ASSOCIATE MINISTER OF DEFENCE

Defence Estate Portfolio Plan 2025

November 2025

This paper seeks agreement to the Defence Estate Portfolio Plan 2025.

The pack comprises the following documents:

- July 2025 Cabinet Expenditure and Regulatory Review Committee Minute of Decision: *Defence Estate Portfolio Plan 2025* [EXP-25-MIN-0068];
- The associated Cabinet Paper: *The Defence Estate Portfolio Plan*;
- Annex A: *Financial Implications of the DEPP 2025 preferred option;* and
- The Defence Estate Portfolio Plan 2025-2040 Executive Summary.

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 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)(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, Annexes B, C and D 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.

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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.

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Defence Estate Portfolio Plan 2025

Portfolio **Associate Defence**

On 29 July 2025, the Cabinet Expenditure and Regulatory Review Committee:

1 **noted** that successive governments have recognised that the New Zealand Defence Force (NZDF) estate is in very poor condition and is materially impacting the delivery of military outputs;

2 **noted** that in 2016 and 2019, previous Cabinets approved Defence Estate Regeneration Plans, with approval of the 2019 Plan indicating $2.0 billion of capital investment to regenerate existing asset functionality between FY2019/20 and FY2029/30 [CAB-16-MIN-0333, CAB-19-MIN- 0171.01];

3 **noted** that in April 2019, Cabinet also:

3.1 directed the NZDF to update the Defence Estate Regeneration Portfolio Business Case in 2021 following a First Principles Review of the Defence estate footprint or following changes to Defence policy as directed by the government, whichever occurs first;

3.2 invited the Minister of Defence to submit an updated Defence Estate Regeneration Portfolio Business Case to Cabinet in 2021;

[CAB-19-MIN- 0171.01]

4 **noted** that in August 2022, the previous government agreed that the First Principles Review of the Defence estate footprint was concluded and that, as a guiding principle to managing the estate, the NZDF will maintain a substantial presence in its current locations [GOV-22-MIN-0027];

5 **noted** that in April 2025, Cabinet agreed to the Defence Capability Plan 2025, which included investments in estate and infrastructure [CAB-25-MIN-0113];

The Defence Estate Portfolio Plan 2025

6 **noted** that an assessment of all asset classes and programmes, through the Better Business Case process, estimates that as much as $15 billion s.9(2)(f)(iv) [redacted] is required to deliver full regeneration, excluding new capability investment, to 2040;

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7 **noted** that the estate investments which support delivery of the Defence Capability Plan 2025 (Investment Profile 3) for the NZDF estate is s.9(2)(f)(iv) ;

Alignment with the Defence Capability Plan 2025

8 **noted** that investment in the NZDF estate was shown in all Defence Capability Plan 2025 funding options;

9 **noted** that the investment profile indicated in the Defence Estate Portfolio Plan (DEPP) 2025 is $1.35-2.5 billion of capital investment, and s.9(2)(f)(iv) in operating costs per annum to 2029, which is consistent with the estimates used to inform the Defence Capability Plan 2025 [CAB-25-MIN-0113];

Quality Assurance

10 **noted** that a DEPP 2025 Assurance of Action Plan Gateway review received an Amber/Green level of confidence in May 2025;

11 **noted** that the Infrastructure Commission has endorsed the draft DEPP 2025 as a national infrastructure priority at Stage 1, indicating that this is a priority problem or opportunity for New Zealand;

12 **noted** the committee's preference for standardised building designs to be used where possible to lower building costs;

13 **invited** NZDF to work with National Infrastructure and Financing Limited to ensure that governance arrangements for DEPP projects include members with relevant private sector expertise;

Business Case Approval

14 **approved**, subject to funding being made available, the DEPP 2025 for implementation;

15 **noted** that approval of the DEPP does not represent a pre-commitment to funding, and the NZDF will submit business cases to support investment and funding approvals for each investment;

Next Review

16 **invited** the Associate Minister of Defence to report any changes to the DEPP 2025 following the next review of the Defence Capability Plan, in 2027.

Sam Moffett
Committee Secretary

Present:
Hon David Seymour (Chair)
Hon Nicola Willis
Hon Simeon Brown
Hon Paul Goldsmith
Hon Louise Upston
Hon Judith Collins KC
Hon Mark Mitchell
Hon Simon Watts
Hon Brooke van Velden
Hon Casey Costello
Hon Chris Penk
Hon James Meager

Officials present from:
Officials Committee for EXP
Office of the Attorney-General
New Zealand Defence Force

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Office of the Associate Minister of Defence

Cabinet Expenditure and Regulatory Review Committee

The Defence Estate Portfolio Plan 2025

Proposal

1 This paper seeks approval of the Defence Estate Portfolio Plan 2025 (DEPP 2025). This is the updated Plan for continued investment to modernise the New Zealand Defence Force (NZDF) estate towards a minimum viable capability, and implements the Defence Capability Plan 2025 (DCP 2025).

Relation to government priorities

2 The DEPP 2025 will implement the DCP 2025 [CAB-25-MIN-01130 refers]. It outlines investment in the infrastructure, facilities and environments necessary to raise, train and sustain Defence outputs for New Zealand. Increased investment in the NZDF is necessary to achieve the Government's foreign, defence and trade policy priorities.

Executive summary

3 Significant long-term degradation of the NZDF estate has, along with other causes, undermined NZDF training outcomes and deployments, either directly (because of asset degradation and failure) or indirectly (as a contributor to personnel dissatisfaction and attrition). For example, in June 2024 the Cabinet Business Committee noted an estate '*in very poor condition impacting the delivery of military outputs*' [CAB-24-MIN-0068 refers] and the DCP 2025 confirms *'…a range of buildings, facilities and infrastructure of varying ages and stages of repair, which, in most cases, were not designed or constructed to support modern military capabilities*.'[1] The current estate is degraded, unfit for Defence needs, and will not provide the environments required by a modernising Force to rapidly grow combat capability, resilience, and adaptability.

4 The DEPP 2025 presents the analysis and the proposal to systematically regenerate and modernise the NZDF estate. This will progressively replace degraded assets at their end of life, while also providing infrastructure to enable the introduction of new capabilities envisaged by the DCP. The DEPP focusses on investments over the next four years, aligned with the DCP 2025 indicative funding envelope [CAB-25-MIN-01130 refers]. This will not fully regenerate the estate, and in the short term some risks and declining asset condition cannot be fully resolved. However, approval of the DEPP 2025 is fundamental to creation of a more stable platform for Defence's growth and transformation.

Background

5 The NZDF estate comprises approximately 4,700 buildings across nine main camps and bases, two large training areas and numerous regional support facilities, with a 2024 value of $4.777 billion. The NZDF estate and infrastructure is a national strategic asset and a critical enabler of the NZDF. As well as providing training,

[1] Defence Capability Plan 2025 'Indicative investments in critical enablers/ Defence Estate'

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working, and living environments, and vital infrastructure critical for generating and maintaining the NZDF, it adds to the resilience of New Zealand in times of crisis.

6 Despite a reduction in the number of camps and bases from 16 to 9 over recent decades, long-term underinvestment and deferred maintenance – exacerbated by uncertainty around the future of some sites – has led to widespread degradation of infrastructure, often to the point of failure and permanent closure. Most of the NZDF estate is now approaching or is at the end of its useful life. The NZDF estimates *'… that over 70% of the NZDF estate (by replacement value) now has less than 20 years remaining of useful life, and 10 per cent is already beyond its designated life'*.[2]

7 Almost 30% of the most service-critical assets are in average, poor or very poor condition. This is particularly evident in: horizontal infrastructure (e.g. information technology, water and electricity supply, and roads); living accommodation (houses, messes, barracks); and training and working facilities, especially at Waiouru and Devonport. This creates serious risk of asset, service and operational failure, and drives up unplanned maintenance.

8 42% of the estate is marginally fit for purpose. Deficient infrastructure disrupts training, affects operational outputs, and contributes to poor personnel experiences[3]. Makeshift solutions and unbudgeted workarounds are increasingly required to maintain continuity of operations. The NZDF estate is a continued vulnerability to NZDF success.

9 The DEPP 2025 refreshes the 2019 Defence Estate Regeneration Portfolio Business Case [CAB-19-MIN-0171.01 refers], which itself built on the 2016 Plan [CAB-16-MIN-0333 refers]. At the time Cabinet noted a total of $2.0 billion capital investment would be required through to FY2029/30. Since 2018 however, $565 million of capital funding has been allocated – mainly from baseline depreciation funding. Investments to date have enabled targeted improvements, including support for P-8A aircraft integration at Base Ōhakea and logistics and health and rehabilitation upgrades at Burnham Military Camp.

10 Available operating funding has been prioritised to maintain assets essential to military operations. While this has prevented widespread failure it has not delivered comprehensive improvements in the working, training and living environments required by a more combat-capable and adaptable NZDF – especially one expected to operate at a higher tempo and across wider range of operations.

11 In August 2022 [GOV-22-MIN-0027], the previous Government concluded a 'First Principles Review' of the Defence estate footprint. The NZDF was therefore directed [in accordance with CAB-19-MIN-0171.01] to update its Estate Plan (hence this Cabinet paper) and, as a guiding principle, to maintain a substantial presence in all current locations. This principle has reaffirmed and guided development of estate planning and business cases, including the DEPP 2025.

12 On 15 May, the Government released the DCP envelope [CAB-25-MIN-01130 refers], outlining a flexible, long-term approach to restoring the NZDF's ability to provide a meaningful contribution to New Zealand's security and prosperity. The DCP 2025 includes investments in new and enhanced capabilities, including strike

[2] NZDF Annual Report 2024 page 90 'Estate and Environment'
[3] 21% of NZDF respondents in a 2024 survey said housing issues influenced their decision to leave

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capacity, critical asset replacements, and the tools and support personnel need to succeed. The DEPP 2025 delivers key components of the DCP 2025, focussing on priority investments over the next four years.

Analysis: The current state and the case for change

13 The DEPP 2025 outlines the key challenges in delivering an estate that meets Government expectations of a modern, combat-capable Force. These include:

13.1. the scale and complexity of investment required – reflecting decades of underinvestment, ageing infrastructure, and growing cost of maintaining and renewing a diverse national estate;

13.2. rising cost pressures – with construction, lease, and utility costs increasing significantly and often absorbed within fixed baselines;

13.3. increasing compliance requirements – including environmental, health, security and safety, which many assets no longer meet; and

13.4. asset failures and limited capacity – particularly in horizontal infrastructure (such as water supplies and electrical power) and accommodation[4]

14 The DEPP 2025 is a major update of the 2016 and 2019 Estate Plans. It follows the Treasury Better Business Case approach and affirms earlier conclusions about risks, investment needs, and benefits. It sets out how long-term funding is essential to modernise the estate, reduce failures and meet Defence needs. It also addresses:

14.1. indicative investments over 15 years, reflecting shifts in the strategic environment and the evolving NZDF role;

14.2. a broader estate portfolio view of all investments regardless of funding source or lead agency;

14.3. recent asset failures and emerging risks; and

14.4. sharper cost estimates to regenerate the estate including:

14.4.1. $500 million in unfunded asset maintenance liability (at April 2025)[5];

14.4.2. $15.4 billion needed to fully regenerate the estate by 2040 s.9(2)(f)(iv) [redacted], excluding already funded, capability-driven (new) infrastructure;

14.4.3. s.9(2)(f)(iv) [redacted] in estate investment aligned with DCP 2025 s.9(2)(f)(iv) [redacted]; and

14.4.4. construction costs up 30% since 2019.

[4] Since 2020, 16 barrack blocks (761 beds, 2 messes) have failed - 13 in the last 18 months. Another 52 barracks (2,989 beds, 5 messes) are at risk of failure, and need major renovation or full replacement.
[5] Note: Budget 25 provided an operating uplift of $26 million ($104 million total over four years) to address some deferred maintenance activities to maintain safe and compliant infrastructure for operations, training and accommodation.

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15 The case for change is clear: there's a growing gap between NZDF lived experiences and the ambition of DCP 2025. A modern estate is vital to enable crisis response, regional stability, Pacific engagement, support for the rules-based order, deterrence and resilience.

Investment Options

16 The DEPP 2025 outlines four different investment profiles out to 2040. These assess the effects of investment at higher or lower levels than what the DCP 2025 proposes. Table 1 compares the profiles, excluding infrastructure tied to new capability investments.

17 Investment profile 3 is the preferred option. It aligns with the DCP 2025 and forms the basis for DEPP 2025 planning.

Table 1: Total Investment (CAPEX and OPEX) for the Period 2025-2040 for Investment Profiles 1-4

Indicative Investment profile	Nominal ($ millions)	Real ($ millions)
Investment Profile 1 – Depreciation funded, limited capital injection: Funding levels, systems and processes to deliver regeneration remain largely at the 2025 levels: depreciation reserves of s.9(2)(j) are ringfenced and allocated annually, with very limited capital injections for additional high priority investments mostly related to new capability. This profile will not halt or reverse asset degradation, service level risks to outputs, or resolve the backlog of underinvestment impacts. Under profile 1 the NZDF estate will 'fail fast'.	s.9(2)(f)(iv)	s.9(2)(f)(iv)
Investment Profile 2 - Baseline The 'steady state' of estate regeneration, as assets are generally replaced at the speed at which they degrade. Retains the current regeneration systems and processes. A modest funding uplift will accelerate high priority programmes and projects in outyears. This profile will not fully regenerate the NZDF estate by 2040. It will not fully address the investment backlog or meet enhanced expectations that the Estate will enable responses to increasing geo-political concerns and regulatory needs. Profile 2 enables the NZDF estate to 'stand still'.	s.9(2)(f)(iv)	s.9(2)(f)(iv)
Investment Profile 3 – Estate investments supporting DCP 2025 The funding envelope remains generally as for Profile 1 in the short-term (FY26-FY29) with additional funds to accelerate high priority investments including Homes for Families to improve accommodation for military personnel and their families, design of the future Devonport Naval Base to ensure continued maritime operations, barracks at Linton Military Camp for compliance and better living environments, and the Ōhakea infrastructure Programme to resolve Base resilience and support to flying operations. This profile reflects shorter-term funding and priority investments. Subject to funding approval, it will provide assets and infrastructure as a core component of DCP capability investments. Under this preferred profile the average life span of the NZDF estate improves. While there are some short-term risks to assets, and consequently to operational outputs, this is a meaningful funding uplift to meet DCP 2025 and NZDF aspirations. A significant funding uplift is	s.9(2)(f)(iv)	s.9(2)(f)(iv)

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Indicative Investment profile	Nominal ($ millions)	Real ($ millions)
indicated after FY29 to meet changing needs and increasingly reverse the effects of degradation and under investment.		
Investment Profile 4 – Full Regeneration This Profile progressively meets almost all current and known future needs to 2040 and actively addresses historic underinvestment. It modernises or replaces assets at the rate at which they degrade, and over time fully regenerates the entire estate, with all programmes delivered in full. Under this profile the NZDF estate will be regenerated faster than Investment Profile 3, be more adaptable to the future environment, with faster provision of new facilities enabling increased resilience, combat capability, and capacity. However, this Profile is not affordable and is above the funding planned in the DCP 2025.	s.9(2)(f)(iv)	s.9(2)(f)(iv)

18 Figure 1 shows the implications of each of the four Investment Profiles on the trend in average remaining useful asset life to 2040. The estate deteriorates under Investment Profiles 1 and 2. Under Investment Profiles 3 and 4, it improves.

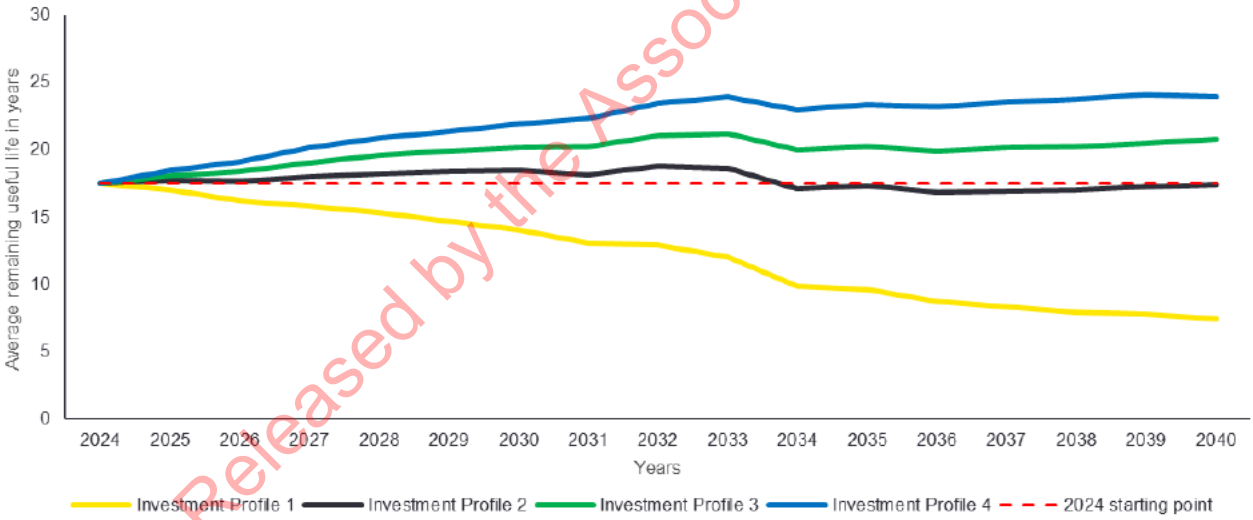

Figure 1: Average remaining useful life of infrastructure in the NZDF estate under each Investment Profile

19 With the proposed Investment Profile 3 the NZDF will be:

19.1. Flexible – able to respond to a wide range of circumstances;

19.2. Scalable – able to expand when needed, with surge capacity and improved interoperability for acting independently or with partners;

19.3. More combat capable – through enhanced training environments and better-prepared personnel; and

19.4. Resilient – with modern infrastructure absorbing and recoverng from shocks.

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Implementation

20 The DCP 2025 and the DEPP 2025 provide Ministers with transparent investment intentions, sequences and indicative costs, and opportunities for on- and off-ramp decisions. Several programme-level business cases have already been before Ministers for Budget decisions and quality assurance[6]. The DEPP 2025 does not duplicate these business case approvals or Budget initiatives but positions them within a portfolio of investment intentions, which will evolve as priorities change and programmes are initiated or completed. While all investment is indicative and distributed across locations, initial priorities to 2028/29 (not in order) are in Table 2.

Table 2: Programmes of investment within the DEPP

Area of focus	Programme and indicated value, next 4 years
Compliance, resolving health, safety and security concerns, and maintaining asset usefulness as far as practicable, especially of assets that are critical to military outputs	Defence Estate Regeneration Programme/Rolling Asset Replacement and Horizontal Infrastructure workstreams (s.9(2)(f)(iv) capital annually)
	Ōhakea Infrastructure Programme (s.9(2)(f)(iv) capital, s.9(2)(f)(iv) operating)
	Maintenance Programme. (s.9(2)(f)(iv) operating annually)
Planning for future development at locations essential to training, deploying and sustaining military operations	Future Devonport Naval Base Tranche 1a, design and enabling works;[7] ($25 million capital and $2 million operating)
	Modernised Army Training Capability infrastructure, Waiouru. (s.9(2)(f)(iv) capital and s.9(2)(f)(iv) operating for the design stage only)
Facilities that support a modern and diverse NZDF	Accommodation Messing and Dining Modernisation Programme s.9(2)(f)(iv) capital and s.9(2)(f)(iv) operating for the project establishment and initial procurement)
	Defence Homes for Families Programme (Annual allocation of capital and operating funds, initially s.9(2)(f)(iv) capital and s.9(2)(f)(iv) operating in 2026/27)
Delivering infrastructure components of other DCP 2025 investments such as the Maritime Fleet Renewal and new Maritime Helicopter Programmes, with costs to be determined.	
Delivering programmes and projects that are still a priority and already funded	

21 Cabinet approval of the DEPP 2025 will promote the investment pipeline already awaiting procurement. As at March 2025 there were 19 projects with completed design worth approximately $500 million and over a $1 billion of projects 'in design'.

Financial Implications

22 The financial implications of the DEPP 2025 are outlined in Annex A. The investment profile indicated in the DEPP 2025 is $1.35-2.5 billion of capital investment; and

[6] Ōhakea Infrastructure Programme [CAB-20-MIN-0229 and DEV-23-MIN-0001 refer]; Homes for Families Programme [GOV-23-MIN-0014 refers]; and Accommodation, Messing and Dining Modernisation Programme [GOV-23-MIN-0005 and CAB-24-MIN-276.01 refers]

[7] s.9(2)(f)(iv)

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s.9(2)(f)(iv) in operating costs per annum to 2029, which is consistent with the estimates used to inform the DCP 2025 [CAB -25-MIN-0113 refers]. The preferred option has a nominal whole of life cost of s.9(2)(f)(iv) from FY26 to FY40. Approval of the DEPP 2025 does not represent a pre-commitment to funding, and the NZDF will submit business cases to support investment and funding approvals.

23 There are no immediate financial decisions from DEPP 2025 approval. The NZDF will continue to allocate s.9(2)(j) to the Estate annually. New capabilities will include budget for their own essential infrastructure; and DCP/DEPP 2025 priorities will continue to business case development and Budget initiatives.

Investment assurance

24 In September 2024, a Gateway 0/1 Review evaluated investment readiness. The Review panel's delivery confidence assessment of 'Red/Amber'[8] reflected two 'blockers':

24.1. Funding uncertainty: The Plan requires new capital funding over and above the annual depreciation (currently s.9(2)(j) per annum) and uncertainty of this required funding to effect agreed changes constrains programme delivery.

24.2. Annual funding: The annual budget process prevents execution of a multi-year delivery programme.

25 The Gateway Review also concluded that due to the funding *gap '…NZDF will face additional costs maintaining a deteriorating estate and an attendant increasing risk of failure of the infrastructure assets that support delivery of NZDF outputs'*. The Defence Capability Plan 2025, while indicative, is a step towards near term certainty.

26 An Action Plan was then subject to a Treasury Infrastructure Management System Gateway Assurance of Action Plan Review in May 2025 (at Annex B). This resulted in a significantly improved Amber/Green[9] level of confidence. The Review noted and endorsed development of the draft DEPP as the portfolio delivery strategy; and saw *'…evidence that Defence Estate and Infrastructure (DEI) has made good progress against the recommendations of the previous [Gateway] review'*. The Review recommended that the NZDF ensure effective and agile governance and decision-making, accelerate asset information development, and continue to mature collaboration and key relationships.

27 The draft DEPP 2025 was also reviewed as part of the Infrastructure Commission's Infrastructure Priorities Programme [CAB-24-MIN-0277.02 refers]. It was endorsed as a national priority in the draft National Infrastructure Plan released on 25 June 2025, along with 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 the DEPP 2025 aligns with national objectives.

[8] Red/Amber means that successful delivery is in doubt with major risks or issues apparent, with prompt action needed to address them and whether resolution is feasible. A 'blocker' is a critical, high impact issue outside the Programme control and will severely affect scope, time, cost, or quality.
[9] Amber/Green means that 'Successful delivery appears probable, however constant attention will be needed to ensure risks do not materialise into major issues threatening delivery'.

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Other Implications

28 There are no specific legislative, gender, disability, cost of living, or human rights implications from DEPP 2025 approval. Delivery is Budget dependant, but will positively impact legislative compliance, living, working, and training conditions and resilience. It will support a combat-capable NZDF in an increasingly volatile world by enabling readiness and operations. The Government cannot expect soldiers, sailors and aviators to be prepared for dangerous and demanding operations when living and working in substandard and often unhealthy facilities.

29 There are significant regional economic benefits. The investment is entirely in New Zealand rather than overseas. Most supply and construction companies will be New Zealand-based, and there will be an estimated $2.1 billion investment outside the main centres, including the Central North Island at Waiouru Military Camp, and the Rangitikei District at Air Base Ōhakea. The NZDF will continue working with industry and other agencies to manage resource pressures in some regions to ensure adequate delivery capacity. Investment will benefit long term service suppliers and partners.

Consultation

30 This paper was prepared by the NZDF. It was consulted with The Treasury, Ministry of Defence, Public Service Commission, Ministry of Business, Innovation and Employment (Regional Economic Development and Procurement), the New Zealand Infrastructure Commission, Crown Infrastructure Delivery, and National Infrastructure Funding and Finance. The Department of the Prime Minister and Cabinet was informed.

Use of external resources

31 The DERP 2019 [CAB-19-MIN-0171.01] identified the need for a professional service alliance to provide the capacity and skill to plan, manage and develop NZDF estate and infrastructure. This now exists between the NZDF, Beca, EY and GHD, and other partnerships. Alliance partners provided technical expertise for DEPP 2025 development, including financial modelling and business case writing.

Communications

32 The NZDF will release a public version of the DEPP 2025 business case following Cabinet approval. This will confirm that the Government and the NZDF have an approved plan to modernise the NZDF Estate, subject to Budget decisions.

Proactive release

33 I intend to proactively release this paper within 30 business days of Cabinet's decision, subject to any appropriate redactions.

Next Steps

34 If Cabinet approves the DEPP 2025-40 the NZDF will continue: allocating s.9(2)(j) to priority projects in accordance with the DEPP 2025 and DCP 2025

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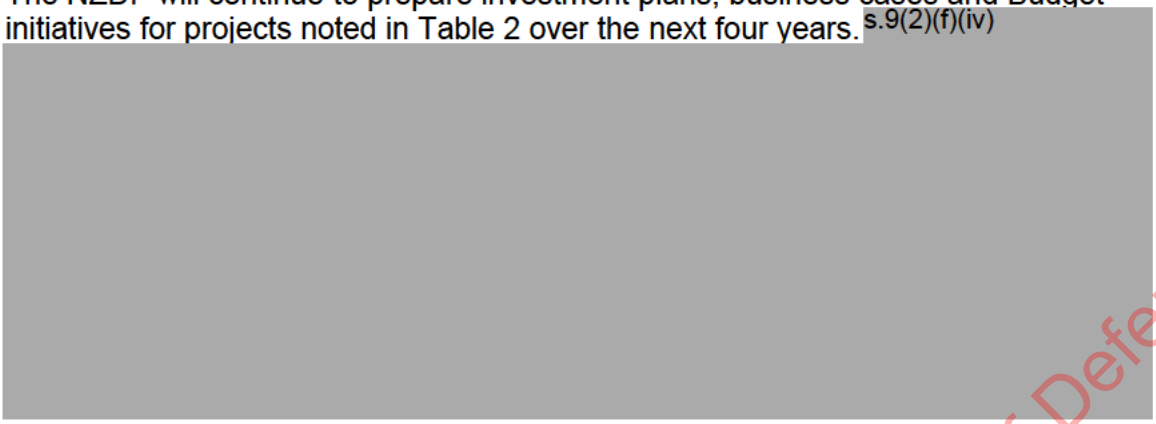
35 The NZDF will continue to prepare investment plans, business cases and Budget initiatives for projects noted in Table 2 over the next four years. s.9(2)(f)(iv)



36 Other DEPP 2025 investment will occur through current governance and management arrangements. These may be presented to Cabinet as bundled projects to promote earlier investment than is outlined in the DCP 2025. I propose that the NZDF refreshes the DEPP 2025 in a way that best complements DCP biennial reviews to ensure concurrency and relevance for changing circumstances.

Recommendations

37 The Associate Minister of Defence recommends that the Committee:

Background

1. **note** that successive Governments have recognised that the New Zealand Defence Force estate is in very poor condition and is materially impacting the delivery of military outputs;

2. **note** that in August 2016 [CAB-16-MIN-0333 refers] and April 2019 [CAB-19-MIN-0171.01 refers], previous Defence Estate Regeneration Plans were approved, with approval of the 2019 Plan indicating $2.0 billion of capital investment to regenerate existing asset functionality between FY2019/20 and FY2029/30;

3. **note** that in April 2019 Cabinet [CAB-19-MIN-0171.01 refers]:

   3.1. **directed** the New Zealand Defence Force to update the Defence Estate Regeneration Portfolio Business Case in 2021 following the First Principles Review of the Defence estate footprint or following changes to Defence policy as directed by the government, whichever occurs first; and

   3.2. **invited** the Minister of Defence to submit an updated Defence Estate Regeneration Portfolio Business Case to Cabinet in 2021;

4. **note** that in August 2022 the Cabinet Government Administration and Expenditure Review Committee agreed [GOV-22-Min-0027 refers] that the First Principles Review of the Defence estate footprint was concluded and that as a guiding principle to managing the estate, the New Zealand Defence Force will maintain a substantial presence in its current locations;

5. **note** that in April 2025 Cabinet [CAB-25-MIN-0113 refers] agreed to the Defence Capability Plan 2025, which included investments in estate and infrastructure;

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The Defence Estate Portfolio Plan 2025

6. **note** that an assessment of all asset classes and programmes, through the Better Business Case process, estimates that as much as $15 billion s.9(2)(f)(iv) is required to deliver full regeneration, excluding new capability investment, to 2040;

7. **note** that the estate investments which support delivery of the Defence Capability Plan 2025 (Investment Profile 3) for the New Zealand Defence Force estate is s.9(2)(f)(iv) ;

Alignment with the Defence Capability Plan 2025

8. **note** that investment in the New Zealand Defence Force estate was shown in all Defence Capability Plan 2025 funding options;

9. **note** that the investment profile indicated in the DEPP 2025 is $1.35-2.5 billion of capital investment; and s.9(2)(f)(iv) in operating costs per annum to 2029, which is consistent with the estimates used to inform the Defence Capability Plan 2025 [CAB -25-MIN-0113 refers];

Quality Assurance

10. **note** that a Defence Estate Portfolio Plan 2025 Assurance of Action Plan Gateway review received an Amber/Green level of confidence in May 2025;

11. **note** the Infrastructure Commission has endorsed the draft Defence Estate Portfolio Plan 2025 as a national infrastructure priority at Stage 1, indicating this is a priority problem or opportunity for New Zealand;

Business Case Approval

12. **approve,** subject to funding being made available, the Defence Estate Portfolio Plan 2025 for implementation;

13. **note** that approval of the Defence Estate Portfolio Plan does not represent a pre-commitment to funding, and the NZDF will submit business cases to support investment and funding approvals for each investment; and

Next Review

14. **invite** the Associate Minister of Defence to report any changes to the Defence Estate Portfolio Plan 2025 following the next review of the Defence Capability Plan.

Authorised for lodgement.

Hon Chris Penk
Associate Minister of Defence

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Annexes

A. Financial Implications of the DEPP 2025 preferred option

B. Defence Estate Portfolio Plan 2025 Assurance of Action Plan Gateway Review dated May 2025

C. The Defence Estate Portfolio Plan 2025

D. The Defence Estate Portfolio Plan 2025 Appendices

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ANNEX A: Financial Implications of the DEPP 2025 preferred option

The investment profile indicated in the DEPP 2025 is $1.35-2.5 billion of capital investment; and s.9(2)(f)(iv) in operating costs per annum to 2029, which is consistent with the estimates used to inform the Defence Capability Plan 2025 [CAB -25-MIN-0113 refers].

The DEPP 2025 forecasts an estimated capital investment of s.9(2)(f)(iv) over the period FY26 to FY40.

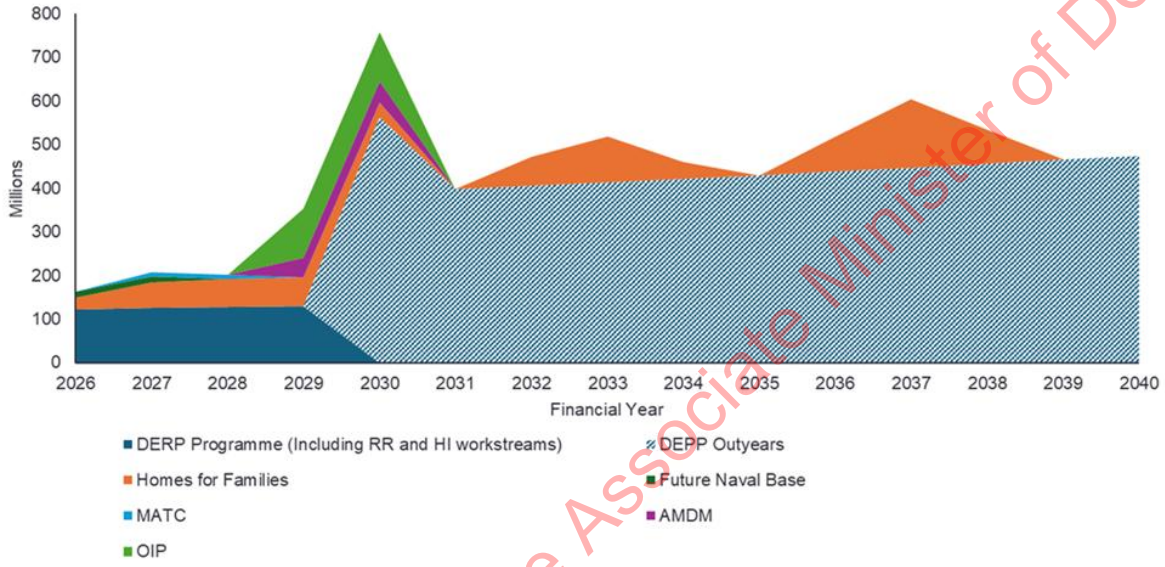

Figure 2: Capital Expenditure (nominal) *(Figure 11 in the DEPP 2025)*

The operating expenditure is estimated at s.9(2)(f)(iv) from FY26 to FY40 and includes soft (e.g. land and environment) and hard (e.g. buildings and structures) asset management and maintenance, utility charges, personnel costs, leases and rates:

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

Figure 3: Operating Expenditure (nominal) *(Figure 12 in the DEPP 2025)*

The preferred option has a nominal whole of life cost of s.9(2)(f)(iv) from FY26 to FY40, as outlined in Table 1 over.

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Table 1: Whole of Life costs *(Table 19 in the DEPP 2025)*

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

The DEPP 2025/ DCP 2025 prioritises the following investments over the next 4 years, including those currently in planning, delivery or seeking funding approval.[1]

Table 1: Indicated Capital Funding and Timeline for Initial Investment to 2029 *(Table 2 in the DEPP 2025)*

Indicated budget year	Description	Indicated capital investment (real)
All	Defence Estate Regeneration Programme and Horizontal and Rolling Replacement workstreams.	s.9(2)(f)(iv)
s.9(2)(f)(iv)	Homes for Families- new build, modernised existing homes and leased homes.	s.9(2)(f)(iv)
2025	Future Naval Base Tranche 1a Design.	$25 million
s.9(2)(f)(iv)	The Modernised Army Training Capability Programme (Waiouru) Tranche 1 Design	s.9(2)(f)(iv)
s.9(2)(f)(iv)	Accommodation Messing and Dining Modernisation, Linton	s.9(2)(f)(iv)
s.9(2)(f)(iv)	Ōhakea Infrastructure Programme: Remaining tranches to rectify longstanding problems with supporting infrastructure [DEV-23-MIN-0001 refers].	s.9(2)(f)(iv)
s.9(2)(f)(iv)	Infrastructure components of other capability investments	To be confirmed via business cases

[1] Budget 25 confirmed the above funding for Homes for Families and Future Naval Base Programme.

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