TE OPE KĀTUA O AOTEAROA DEFENCE FORCE | Defence Estate & Infrastructure

DEFENCE ESTATE PORTFOLIO

A Deep Dive for Investment Committee

Please note: Report has been amended to remove CIC Programme Finances

March 2026

Defence Estate Portfolio Brief

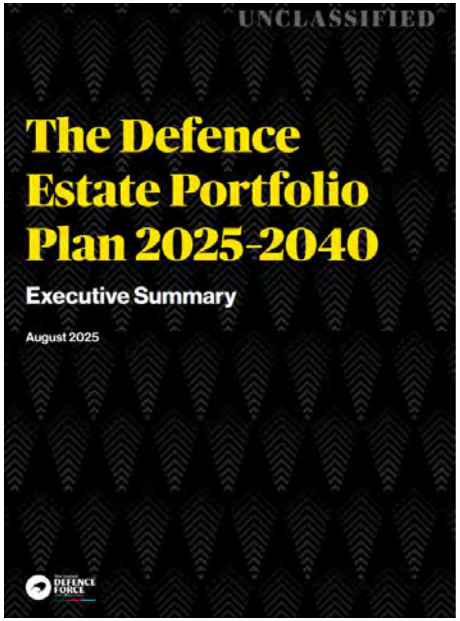
Purpose:

To provide a deeper understanding of the Estate and the programmes and projects that will regenerate and enhance it.

In focus for this deep dive:

- Defence Estate Regeneration Programme (DERP)
- Home for Families (HfF) Programme
- Future Naval Base (FNB) Programme

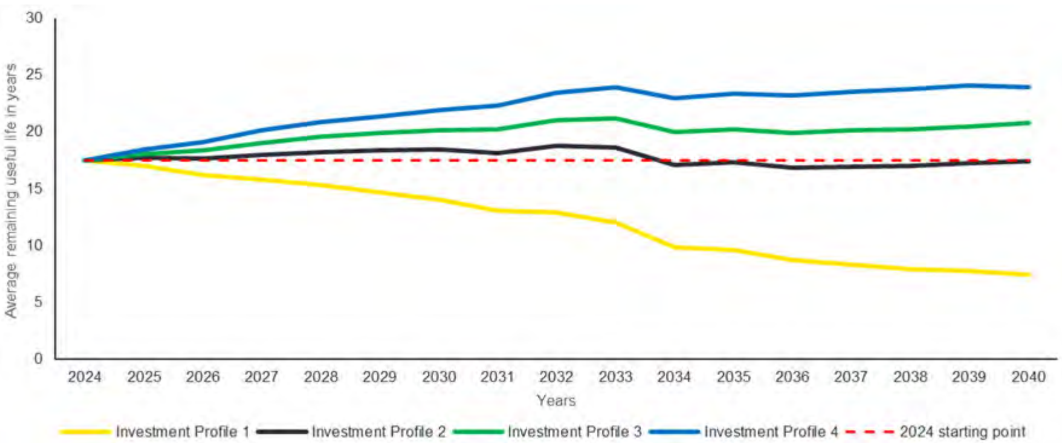
The Defence Estate Portfolio Plan 2025-40



A DCP aligned plan representing investment in the Defence Estate resulting from a business case that presented Cabinet investment choices

Key Themes:

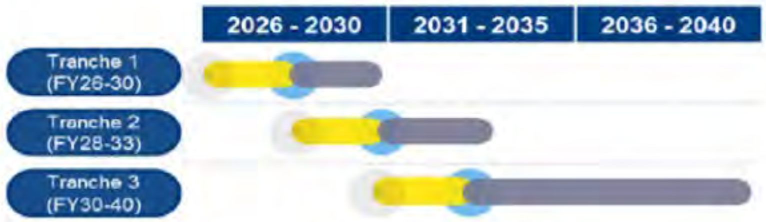
- Historic under-investment
- Lack of resilience in the estate
- No quick fixes under DEPP
- DEPP reflects Investment Profile 3
- Investment focused in core locations where it directly supports operations, military training and output delivery
- Focus is on <u>critical assets</u> and resilience
- Does <u>not</u> provide **full** regeneration



Profile 3 only marginally improves average asset remaining useful life by 2040

The total investment of [redacted] s. 9(2)(i)(iv), s. 9(2)(j) *CAPEX (2025-40) sees the portfolio organised into programmes for funding and delivery with programmes tranched*

- Projects grouped as programmes
- Programmes often broken into tranches
- Benefits rolling up from project to programme to portfolio
- Projects managed through a Capital Delivery Framework



Example of FNB tranching

DEI Capital Delivery Framework

PLAN & DESIGN — BY PLANNING OFFICER & DESIGN PROJECT MANAGER

Delivery of a fit-for-purpose design and an approved business case via a series of stakeholder workshops and design gate approvals.

EXECUTE, MONITOR & CONTROL — BY CONSTRUCTION PROJECT MANAGER

Execution of procurement and construction monitoring & management of a project through to practical completion and handover to FM.

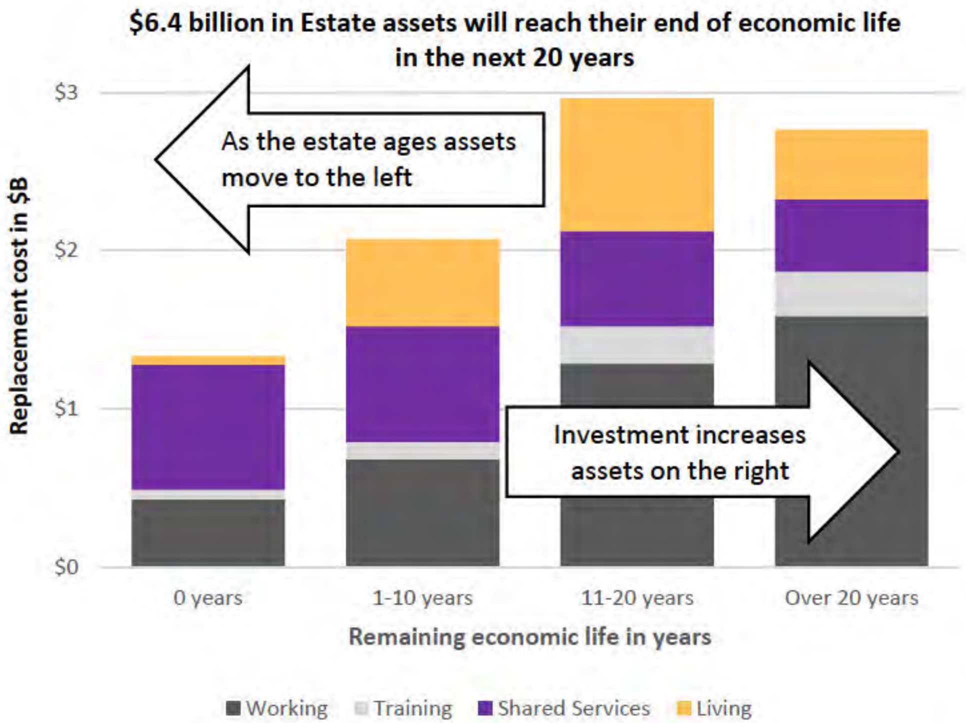
CLOSE

This phase involves ensuring all asset defects are fixed, final project documentation and administration is complete, and handover to end users, Facilities Maintenance providers, and the Portfolio Management Office is conducted.

POST-PROJECT — BY PFMO AND ALL

Evaluation and review of the completed project, to assess performance, identify areas for improvement, and provide insights that can inform future projects.

The role of time in Infrastructure Asset Management – how to read AM charts



As assets age:

Increased likelihood of failure

Average maintenance costs DOUBLE in last 20 years of life

Fitness for purpose can become compromised

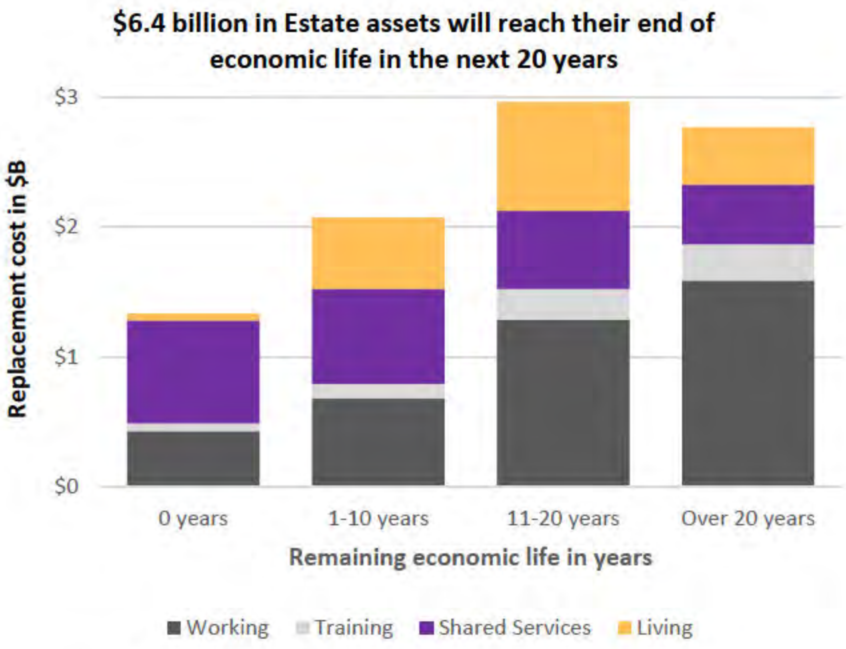
Replacing assets takes time:

On *average* it takes 5 - 7 years for a project to go from ATI (with funding) to practical completion.

NZDF needs to be committing funds at least 5 years before we will see the benefits

Ideally would be replacing assets at least as fast as they are reaching end of economic life

70% of the estate needs investment in the next 20 years ...



70% of the Estate reaches end of economic life in the next 20 years. Failure rates increase as assets reach end of economic life.

The Defence Estate Portfolio Plan (DEPP) business case describes the mix of programmes and projects for this regeneration.

Working = support of military outputs, airstrips, wharves, workshops, hangers, armouries, etc.

Living = accommodation, messing, chapels, medical centres, etc.

Training = ranges, training rooms, etc.

Shared Services = pipes, wires, substations, pumps, treatment plant, roads, pavements, etc.

... otherwise assets become less fit-for-purpose, experience higher failure rates and cost more to maintain.

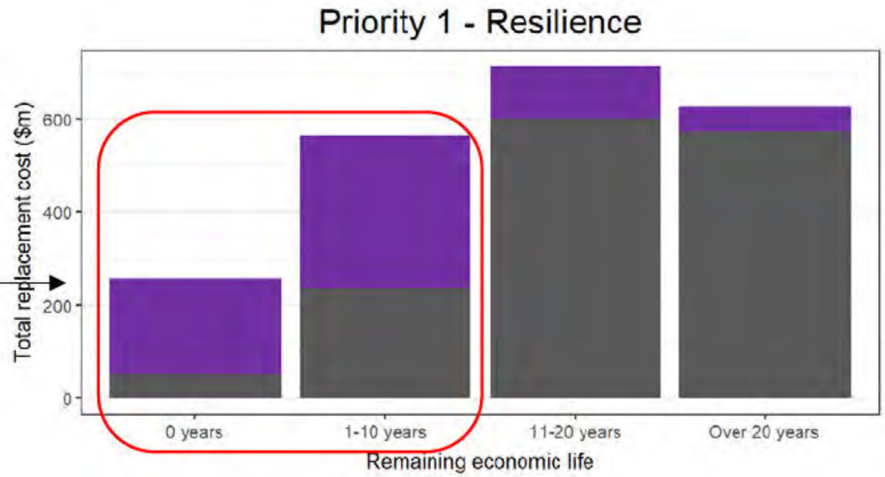
Critical assets supporting resilience and deployment are also beyond economic life …

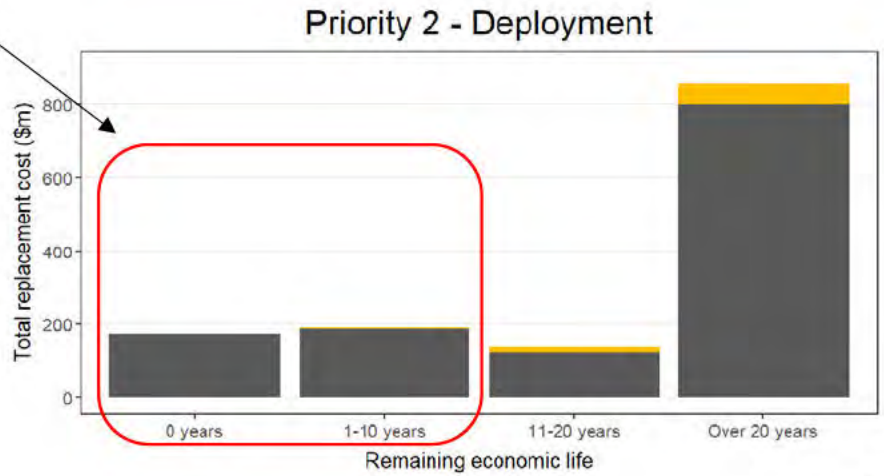
Asset criticality is one of the criteria used for investment and maintenance planning.

Most of the aged critical assets are:

- Resilience – OHA shared services, and most other camps and bases (except Pap and WBN)
- Deployment – mainly in WHP, WAI, TRN

The NZDF strategy, and Government's increased focus on critical assets means we have more work to do on understanding and recording criticality.

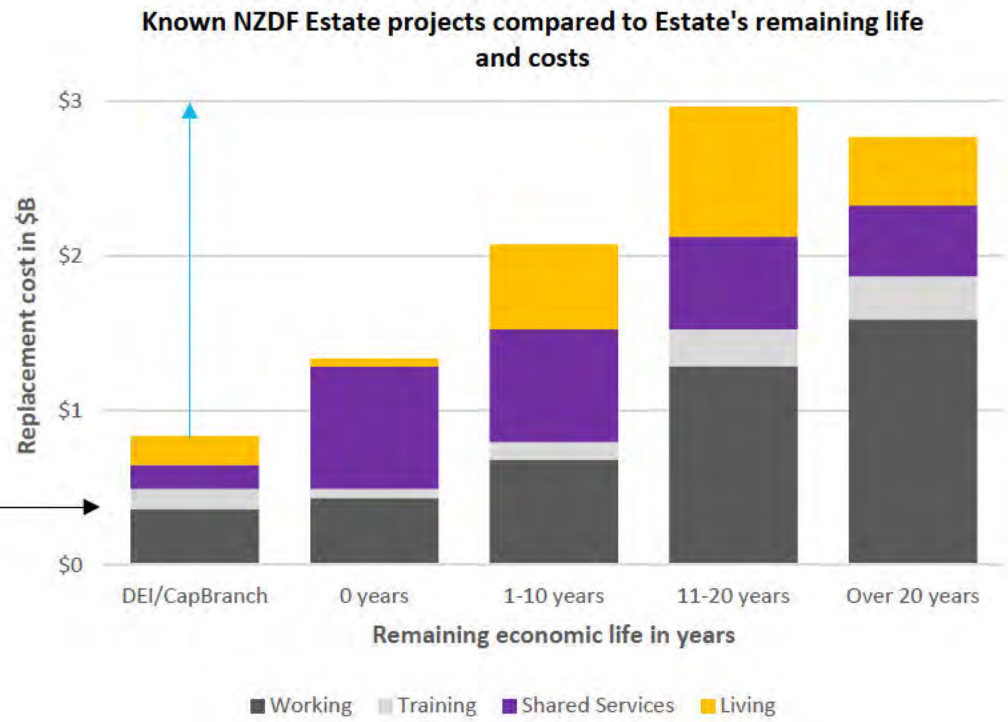




… so we need a deeper understanding (with urgency) of how current programmes deliver critical assets.

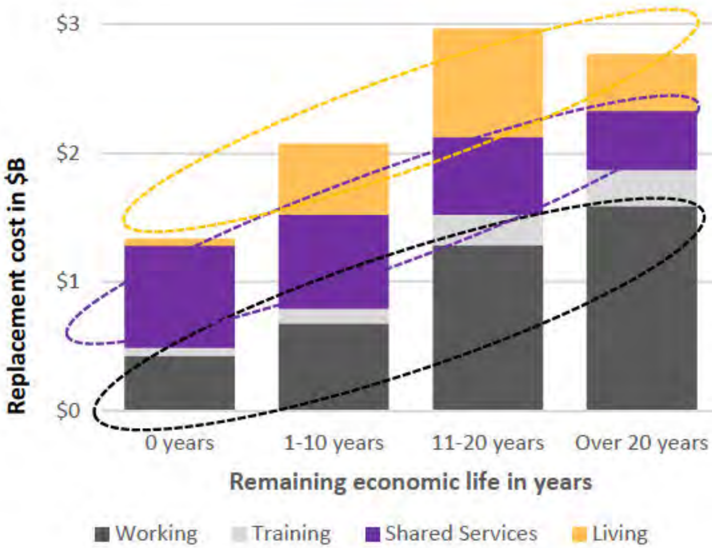
$3B must be delivered or committed by 2030 for all assets to have some economic life …

Projects in the DERP pipeline from FY25 until FY29 (not all are funded)



… and while DERP will make a contribution …

… and other infrastructure programmes will help …

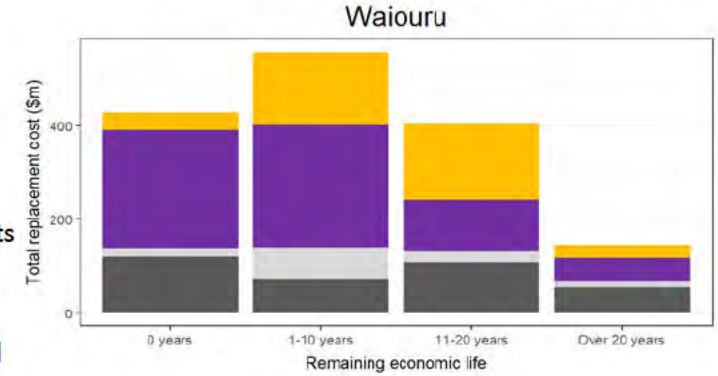


Homes for Families, Barrack Modernisation target living environments

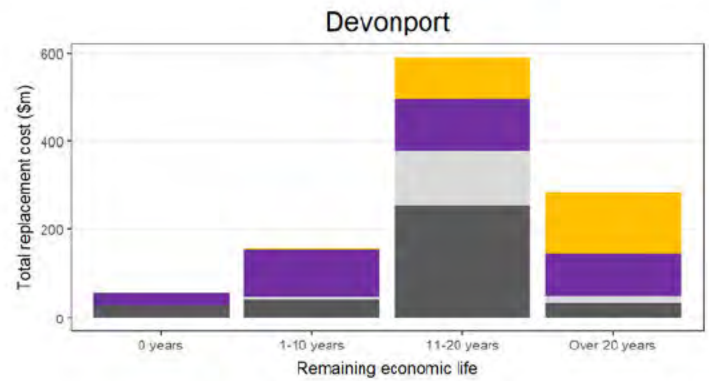
Horizontal Infrastructure targets shared environments

Capability related projects tend to targets working and training environments

Modern Army Training Capability (Plan Mere) targets many aspects of Waiouru regeneration

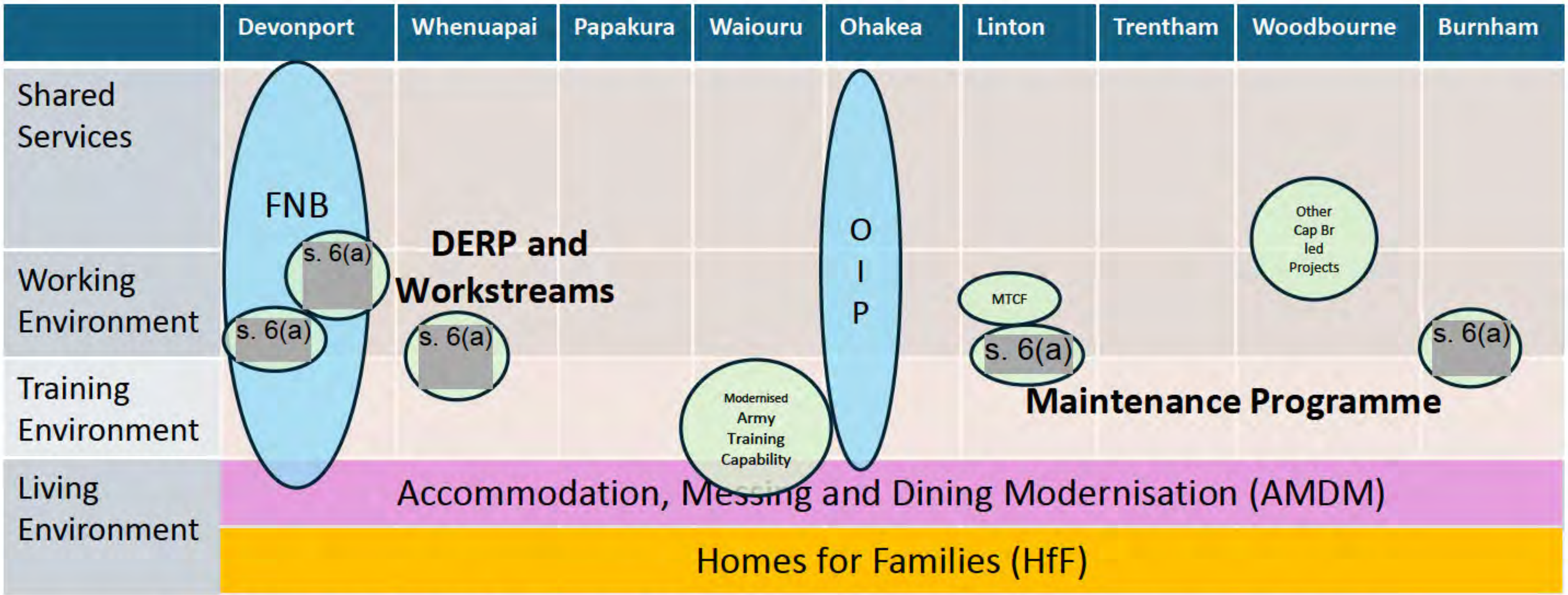


Future Naval Base Programme targets many aspects of Devonport regeneration



… significant capital injections and capacity uplift would be required to replace $3B worth of assets by 2030.

The portfolio has evolved over time with earlier versions (2016, 2019) largely DERP and the maintenance programme …



… while the 2025 portfolio sees two location based and two asset type programmes added. Additionally there is a layer of capability projects with infrastructure components.

Defence Estate Regeneration (DERP)

SRO: s. 9(2)(g)(i) [redacted]

RPA Assessment	None

Key Features:

- DERP (including workstreams) differs from other programmes, with it dating back to 2016 and 2019 when Cabinet approved regeneration plans.
- DERP does not have a time-limited scope, Scope (through projects) is limited by funding availability. DERP picks up other capital requirements like small land purchases.
- DERP focuses on replacing, renewing or upgrading existing NZDF assets.
- DERP is intended to be enduring, with $120M per annum balance sheet allocation across an approved four-year baseline as shown in the Capital Delivery Plan. The 2025/26 cashflow forecast is currently s. 9(2)(j) [redacted].
- Business Cases (and associated plans) are developed mostly at a project level.

Programme Artefact	Date
Mandate/Brief	Yes[1]
PDD	In draft
Prog BC	Yes
Assurance Plan	Yes
Benefits Plan	At project level
Change Plan	At project level
Tranche BC(s)	No

[1] Update required

GOVERNANCE

Board Chair: AC CAP

Private Sector member: s. 9(2)(a) [redacted]

Terms of Reference: Update required to align with new NZDF Governance System

Defence Estate Regeneration Projects Over $25 million

Project	Stage[1]	Capex $M	Risk Profile	Mandate /Brief	PID	BC	BRP	Tolerances
Waiouru Training Area Water Abstraction	Design[2]		Medium	Yes	Yes	No	Yes	Yes
Waiouru Water Treatment Plant	Design[2]			Yes	Yes	No	Yes	Yes
Devonport Small Boats Storage & Maintenance (transferring to FNB)	Design		Medium	Yes	Yes	No	Yes	Yes
Burnham Energy Centre Replacement Stage 2	Design		Low	Yes	Yes	No	Yes	Yes
Linton Electrical Network (low & high voltage)	Design		TBC	Yes	Yes	No	Yes	Yes
Burnham 2/1 RNZIR Facilities	BC (to CAB)		Medium	Yes	Yes	Yes	Yes	Yes
Papakura Barracks Phase 2 & 3	Procure		Low	Yes	Yes	Yes	Yes	Yes

[1] Refer slide 4 for stage descriptions

[2] In the process of being rescoped as one project for better VfM.

Key:

PID – Project Initiation Document

BC – Business Case

BRP – Benefits Realisation Plan

Defence Estate Regeneration Projects Under $25 million

Project	Stage	CAPEX $M	Risk Profile	Mandate/ Brief	PID	BC	BRP	Tolerances
Trentham Main Gate Security Update	Plan		Low	Yes	Yes	No	Yes	Yes
Linton Ammo Hanger and Offices/ESH	Design		Low	Yes	Yes	No	Yes	Yes
Devonport Wahi Tiri	Procure		Low	Yes	Yes	Yes	Yes	Yes
Whenuapai Arch Hanger Mid-life Refit	Procure		Low	Yes	Yes	Yes	Yes	Yes
Devonport Multi-purpose Office Accommodation	Construct		Low	Yes	Yes	Yes	Yes	Yes
Papakura Barracks Phase 1	Construct		Low	Yes	Yes	Yes	Yes	Yes
Devonport Naval Fuel Installation Controls System	Construct		Low	Yes	Yes	Yes	Yes	Yes
Trentham Paint Booth Replacement	Construct		Low	Yes	Yes	Yes	Yes	Yes
Trentham Trade Training School Laser Testing Facility	Construct		Low	Yes	Yes	Yes	Yes	Yes
Whenuapai Potable Water Reticulation	Construct		Low	Yes	Yes	Yes	Yes	Yes
Devonport Calliope Rd Property Purchase	Close		n/a	n/a	Yes	EIC	Yes	n/a
s. 9(2)(j) [redacted]	In negotiation		n/a	n/a	Yes	MIN to IVC	Yes	n/a

Future Naval Base (FNB) Programme

Investment Objectives

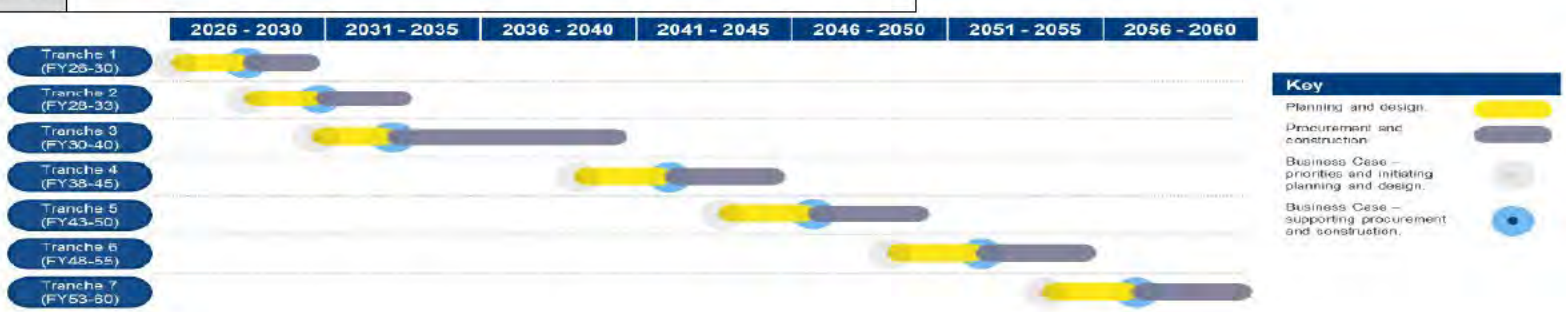
To provide a Future Naval Base which enables an integrated Defence Force and achieve operational effectiveness by:

1) Improve the ability to sustainably accommodate future military capabilities in an uncertain global environment.
2) Improve the NZDF's ability to meet demands to use and deploy military capabilities.
3) Improve asset service level performance, operational efficiency, and ease of use through optimised configuration.
4) Improve the working, training, and living environments for personnel and their families to promote the well-being, recruitment, and retention of personnel.
5) Continually meet legislation, regulations, and standards.
6) Optimise investment decision making.
7) Drive an increase in value over the life of investments.

Costs

Whole of Life Cost (unescalated)	s. 9(2)(f)(iv), s. 9(2)(j)	
Escalated with 30% reserve		
Capex (unescalated)		
Tranche 1 Capex		
Tranche 1 funded	s. 9(2)(j)	
Tranche 2 Capex		

By Tranche



Future Naval Base (FNB) Programme

SRO: DCN, s. 9(2)(g)(i)

RPA Assessment	High

Key Features:

- Cabinet approved initial BC August 2022 and Programme BC Nov 2025.
- A multi-decade programme comprised of seven tranches out to 2060.
- Seven projects required by 2030 are the tranche 1 priority.
- Tranche 2 projects have no funding.
- Later tranches are indicative with changes (particularly due to the MFR Programme) likely.

Infrastructure Commission IPP Status	Endorsed stage 2[1]

Programme Artefact	Date
Mandate/Brief	Yes
PDD	In draft
Prog BC	Yes
Assurance Plan	In draft
Benefits Plan	In Prog BC
Change Plan	Feb 2026
Tranche BC(s)	Tranche 1 part of Prog BC[1]

[2] BC's will follow for subsequent tranches

GOVERNANCE

Board Chair: DCN

Private Sector member: Under engagement

Terms of Reference: IVC Approval Feb 26

[1] The Infrastructure Priorities Programme (IPP) is an independent process for establishing national strategic alignment and good value for money. Having programmes/projects in the IPP should result in Ministers having high investor confidence.

Future Naval Base (FNB) Projects Tranche 1

Project	Risk Profile	CAPEX[1] $M	Mandate /Brief	PID	BC	BRP	Tolerances
FNB – Former Officer Training Facility Demolition	TBC		Yes	Yes	No	No	Yes
FNB – Officer Training Facility	TBC		Yes	Yes	No	No	Yes
FNB – Sea Safety Training Squadron (SSTS) Replacement	TBC		Yes	Yes	No	No	Yes
FNB – Integrated Office Hub	TBC		Yes	Yes	No	No	Yes
FNB – Stanley Bay Gate	TBC		Yes	Yes	No	No	Yes
FNB – Dry Dock Caisson Gate Replacement	TBC		Yes	Yes	No	No	Yes
FNB - Base-wide Horizontal infrastructure network planning	TBC		Yes	No	No	No	Yes

PID: Project initiation Document, BC: Project Business Case, BRP: Benefits Realisation Plan

[1] Additionally, there is s. 9(2)(j) for Programme establishment.

Key:

PID – Project Initiation Document

BC – Business Case

BRP – Benefits Realisation Plan

Home for Families (HfF) by the numbers

PROGRAMME INVESTMENT OBJECTIVES

- To improve operational effectiveness through better mobility of key personnel;
- To provide more cost effective and better targeting of housing access;
- To meet regulatory, legislative, and organisational requirements; specifically the Healthy Homes Guarantee Act (2017), Residential Tenancies Act (1986), and Health and Safety regulations for the provision of housing by an employer; and
- To mitigate the negative impacts on operational effectiveness caused by housing related attrition of key personnel resulting in vacancies.

[redacted]

Owned (NZ only)	1,599
Leased by NZDF (NZ only)	301
Owned/leased in New Zealand	1,900
[redacted]	
Houses rented to third parties	307
In scope of HfF Programme	1,821

HOUSE SIZE

Number of bedrooms required was determined using the standard adopted by the Auckland Council and Statistics NZ:

- No more than two people per bedroom
- children aged between five and 18 of different genders cannot share a bedroom
- any adults over the age of 18 should have their own bedroom

60% of houses at each location will be 3-bedroom.

[redacted]

s. 9(2)(j) New houses	877 Refurbished houses*	524 Long-term rentals	267 Disposals

The above split will undergo continuous assessment to ensure the Programme is delivering value for money solutions at each phase/tranche.

Homes for Families (HfF) Programme

SRO: s. 9(2)(g)(i)

RPA Assessment	High

Key Features:

- Scope includes new affordable, modern, high-quality housing homes, leasing and limited disposal of localised surpluses.
- Indicative whole of life cost[1] from the Programme s. 9(2)(g)(i), s. 9(2)(j).
- Tranche 1 is partially funded, with a B26 bid and tagged contingency drawdown later this year then ensuring full funding.
- The Tranche 2 business case is being developed for consideration prior to B27, B28 and B29 funding drawdown.

Infrastructure Commission IPP Status	Endorsed stage 2[2]

Programme Artefact	Date
Mandate/Brief	Yes
PDD	Yes
Prog BC	Yes
Assurance Plan	Yes
Benefits Plan	In Prog BC
Change Plan	Yes*
Tranche BC(s)	Tranche 1 part of Prog BC

[1] Update required

GOVERNANCE

Board Chair: COS JDS

Private Sector member: Under engagement

Terms of Reference: Update required to align with new NZDF Governance System

[1] WOLC is an important here given the programme will execute through a mix of ownership and leasing.

[2] The Infrastructure Priorities Programme (IPP) is an independent process for establishing national strategic alignment and good value for money. Having programmes/projects in the IPP should result in Ministers having high investor confidence.

Homes for Families (HfF) Projects Tranche 1

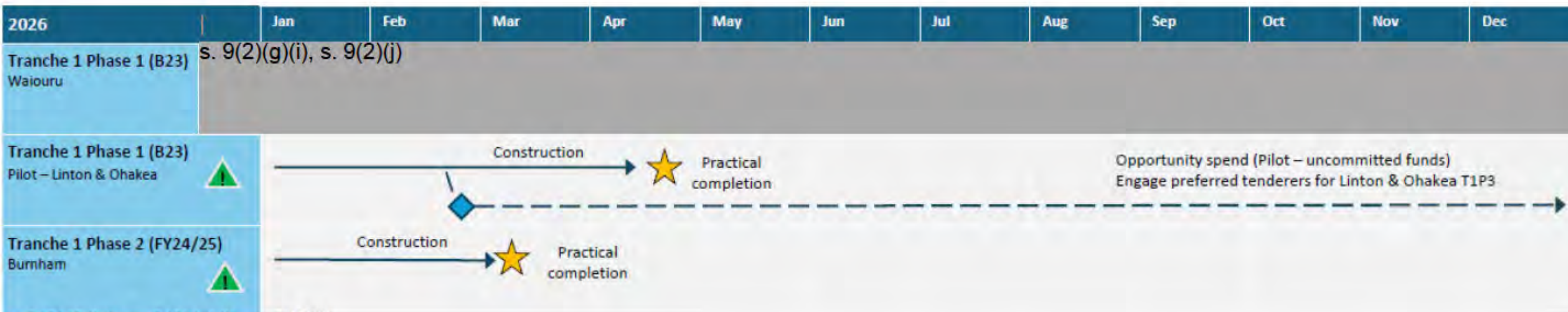
Project	Phase[1]	CAPEX $M	Risk Profile	Mandate /Brief	PID	BC	BRP	Tolerances
Phase 1: Pilot – Ohakea & Linton (13 homes)	Construct		n/a	No	No	ImpBC	No	Yes
Phase 1: Waiouru s. 9(2)(j) [redacted]	Construct		n/a	No	No	ImpBC	No	Yes
Phase 2: Burnham (10 Homes)	Construct		n/a	No	No	ImpBC	No	Yes
Phase 3: s. 9(2)(j) [redacted]	Procure		n/a	No	No	ATD Pending	No	Yes
Phase 4: s. 9(2)(j) [redacted]	Plan		n/a	No	No	ATD to follow funding	No	Yes

[1] Refer to slide 4 project phase descriptions

Homes for Families (HfF) Projects: Tranche 1 Execution and Tranche 2 Planning

The below shows:

- the level of phasing within HfF Tranche 1, and
- the 2026 activity for Tranche 2 s. 9(2)(f)(iv) [redacted].



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

[redacted]