The whole-of-life net present cost of the recommended option is s.9(2)(j) therefore requiring Cabinet approval to proceed.
29. Capital expenditure will be funded from NZDF's existing working capital under permanent legislative authority; operating expenses will be managed within NZDF baselines by way of reprioritisation. Table 3 summarises the estimated costs for Option 2.

Table 3 – estimated costs for Option 2

Project Name	Capital estimate (\$M)	Upper bound estimate (\$M)	Discounted WOLC (\$M)	Forecast operating costs (steady state \$M)
2/1 RNZIR Facilities	s.9(2)(j)			

30. Annual phasing of capital expenditure to deliver Option 2 is outlined in table 4 below. Note that Chief of Defence Force has approved initial expenditure covering the planning and design phases that supported business case development prior to Financial Year (FY) 2026/27.

Table 4 – capital expenditure annual phasing

Capital costs (\$M)	Historical costs	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	Total
Annual phasing	s.9(2)(j)		s.9(2)(f)(iv), s.9(2)(j)			

³ Whole of life costs (WOLC) are represented as net present costs (NPC), non-escalated and discounted at the 2% public sector discount rate.

31. A breakdown of capital costs for Option 2 is summarised in table 5 below.

Table 5 – Breakdown of capital expenditure

Capital cost element	s.9(2)(j)
Contractor costs	
Remaining design costs	
Project management, design assurance, cost estimation, and construction monitoring	
Consequential works s.9(2)(j)	
Other project costs s.9(2)(j)	
Contingencies	
Subtotal – project delivery costs	
Previously approved design and planning	
Estimated total capital cost	

32. Direct operating costs include annual running costs, scheduled replacements, annual maintenance, and estimated costs for unscheduled maintenance and repairs. This is estimated at s.9(2)(j) per annum from FY29/30.

33. The depreciation expense associated with Option 2 is s.9(2)(j) per annum ongoing from FY30/31 based on a useful life of 100 years. Note the facilities have been designed in line with sustainability infrastructure standards which supports a useful life of 100 years.

34. Estimated phasing of operating costs associated with Option 2 is outlined in table 6 below.

Table 6 – operating expenditure

Operating expenditure (\$M)	2029/30	2030/31	2031/32 & outyears
Annual running costs (direct operating)	s.9(2)(f)(iv), s.9(2)(j)		
Scheduled replacements			
Annual maintenance			
Unscheduled maintenance and repairs			
Subtotal			
Depreciation			

Market sensitivity and approvals

35. The capital estimate is supported by detailed design and has been prepared to a Class 1 level of accuracy⁴. The estimated capital cost is s.9(2)(j), with an approved upper bound of s.9(2)(j) reflecting standard market tolerance at tender. The capital estimate includes allowances for construction-phase contingency and escalation and will be tested through competitive procurement.

⁴ Class 1 cost estimate for this project has a range of -10% to +10%.

36. To support timely delivery following procurement, I recommend authorising financial delegation to the Chief of Defence Force to approve and commit project expenditure up to s.9(2)(j) along with authorisation to sign construction contract(s).
37. The NZDF will keep my office informed of progress through routine reporting and will advise of any material changes to scope, cost, or schedule. If tender outcomes exceed the approved upper bound, I will report back to Cabinet and seek further direction.

Other implications and impact analysis

38. No cost of living, human rights, legislative, regulatory, gender, or disability implications result from this investment. This investment does not require a Regulatory Impact Statement or Climate Implications of Policy Assessment.

Next steps

39. If the proposed investment is approved, the NZDF will:
- 39.1. proceed to market to identify a preferred construction contractor;
 - 39.2. deliver the project from within balance sheet and baselines; and
 - 39.3. report back to me if there are material changes to the project costs and scope outlined in this paper.

Use of external resources

40. In 2019, NZDF identified the need for a professional service alliance to provide the capacity and skill to plan, manage and develop NZDF estate and infrastructure [CAB-19-MIN-0171.01 refers]. This has been operating for five years between the NZDF, Beca, EY and GHD. Alliance partners provided technical expertise for the business case development, including engineering, cost estimation, financial modelling and business case writing services.

Consultation

41. The following agencies were consulted on this paper: Ministry of Defence, The Treasury, New Zealand Government Procurement, and the New Zealand Infrastructure Commission. The Department of the Prime Minister and Cabinet was informed.

Communications

42. There are no publicity or communications plans associated with the paper.

Proactive release

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

Recommendations

The Minister of Defence recommends that the Committee:

- a. **note** that existing working accommodation for two 2/1 RNZIR sub-units at Burnham Military Camp is outdated, in poor condition, contains asbestos, and is not fit for purpose;
- b. **note** that Option 2 will deliver two modern, fit-for-purpose buildings and enable the planned development of the Burnham Logistics Precinct;
- c. **approve** the single stage business case with detailed costings (appendix 1) for the 2/1 RNZIR Facilities Project, which identifies Option 2 as the preferred option;
- d. **note** that the estimated capital expenditure for the preferred option is s.9(2)(j)
- e. **note** that the Chief of Defence Force has previously approved s.9(2)(j) of capital expenditure on planning and design to support the development of the business case;
- f. **note** that the capital estimate has an upper bound of s.9(2)(j) based on the level of design undertaken to date;
- g. **agree** to capital investment of up to s.9(2)(j) for the development of new 2/1 RNZIR facilities under Option 2, with associated capital and operating costs as set out in the tables below:

2/1 RNZIR Facilities Project Option 2 Capital Profile (\$M)	2021/22 - 2024/25	2025/26	2026/27	2027/28	2028/29	Total
Capital Expenditure - Buildings	s.9(2)(j) s.9(2)(f)(iv), s.9(2)(j)					
Capital Funding NZDF Balance Sheet						
Capital Balance 30 June	-	-	-	-	-	-

*Based on the most likely outcome, not the upper bound.

2/1 RNZIR Facilities Project Option 2 Operating Profile (\$M)	2029/30	2030/31	2031/32 & outyears
Operating Expenses – Maintenance and direct operating	s.9(2)(f)(iv), s.9(2)(j)		
Operating Expenses – Depreciation			
Operating Expenses - Total			
Operating Funding - Baseline			
Operating surplus/(shortfall)	-	-	-

- h. **note** that no new funding is required and there is no impact on the operating balance or net debt. Capital expenditure will be funded from the NZDF's balance sheet from existing working capital as authorised under permanent legislative authority under section 24(1) of the Public Finance Act 1989.

Operating expenses arising from this investment will be managed within NZDF baseline appropriations;

- i. **authorise** the Chief of Defence Force to commit and approve capital expenditure up to s.9(2)(j) for the delivery of the 2/1 RNZIR Facilities Project; and
- j. **authorise** the Chief of Defence Force to sign a contract with the identified preferred construction supplier for the 2/1 RNZIR Facilities Project.

Authorised for lodgement

Hon Paul Goldsmith
Minister of Defence

Appendix

1. 2/1 Royal New Zealand Infantry Regiment Facilities Single Stage Business Case