



Headquarters
New Zealand Defence Force
Defence House
Private Bag 39997
Wellington Mail Centre
Lower Hutt 5045
New Zealand

OIA-2025-5331

27th May 2025

Dear [REDACTED]

I refer to your email of 2 April 2025 requesting, under the Official Information Act 1982 (OIA), the following information:

Please can I have a copy of the last determination between the Tax Commissioner and the Chief of Defence Force (CDF) for accommodation provided by the defence force pursuant to Sub part CE1D paragraph 4 of the Tax Administration Act 2007.

A copy of the determination is at Enclosure 1.

Please can I have a copy of any communication, advice, supporting notes or related documentation used to make a determination or commentary between the CDF and the Minister of Defence (or their staff), and the CDF and the Tax Commissioner (or their staff) in relation to the determination. I would also like a copy of the final report or decision made in regards to the determination (where it is not contained in the documents described above).

A supporting note to the determination, about valuation methodology, is at Enclosure 2. Communications between the New Zealand Defence Force (NZDF) and Inland Revenue Department relating to the determination are at Enclosure 3. Advice provided to the Minister of Defence is at Enclosure 4. Where indicated, information is withheld to: protect privacy in accordance with section 9(2)(a) of the OIA; enable negotiations to be carried out without prejudice in accordance with section 9(2)(j) of the OIA; and, avoid the malicious or inappropriate use of staff information, such as phishing, scams or unsolicited advertising in accordance with section 9(2)(k) of the OIA.

A Benchmarking Report was provided to the NZDF, but consultations to inform a decision on its release remain ongoing. An extension to this part of your request is therefore required and a decision is expected no later than 11 June 2025.

Please may I also have a copy of the National Benchmark properties and discounts (where consultation with a registered valuer occurred) used to inform the last determination review. In particular I would like details of:

- (a) the number and location of national benchmark properties;*
- (b) the types of accommodation represented by the benchmark properties;*
- (c) a market rental value for each type of accommodation in the benchmark properties;*
- (d) a discount applying to each type of accommodation in the benchmark properties.*

Information about benchmarking property locations, types, rental values and discounts is provided in the tables below. For Waiouru, base rents are local market rates because they are lower than NZDF rental rates elsewhere.

Location and type of benchmark properties	
Linton	
Housing	10 X three bedroom house
Barracks	Forsyth Barracks
	CJ Barracks
	Ngarimu Barracks
Ohakea	
Housing-Base	2 X 3 Bedroom houses
Housing-Bulls	4 X 3 Bedroom houses
Barracks	Barrack Block G8
	Barrack Block L

Base rent of benchmark houses at Linton/Ohakea.					
No. of beds	1	2	3	4	5
Base market rent (\$)	330.00	380.00	450.00	530.00	595.00
NZDF adjustment (\$)	57.50	67.50	80.00	92.50	105.00
Base rent (\$)	272.50	312.50	370.00	437.50	490.00
Waiouru					
Base rent (\$)	177.50	202.50	232.50	272.50	302.50

Base rent of Barracks at Linton/Ohakea.					
No. of beds	Open	Small	Medium	Large	VIP
Base market rent (\$)	185.00	210.00	220.00	230.00	260.00
NZDF adjustment (\$)	92.50	84.00	88.00	92.00	104.00
Base rent (\$)	92.50	126.00	132.00	138.00	156.00
Waiouru					
Base rent (\$)	75.00	100.00	105.00	110.00	125.00

Discount rates applied to benchmark properties.	
Barrack discount	40%
Open Barrack discount	50%
Housing discount	17.5%

You have the right, under section 28(3) of the OIA, to ask an Ombudsman to review this response to your request. Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602.

Please note that responses to official information requests are proactively released where possible. This response to your request will be published shortly on the NZDF website, with your personal information removed.

Yours sincerely

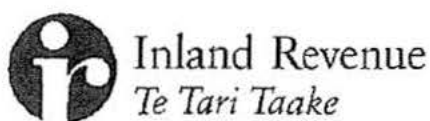
GA Motley

Brigadier

Chief of Staff HQNZDF

Enclosures:

1. DET24
2. Note to DET24
3. Communications
4. 31 October 2023 Note To Minister



NZDF DET 2024

Determination

Market rental value of New Zealand Defence Force accommodation

Application

This determination is made pursuant to section CE 1D(3) of the Income Tax Act 2007 and shall apply to accommodation provided to any person who is a member of the New Zealand Defence Force by the Navy, Army, or Air Force, as those terms are defined in the Defence Act 1990.

This determination may be cited as "Determination NZDF DET 2024: *Market rental value of New Zealand Defence Force accommodation*".

Pursuant to section CE 1D(4) of the Income Tax Act 2007, this determination shall apply from 1 April 2024 and remain in force until it is reviewed. Such review may be instigated by either the Chief of the Defence Force or the Commissioner of Inland Revenue, but the review must be undertaken prior to 31 March 2027.

Scope of Determination

For the purposes of section CE 1D(3) of the Income Tax Act 2007, the Chief of the Defence Force or the Commissioner of Inland Revenue, in consultation with a registered valuer must determine:

- The number and location of national benchmark properties;
- The types of accommodation represented by the benchmark properties;
- A market rental value for each type of accommodation in the benchmark properties;
- A discount applying to each type of accommodation in the benchmark properties.

Determination

For the purposes of section CE 1D(3)(a) of the Income Tax Act 2007, it is determined that the number and location of the benchmark properties will be those properties owned by the New Zealand Defence Force that are located at Linton. New Zealand Defence Force properties located at Ohakea and Bulls have also been used where it has been agreed by both the Chief of the Defence Force and the Commissioner of Inland Revenue that there are insufficient properties of a particular type of accommodation at Linton to provide an accurate assessment of a market rental value for that type of property.

For the purposes of section CE 1D(3)(b), (c) and (d) of the Income Tax Act 2007, it is determined that the types of New Zealand Defence Force accommodation, and the market rental values and discounts attributable to that accommodation, are as set out in the following table:

Type of accommodation	Market rental value	Discount
	\$ ¹	\$
Free standing dwellings and townhouses:		
1-bedroom	330.00	57.50
2-Bedroom	380.00	67.50
3-Bedroom	450.00	80.00
4-Bedroom	530.00	92.50
5-Bedroom	595.00	105.00
Barrack Accommodation:		
Open	185.00	92.50
Small	210.00	84.00
Medium	220.00	88.00
Large	230.00	92.00
VIP	260.00	104.00

This determination is signed by me on 13th October 2023



Air Marshal Kevin Short
Chief of Defence Force
New Zealand Defence Force

This determination is signed by me on 16th October 2023

s.9(2)(a)

Technical Lead
Technical Standards, Legal Services
Inland Revenue

¹ Market rental values and the discount applying to these values are expressed in weekly amounts.

Note to Determination NZDF DET 2024: *Market rental value of New Zealand Defence Force accommodation*

This note does not form part of this determination. It is produced to provide further information on the accepted valuation methodology used to arrive at the market rental value of New Zealand Defence Force (NZDF) accommodation that is the subject of this determination, and as an aid to the preparation of future determinations.

All legislative references contained in this note are to the Income Tax Act 2007 (the Act) unless otherwise stated.

BACKGROUND

This determination is made pursuant to s CE 1D of the Act. The purpose in enacting this section was to enshrine in legislation the methodology that had historically been used by the NZDF to arrive at the value of accommodation that they provided to qualifying employees.

The past practice of the NZDF was to calculate rentals on a national basis, thereby ensuring that all tenants were charged the same amount for similar accommodation, irrespective of the location of that accommodation. These accommodation charges were discounted to take account of the fact that the tenancy agreements that NZDF members were subject to were more onerous than the usual arm's length residential tenancy agreement; they were (and remain) service tenancies.

This legislative purpose (to enshrine past practice) is illustrated by the wording used by the Cabinet Economic Growth and Infrastructure Committee minute in the decision approving the implementation of this legislative amendment¹:

Agreed, in relation to accommodation provided by the New Zealand Defence Force, that on a permanent basis, the past practice of discounting the market rental value should continue so that generally there is no tax impost;

Section CE 1D(3)(c) and (d) of the Act provides that, at least once every three years the Commissioner of Inland Revenue (the CIR) and the Chief of the Defence Force (the CDF), in consultation with a registered valuer must determine:

- The number and location of the properties that are to be the benchmark properties for each type of accommodation provided by the NZDF:
- The market rental values and discount applying to each of the types of benchmark property. This discount takes account of the fact that, in relation to properties owned by the NZDF and tenanted to defence force personnel, these defence force tenants are subject to a service tenancy rather than an open market residential tenancy.

Given that the valuation of residential properties is outside the expertise of both the CIR and the CDF, advice has been received from valuers s.9(2)(j) on the accepted valuation methodology to be used to calculate the market rental value and the discount to be applied to the various types of properties owned by the NZDF. s.9(2)(j) have then used this valuation methodology to calculate the market rental value of, and discounts applicable to, NZDF accommodation.

¹ EGI Min (13) 25/20 dated 23 October 2013.

VALUATION METHODOLOGY

Market rental value

s.9(2)(j) have advised that the International Valuation Standards Committee define “the market value of property” as:

...the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

This definition is endorsed by the Australian Property Institute and the Property Institute of New Zealand.

Under this methodology, the rental values arrived at in the s.9(2)(j) valuation report have been ascribed to accommodation types on a rate per week after comparison to evidence available in the market, having regard to their relative physical and location characteristics.

In calculating the market value of property, valuers must be mindful of the Court of Appeal judgement, *Modick RC Ltd v Mahoney* (1992) 1 NZLR 150, in which Cooke P makes it clear that prime regard must be accorded to new leaseings rather than the previously accepted approach of placing equal weight on rent reviews and arbitration award levels. He also had this to say² on the willing vendor/willing purchaser test:

The question is what figure would be notionally agreed upon by the parties, acting freely and adequately informed. Figures fixed by arbitration or rent reviews between captive parties are not necessarily a reliable guide, since they do not represent the unfettered play of market forces, but rather the arbitrator's assessment “assuming he had applied himself to the task correctly” of what market forces should produce. It is only a freely negotiated rent on a new letting that can confidently be taken to be truly comparable provided of course that there are also sufficient similarities in site and otherwise.

In relation to their specific instructions and the nature of the properties to be valued, the prime focus of s.9(2)(j) in assessing rents has been the Residential Tenancies Act 1986 and in particular section 25(3) of that Act which states:

For the purposes of this Act, the market rent for any tenancy shall be the rent that, without regard to the personal circumstances of the landlord or the tenant, a willing landlord might reasonably be expected to receive and a willing tenant might reasonably be expected to pay for the tenancy, taking into consideration the general level of rents (other than income related rents within the meaning of section 2(1) of the Public and Community Housing Management Act 1992³) for comparable tenancies of comparable premises in the locality or in similar localities and such other matters as the Tribunal considers relevant.

s.9(2)(j) advise that the market rental values contained in Determination DET 2024 have been completed in accordance with the Australia and New Zealand Valuation and Property Standards 2012, and in particular with :

- IVS (International Valuation Standards 2022) Framework and General Standards;
- IVS 103 - Valuation Reporting;

² At page 155.

³ Relates to Kāinga Ora–Homes and Communities (previously Housing NZ) tenants and the tenants of registered community housing providers.

- NZVGP 505 – Assessing Rental Value.

International Reporting Standard 103, as amended by the Australian Property Institute (API) and the Property Institute of New Zealand (PINZ), requires that all valuations must be assessed as at the date of inspection, except where instructions are to assess the value at a retrospective date.

As well as taking into account the matters discussed above, in assessing the current market rental of NZDF properties s.9(2)(j) had regard to the *direct comparison approach*. This looks to ascribe rental to the physical improvements after comparison to recent lettings and reviews of similar premises in the immediate and surrounding locations⁴. The assessment is also made on a *gross occupancy cost* basis, which takes into account whether, in addition to meeting rental payments, the tenant is liable to pay for some of the operating expenses of the property or whether these operating expenses are met by the landlord. This approach is in keeping with the residential market.

In arriving at their assessment of rental value s.9(2)(j) considered the evidence of the existing market and service tenancies and researching recent lettings in the particular locations. In addition, they reviewed the MBIE (Department of Building) rental statistics and the rentals available through Trade Me (while noting a paucity of evidence from this source). They also carried out internal inspections of a broad range of housing at each location, with all other housing at the agreed locations subject to kerbside inspection. After considering this evidence they then established base rental figures for each NZDF property type. These base rental figures were then subject to adjustment to take account of key characteristics such as the degree of attachment, sunroom, extra garaging, no garaging, floor area, 2-storey, degree of attachment, location and views. The standard of the interior and exterior condition has also been reflected.

Discount value

As stated previously, a discount is applied to the rental market value of NZDF tenancies. This discount reflects the methodology that has historically been used by NZDF (per the policy intent of section CE 1D discussed earlier) and takes account of the fact that NZDF tenants are subject to a service tenancy rather than an open market tenancy. By nature, service tenancies are more restrictive on tenants than an open market tenancy.

To recognise the restrictive nature of the service tenancies s.9(2)(j) recommended the following adjustments:

<u>Barrack Adjustment Basis</u>	%
Compulsion of Posting and accommodation choice	10
Compulsion of being on Base	15
Cleaning	5
Discipline	5
Access notice period and Payment	2.5
Termination	2.5
Total Barrack Adjustment %	40
Add Open Barrack Adjustment (for loss of quiet enjoyment and personal space)	10
Total Open Barrack Adjustment %	50
<u>Dwelling Adjustment Basis</u>	%

⁴ The determination states these locations as Linton, Ohakea and Bulls.

Compulsion of Posting and accommodation choice	10
Discipline	2.5
Access notice period and Payment	2.5
Termination	2.5
Total Dwelling Adjustment	17.5

s.9(2)(j) have defined the above adjustments in the following terms:

Compulsion of posting and lack of accommodation choice – NZDF personnel can be posted to any base entirely at the NZDF discretion. Accommodation is assigned with no choice given, rather if the proposed accommodation is refused then that person drops to the bottom of the list, this is however negated to an extent by NZDF not requiring any bond.

Compulsion of being on base – If ordered to be on base then there is no option but to live in the assigned barrack accommodation and you cannot seek alternative living arrangements.

Cleaning – Barrack occupants can/are made responsible for cleaning common areas.

Discipline – The normal opportunity for dispute resolution is reduced, and lines of military discipline may be overriding.

Access notice period – the landlord may access the premises at any time without notice for any purpose.

Termination – There is an allowance for shorter notice periods, if required for NZDF purposes.

Open barrack adjustment – This is if assigned to an open barrack there is a loss of quiet enjoyment and personal space.

s.9(2)(j) note that the application of any adjustment of this nature is somewhat subjective and is open to individual interpretation. This is because, due to a scarcity of comparable service tenancies, there is no direct comparable evidence available to determine what the adjustments should be. s.9(2)(j) have proceeded on the basis of a test of reasonableness in the application of the individual adjustments as well as the overall adjustment result. This assessment is reliant on the valuers experience and expertise in reaching the conclusions that they have.

EFFECT OF DETERMINATION

Section CE 1B(1) of the Act states the general rule in relation to accommodation provided by employers; that the market rental value of that accommodation is income to the employee. Section CE 1D provides that, solely for the issuing of this determination, a "formula" for how market rental value will be determined in respect to NZDF properties that are let to NZDF personnel will replace the general rule. Section CE 1D(2) states this formula as the lesser of:

- the market rental value of the property being let and
- the market rent payable for NZDF benchmark properties less the applicable discount.

It is this second matter that is the subject of this determination.

This determination sets out the market rental value for each type of property let by NZDF and the level of discount applicable to that type of property. It is however the net amount of these two figures that represents the rental value of that type of property for the purposes of section CE 1B; it is this net amount that is income to the employee. Any payment made by the employee in respect of the accommodation is deducted from this net calculation when calculating the PAYE to be deducted.

When reading this determination, it is therefore necessary to calculate the net amount to arrive at the rental value. For instance, per this determination, a 3-bedroom dwelling has a market rental value of \$450.00 and a discount applicable to it of \$80.00. The market rental value for the purposes of section CE 1B of the Act is therefore \$370.00. This is the amount that is the value of ALL 3-bedroom houses that are let by the NZDF to its personnel.

The only circumstance where a lesser amount may be charged is in respect of properties whose gross market rental value (that is, the market rental value before the application of any discount) is an amount that is less than the net discounted figure discussed above⁵. For example, if NZDF are letting a 3-bedroom dwelling at a location where the market rental value of that property was less than the market rental value of the benchmark properties (after discount), then that lesser amount may be substituted. This may be pertinent to housing let in remote areas; Waiouru for instance. For example, if the market rental value of 3-bedroom dwellings at this remote location was less than that for the benchmark amount for a 3-bedroom house (after discount) of \$370.00, then NZDF are able to substitute the lesser amount for the purposes of this determination.

⁵ Per s CE 1D(2(a)) of the Act.

From: s.9(2)(a)
Sent: Tuesday, 22 April 2025 9:27 a.m.
To: s.9(2)(a)
Cc:
Subject: FW: RE: Unclassified - IR/NZDF Rent Agreement - Email No 1 28 Apr 23
Unclassified
Attachments: DFO3 Barrack Accommodation policy chapter.pdf; DFO3 Defence Housing policy amendments 18 Apr 23.pdf; DFO3 Defence Housing policy chapter.pdf; MD25 NZDF Service Tenancy Agreement.pdf

-----Original Message-----

From: DHR POLICY [mailto:s.9(2)(k)]
Sent: 28 April 2023 3:43 PM
To: s.9(2)(a)
CC: DHR POLICY [mailto:s.9(2)(k)], s.9(2)(a)
Subject: RE: Unclassified - IR/NZDF Rent Agreement - Email No 1 28 Apr 23 Unclassified

Hi s.9(2)(a)

Please find attached documentation in support of the IRD/NZDF rent agreement process. Attached are the –

- NZDF policy on Barrack Accommodation – DFO3, Part 8, Chapter 9, Section C – Barrack Accommodation.
- NZDF policy on Defence Housing – DFO3, Part 8, Chapter 9, Section D – Defence Housing.
- Recent Amendments to DFO3, Defence Housing policy, 18 Apr 23. These amendments were approved to encourage the retention of members in the NZDF.
- MD 25 New Zealand Defence Force Service Tenancy Agreement.

I will forward the stakeholder information as highlighted below next week.

Thank you for your assistance.

Kind regards

s.9(2)(a)

s.9(2)(a)

Senior Policy Advisor - DHR, Defence Human Resources
Te Ope Kātua o Aotearoa | New Zealand Defence Force

M: s.9(2)(a) | Internal: s.9(2)(a)

www.nzdf.mil.nz



From: s.9(2)(a)
Sent: Thursday, 30 March 2023 12:19 p.m.
To: s.9(2)(a)

Cc: DHR POLICY ; s.9(2)(a)

Subject: RE: Unclassified - IR/NZDF Rent Agreement - 1 April 2024

[IN CONFIDENCE RELEASE EXTERNAL]

Afternoon s.9(2)(a)

Great to hear from you again.

That all sounds like a workable plan and I cannot think of anything that I need, at least initially.

I would suggest that we meet (probably using Teams would be best) once you have sent me all of the initial information, sometime after the 16 April.

Look forward to hearing from you and Alan then.

Regards

s.9(2)(a)

Technical Specialist (L3)

Technical Standards, Legal Services

From: s.9(2)(a)

Sent: Thursday, 30 March 2023 11:06 am

To: s.9(2)(a)

Cc: DHR POLICY s.9(2)(k)

Subject: Unclassified - IR/NZDF Rent Agreement - 1 April 2024

Good Morning s.9(2)(a)

I trust you have been well since our last communication re the IR/NZDF Rental rates agreement.

As you will be aware the Rental Rates Determination ends on 31 Mar 24, and that a new determination agreement is needed for application on 1 Apr 24.

Following our last conversation re the process and how this can be improved, we (myself and my manager s.9(2)(a) s.9(2)(a) from Defence HR Policy) engaged in Nov 22 with the two other NZDF stakeholders in this agreement process. Our intent for this agreement is that you are supported with an efficient flow of accurate information, and that the agreement process generally goes smoothly.

DHR Policy and the NZDF stakeholders are working to a timetable that has the agreement is signed off by Commissioner IR and CDF by 30 Sep 23, with the tenants and the wider NZDF informed of the outcome in Oct 23. This gives six months' notice to current tenants, and does not coincide with the Christmas Standown period. This is well within the notice period prescribed by the RTA.

DHR Policy intent is to provide accurate and timely information to you so that time is not taken up seeking clarification. The stakeholder that engages the registered valuer is aware that we will require the registered valuation to be completed in June/July, which should give time for the determination write up and sign-off process.

I am collating the following information from our stakeholders which I will forward to you after 16 Apr –

- Housing breakdown by location.
- Numbers of leased houses.

- Copies of agreements for leased houses.
- Confirmation re allocation of Defence houses.
- Projected future housing stock requirements.
- Occupancy rates of Defence houses.

This will support your decisions and the determination write-up. This list was collated from previous agreement documentation – is there anything else you require?

Following receipt of this information IR/NZDF will be able to –

- Agree to the benchmark location.
- Agree to the property types.
- Agree to the registered valuer.

Our stakeholder will then contact the agreed registered valuer to book in a valuation.

If you are available s.9(2) and I would like to meet with you to confirm arrangements. I recall last agreement that you indicated you may have a successor that you are handing over to this time. It may be useful for us all to meet.

Please let me know if there is anything else that you need from us. We look forward to hearing from you, and working with you on this agreement.

Kind regards

s.9(2)(a)

s.9(2)(a)

Senior Policy Advisor - DHR, Defence Human Resources
Te Ope Kātua o Aotearoa | New Zealand Defence Force

M: s.9(2)(a)

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Section C: Barrack Accommodation

Introduction 8.9.23.

NZDF provides barrack accommodation at camps and bases throughout New Zealand to accommodate eligible members of the NZDF.

Eligibility criteria 8.9.24.

All members of the RF are eligible to occupy barrack accommodation, subject to availability.

In exceptional circumstances barrack accommodation can be allocated to members of the Territorial Forces, members of the Civil Staff or non NZDF members.

Priority for allocation 8.9.25.

Barrack accommodation at each NZDF camp or base is to be allocated by DSSG in the following priority order:

- (1) members of the Armed Forces directed to live in barracks for operational or discipline reasons;
- (2) members of the Armed Forces undergoing basic training;
- (3) members of the RF who apply to occupy barrack accommodation at their posting location;
- (4) members of the NZDF on temporary duty from another region;
- (5) in exceptional circumstances, members of the Territorial Forces undertaking full time duties, who apply to occupy barrack accommodation at their Territorial Force full time duty location;
Authority: PHRA (MIL).
- (6) in exceptional circumstances, members of the Civil Staff who apply to occupy barrack accommodation at their employment location; and
Authority: PHRA (MIL).
- (7) in exceptional circumstances, non NZDF members.
Authority: Camp/base DSSG Service Delivery Manager or delegate.

Section C: Barrack Accommodation, Continued

**Animals in
barracks**
8.9.26.

Members of the NZDF are not to keep or harbour pets or other animals in barrack accommodation.

**Occupants to
pay barracks
charges**
8.9.27.

Unless otherwise stated within these Orders, all occupants of barrack accommodation are to pay the applicable barracks charges, as follows:

- (1) members of the RF are to pay the NZDF barracks charge; and
- (2) all other occupants of barrack accommodation are to pay the NZDF market barracks charge.

**Non-cash
benefit tax**
8.9.28.

Where the barracks charge for a member of the RF is waived in relation to an unaccompanied posting or undertaking basic training, the value of the barracks charge waived is to be treated as income and is subject to PAYE at the member's appropriate marginal tax rate.

**Leave without
pay**
8.9.29.

Members of the NZDF approved to take a period of LWOP of 92 days or more are not eligible to apply for or retain barrack accommodation. In such circumstances, members occupying NZDF barrack accommodation are to vacate and hand back the barrack room before proceeding on LWOP.

**Welfare
barracks**
8.9.30.

Welfare barrack accommodation may be provided for a period of up to 14 days to support members of the NZDF in response to a specific welfare situation which requires immediate accommodation assistance. NZDF barrack charges or NZDF market barrack charges do not apply to welfare barracks.

Authority: Camp/Base Commander.

In exceptional circumstances, the period of welfare barrack support may be extended. Any extension is to be reviewed every 14 days.

Authority: Camp/Base Commander.

Section C: Barrack Accommodation, Continued

Waiver of
barrack
charges
8.9.31.

Barracks charges are to be waived in the following circumstances:

- (1) **Duty absences.** Members of the NZDF who are on temporary duty at another posting region are to have the barracks charge at the temporary posting region waived.
- (2) **Members directed to live in.** Members of the Armed Forces directed to live in barracks for operational or discipline reasons.
- (3) **Basic training.** Members of the Regular Forces undergoing basic training and non-cash benefit tax is to be applied.

Refer: DFO 3, Part 8, Chapter 9, paragraph 8.9.28 *Non-cash benefit tax*

- (4) **Hospital treatment.** Members of the NZDF admitted to a Service hospital are not to be levied a barracks charge for their hospital accommodation;
- (5) **Permanent posting at public expense from one region to another.** Members of the RF may request a waiver of barrack charges for up to 91 days if they:
 - a. intend to live out in the new posting region, and
 - b. are awaiting the arrival of their partner or dependants, or
 - c. are arranging permanent living out accommodation.

Authority: Camp/Base DSSG Team Leader Customer Support.

- (6) **Terminal posting.** Members of the RF who, on terminal posting, choose to move their partner and/or dependants to their desired resettlement location and commence occupancy of NZDF barrack accommodation are to have the barracks charge waived for 91 days.

Refer: DFO 5, Chapter 4, Section 14

- (7) **Prior to release.** Members of the RF who have qualified for resettlement assistance and choose to move their partner or dependants to their approved resettlement location, and commence occupancy of NZDF barrack accommodation are to have the barracks charge waived for 91 days.

Refer: DFO 3, Part 11, Chapter 2.

- (8) **Unaccompanied posting.** Members of the RF who have been approved to receive unaccompanied posting entitlements and have been allocated barrack accommodation may have the barracks charged waived.

Refer: DFO 3, Part 11, Chapter 2.

DFO 3 Part 8 Chapter 9 Section D: Defence Housing				
Paragraph	Current Provision	Paragraph	Amended Provision	Comments
		8.9.38A	<p>Exceptional priority allocation of Defence housing In exceptional circumstances, a member of the RF who meets the eligibility criteria for Defence housing and is on a housing register awaiting allocation of a Defence house, may apply through their command chain for an exceptional priority allocation of Defence housing.</p> <p>If approved, the member is to be allocated a priority order of one (1).</p> <p>Refer: DFO 3, Part 8, Chapter 9, Paragraph 8.9.38</p> <p>Authority: DCN, DCAF, DCA, and cannot be sub-delegated</p>	Insert new paragraph.
8.9.42	<p>Maximum occupancy of Defence housing The maximum period that a member of the RF can be a service tenant in Defence housing is six years. All periods of Defence housing within New Zealand, at all posting locations including Waiouru Military Camp, where the member of the RF is the service tenant, is to be counted towards the six year maximum period limit. This includes exceptional approvals related to disrupted tenancy.</p>	8.9.42	<p>Maximum occupancy of Defence housing The maximum period that a member of the RF can be a service tenant in Defence housing is six years. All periods of occupying Defence housing within New Zealand, at all posting locations are to be included, except for the following:</p> <ol style="list-style-type: none"> (1) Waiouru Military Camp. When a member is permanently posted to Waiouru and is the tenant of a Defence house at Waiouru, the period of tenancy does not count towards the six year maximum period limit. (2) RNZAF Woodbourne. When a member is permanently posted to an instructor position at RNZAF Woodbourne and is the tenant of a Defence house at RNZAF Woodbourne, the period of tenancy does not count towards the six year maximum period limit. 	Delete previous paragraph in total. Insert new paragraph.
8.9.43	<p>Exceptional approval to exceed the six year occupancy limit In exceptional circumstances, a member of the RF who has exceeded the maximum occupancy period for Defence housing may apply through their command chain, for approval of an exceptional entitlement to Defence housing, provided they meet all of the following criteria:</p> <ol style="list-style-type: none"> (1) the member of the RF meets the eligibility for Defence housing at paragraph 8.9.34, (2) transit housing is not available, and (3) welfare housing is not available. <p>If approved, the member of the RF may be a service tenant in Defence housing for a maximum period of 24 months, under a fixed term tenancy agreement.</p> <p>The member of the RF may apply for additional extensions of the exceptional entitlement. If an extension is approved, the member of the RF may be a service tenant in Defence housing for a further period of six months, under a fixed term tenancy agreement.</p> <p>Authority: DCN, DCAF, DCA and the command is delegated.</p>	8.9.43	<p>Exceptional approval to exceed the six year occupancy limit In exceptional circumstances, a member of the RF who has exceeded the maximum occupancy period for Defence housing may apply, through their command chain, for approval of an exceptional entitlement to Defence housing, provided they meet all of the following criteria:</p> <ol style="list-style-type: none"> (1) the member of the RF meets the eligibility for Defence housing at paragraph 8.9.34, (2) transit housing is not available, and (3) welfare housing is not available. <p>If approved, the member is to be issued a fixed term tenancy agreement, for the period of the exceptional approval.</p> <p>The total maximum exceptional approval period, taking into account all exceptional approvals, is not to exceed 24 months in total.</p> <p>Authority: Commander Camp/Base 0 to 12 months exceptional approval. The maximum exceptional approval period, taking into account all previous exceptional approvals, is not to exceed 12 months in total.</p> <p>DCN, DCAF, DCA, and cannot be sub-delegated. 12 to 24 months exceptional approval. The maximum exceptional approval period, taking into account all previous exceptional approvals, is not to exceed 24 months in total.</p>	Delete previous paragraph in total. Insert new paragraph.

Section D: Defence Housing

Introduction 8.9.32.

The NZDF provides Defence housing, transit housing and welfare housing at camps and bases throughout New Zealand to accommodate eligible members of the NZDF and, where prescribed in this Order, members of the Civil Staff.

Intent 8.9.33.

NZDF housing is provided to meet the needs of the NZDF; in particular:

- (1) supporting members of the RF and their families when transitioning between camps and bases,
- (2) supporting force generation,
- (3) for safety and security reasons,
- (4) providing housing in remote locations, or
- (5) welfare reasons.

Eligibility to apply for Defence housing 8.9.34.

Members of the RF are eligible to apply for Defence housing at their posting location if they meet the following criteria:

- (1) The member, or their partner, or their dependants do not have a financial interest in accommodation within their posting region.
- (2) The member is not on a period of LWOP of 92 days or more.
- (3) The member, or their partner, or their dependants are not the service tenant of Defence housing.
- (4) The member has not been a service tenant of Defence housing for six years or more.

Eligibility to apply for Defence housing – partner of ineligible applicant or ineligible service tenant 8.9.35.

A member of the RF who is in a recognised relationship, married or in a civil union, and occupying a Defence house for which their partner is the service tenant, may apply for a Defence house and be placed on the housing register, provided they meet the following criteria:

- (1) The member meets the eligibility criteria to apply for Defence housing in accordance with paragraph 8.9.34.(1), (2) and (4).
- (2) Their partner, who is the service tenant, has received a notice to quit.

Continued on next page

Section D: Defence Housing, Continued

Transfer of service tenancy 8.9.36.	A service tenant who does not meet the eligibility criteria for Defence housing in accordance with paragraph 8.9.34 is not permitted to transfer their tenancy to another member of the NZDF.
Transfer of position on housing register 8.9.37.	A member of the NZDF who is on a housing register awaiting allocation of a Defence house, and is no longer eligible for Defence housing, is not permitted to transfer their position on the register to another member of the NZDF.
Priority for allocation of Defence housing 8.9.38.	<p>DSSG is to maintain a housing register for the allocation of Defence housing at each camp or base. Only members who meet the eligibility to apply for Defence housing are to be included on the housing register. Allocation of Defence housing is to be applied in the following priority order:</p> <ol style="list-style-type: none"> (1) Members of the RF with a partner and/or dependants, who have been permanently posted from another posting region within New Zealand or who are returning from a permanent posting overseas. (2) Members of the RF with a partner and/or dependants, and who meet the force generation criteria in Annex B. (3) Members of the RF with a partner and/or dependants. (4) Other members of the RF. <p>Members of the RF that cease to be eligible to apply for Defence housing are to be removed from the housing register.</p>
Declining a Defence house 8.9.39.	If a member of the NZDF declines a Defence house that meets their needs, they are to be removed from the housing register. In these circumstances, the member can re-apply for Defence housing if they meet the eligibility criteria.
Complaints 8.9.40.	<p>Members of the RF who wish to complain in relation to matters pertaining to the housing register are to use the formal complaints process.</p> <p>Refer: DFO 3, Part 13, Chapter 2.</p>

Continued on next page

Section D: Defence Housing, Continued

Tenants to pay defence rental charges 8.9.41.	Unless otherwise prescribed within this Order, the service tenant is to pay the NZDF national rent when occupying Defence housing, as prescribed by CDF.
Maximum occupancy of Defence housing 8.9.42.	The maximum period that a member of the RF can be a service tenant in Defence housing is six years. All periods of Defence housing within New Zealand, at all posting locations excluding Waikouru Military Camp, where the member of the RF is the service tenant, is to be counted towards the six year maximum period limit. This includes exceptional approvals related to directed tenancies.
Exceptional approval to exceed the six year occupancy limit 8.9.43.	<p>In exceptional circumstances, a member of the RF who has exceeded the maximum occupancy period for Defence housing may apply, through their command chain, for approval of an exceptional entitlement to Defence housing, provided they meet all of the following criteria:</p> <ol style="list-style-type: none"> (1) the member of the RF meets the eligibility for Defence housing at paragraph 8.9.34, (2) transit housing is not available, and (3) welfare housing is not available, <p>If approved, the member of the RF may be a service tenant in Defence housing for a maximum period of six months, under a fixed term tenancy agreement.</p> <p>The member of the RF may apply for additional extensions of the exceptional entitlement. If an extension is approved, the member of the RF may be a service tenant in Defence housing for a further period of six months, under a fixed term tenancy agreement.</p> <p>Authority: DCN, DCAF, DCA and this cannot be sub-delegated.</p>
Defence Housing occupied overseas 8.9.44.	Periods occupying NZDF provided housing overseas when a member of the RF has a housing and utilities overseas payment (HUOP) deduction or HUOP non-cash benefit deduction made, does not count towards the six year maximum period limit for Defence housing in New Zealand.

Continued on next page

Section D: Defence Housing, Continued**Review of individual eligibility to remain in Defence housing**
8.9.45.

Members of the RF who are tenants of Defence housing, excluding transit, directed or welfare housing, are to have their eligibility for Defence housing reviewed in the following circumstances:

- (1) A posting notice is issued permanently posting them to a new posting region.
- (2) Permanently occupies NZDF barracks.
- (3) Six years as a service tenant of Defence housing is accrued.
- (4) There is a change in personal circumstances that results in the member of the RF ceasing to have a partner and/or dependants recognised by NZDF.
- (5) The member, or their partner, or their dependant has a financial interest in accommodation within their posting region.
- (6) The member begins a period of LWOP of 91 days or more.

Members of the RF who, after review, cease to be eligible for Defence housing are to be given 90 days' notice to quit Defence housing. For members permanently posted to a new posting region, the posting date specified on the posting notice is to be used to determine the 90-day notification period.

Responsibility of members of RF to report change in circumstances
8.9.46.

Members of the RF who have a change in their personal circumstances that will affect their eligibility to apply for Defence housing or remain a tenant of Defence housing are to advise DSSG within 14 days of the change.

Review of force generation criteria
8.9.47.

The force generation criteria are to be reviewed in accordance with Section J of this Order.

Exceptional entitlement to Defence housing – Waiouru Military Camp
8.9.48.

Due to the remote location and lack of a local rental market, members of the RF posted to Waiouru Military Camp:

- (1) who have accumulated six years or more occupancy of Defence housing; or
- (2) who, or their partner, or their dependants have a financial interest in accommodation within the Manawatu/Whanganui posting region;

can apply for Defence housing at Waiouru Military Camp.

Authority: Waiouru Military Camp DSSG Service Delivery Manager.

Continued on next page

Section D: Defence Housing, Continued

Exceptional entitlement to Defence housing Waiouru Military Camp – Members of the Civil Staff 8.9.49.	<p>Due to the remote location and lack of a local rental market, members of the Civil Staff, subject to an employment agreement for a position in Waiouru, can apply for an exceptional approval to tenant Defence housing at Waiouru Military Camp.</p> <p>Authority: Waiouru Military Camp DSSG Service Delivery Manager.</p>
Termination of tenancy Waiouru Military Camp – Members of the Civil Staff 8.9.50.	<p>Members of the Civil Staff who are granted an exceptional approval to tenant Defence housing at Waiouru Military Camp will receive 90 days' notice to quit the Defence house in the following circumstances:</p> <ol style="list-style-type: none"> (1) To allow for the allocation of a Defence house to an eligible service tenant. (2) To allow for the allocation of a Defence house to an eligible applicant. <p>To allow for the disposal or sale of a Defence house.</p>
Termination of tenancy – Members of the Civil Staff prior to 01 September 2010 8.9.51.	<p>Members of the Civil Staff who are tenancing a Defence house and have a tenancy agreement for that tenancy prior to 01 September 2010 may continue as a tenant according to the conditions of that tenancy agreement, until the house is either:</p> <ol style="list-style-type: none"> (1) required for an eligible applicant, or (2) required for disposal or sale. <p>Should the member of the Civil Staff be required to vacate that house, then 90 days' notice to quit will be given.</p>
Waiver of Defence housing tenancy rental 8.9.52.	<p>Members of the RF who have received approval to post as unaccompanied and have been allocated Defence housing at their permanent posting location are to have their NZDF national rent waived.</p>

Continued on next page

Section D: Defence Housing, Continued

Non-cash benefit tax 8.9.53.	Where the NZDF national rent for a member of the RF is waived in relation to an unaccompanied posting, the value of the rent waived is to be treated as income and is subject to PAYE at the member's appropriate marginal tax rate.
Notification of eligibility for Defence housing 8.9.54.	All service tenants are to receive notification that they will no longer be eligible for Defence housing due to reaching six years as a tenant in Defence housing. This notification is to be provided no later than 180 days prior to the date that they will reach six years' tenancy.
Review of six year eligibility rule 8.9.55.	<p>A service tenant in receipt of notification that they will cease to be eligible for Defence housing due to the six year maximum tenancy, have the opportunity to seek review, in writing, of their eligibility status.</p> <p>A service tenant wanting to have their status reviewed is to submit the review no later than 30 days after the date of notification of eligibility via form MD1630 <i>Request for Review of Defence Housing Tenancy Duration</i>.</p> <p>Service tenants who seek review will be advised by the Camp/Base DSSG Service Delivery Manager of the outcome of the investigation into their status.</p> <p>Service tenants who, after the review is completed, are ineligible for Defence housing, will be given 90 days' notice to quit Defence housing in accordance with paragraph 8.9.42.</p> <p>Refer: HR Toolkit.</p>
Transit housing 8.9.56.	<p>Members of the RF with a partner or dependants, who are in transit as the result of a permanent posting from overseas, or permanent posting from a different posting region within New Zealand, may be allocated transit housing, where available, for up to 30 days on request. NZDF national rent charges do not apply to transit housing.</p> <p>Authority: Camp/Base DSSG Team Leader Customer Support.</p> <p>In exceptional circumstances, a further period of up to 30 days additional transit housing, where available, may be approved.</p> <p>Authority: Single Service Chief or delegate not below COL (E).</p>

Continued on next page

Section D: Defence Housing, Continued**Welfare
housing
8.9.57.**

Welfare housing may be provided for a period of up to 14 days to support members of the NZDF in response to a specific welfare situation, that requires immediate accommodation assistance. NZDF national rent charges do not apply to welfare housing.

Authority: Camp/Base Commander.

In exceptional circumstances, the period of welfare housing may be extended. Any extension is to be reviewed every 14 days.

Authority: Camp/Base Commander.



NEW ZEALAND DEFENCE FORCE SERVICE TENANCY AGREEMENT

Reference Schedule

Terms used in the tenancy agreement shall have the meaning provided in this reference schedule.

LANDLORD

Her Majesty the Queen in right of Her Government in New Zealand acting by and through the Chief of Defence Force

Address (being the address for service of notices)

[]

Email (which may be used as an address for service of notices):

Phone number: [] extension [] Mobile:

TENANT

Name: []

Address (being the address for service of notices)

[]

Email (which may be used as an address for service of notices):

Phone number – Home: Work: (ext:) Mobile:

TENANCY DETAILS

Address: []

Tenancy Commencement Date: [] Tenancy Ends: []

Initial Rent: [] per fortnight

Maximum Occupants: []

Common Areas (areas the tenant shares with occupants of other properties): []

Property Manager:

Body Corporate Rules that the tenant must comply with: Attached/Not Applicable

List of landlord chattels: Attached/Not Applicable

Commencement and Payments

1. This tenancy shall be a periodic service tenancy commencing on the Tenancy Commencement Date.
2. The rent shall be the Initial Rent per fortnight.
3. The landlord may review the rent from time to time and may increase the rent in accordance with section 24 of the Residential Tenancies Act 1986. No increase will take effect within 180 days after the date of the commencement of the tenancy or within 180 days after the date on which the last increase took effect. The tenant shall be given no less than 60 days' notice of any increase.
4. The rent shall be paid in advance with the first payment due on the Tenancy Commencement Date.
5. The tenant agrees to the landlord deducting the rent, any arrears in rent and any monies which the tenant is liable to pay the landlord under this agreement from the salary or wages and any other money payable to the tenant by the landlord.
6. The tenant is not required to pay a bond.

Tenant's Obligations

7. The tenant shall not permit more than the Maximum Occupants to reside at the premises.
8. The tenant shall not smoke within the house or any Common Areas.
9. The tenant shall have the non-exclusive right to use the Common Areas.
10. The tenant shall keep the premises including any lawns and gardens reasonably clean and tidy.
11. The tenant shall replace batteries in smoke alarms when required to ensure functionality of smoke alarms at all times, and shall not remove or disable smoke alarms.
12. The tenant shall abide by the Body Corporate Rules attached, if any, and any variations to those rules notified by the landlord.
13. It shall be a breach of this tenancy agreement for the tenant to unlawfully use or bring onto the premises or common areas, or allow or permit to be used or brought onto the premises or common areas, controlled substances of any type, or any paraphernalia used in connection with controlled substances. The unlawful use, possession or distribution of controlled substances or paraphernalia in the premises or common areas by the tenant, family or guests shall constitute a substantial breach of this tenancy agreement, which may entitle the landlord to issue a notice terminating the tenancy.
14. The tenant shall not cause or allow any contamination of the premises or common areas that presents a risk to human health.
15. The tenant shall notify repair and maintenance requirements to the landlord's Property Manager as advised from time to time or, where there is no Property Manager, to the landlord.
16. The tenant shall request the landlord's consent before keeping any pets on the premises, such consent to be at the landlord's absolute discretion.

Additional terms

17. This tenancy is subject to the Residential Tenancies Act 1986.
18. This tenancy is a service tenancy granted by the Armed Forces to a person subject to the Armed Forces Discipline Act 1971. In addition to any other rights to terminate at law, the

tenant is advised that under the Residential Tenancies Act 1986 the landlord may terminate the tenancy in the following ways:

- a. on 14 days' notice if the tenant ceases or will cease to be a member of the New Zealand Defence Force,
 - b. on less than 14 days' notice where provided under the Residential Tenancies Act 1986 including where the operational requirements of the Armed Forces so require, and
 - c. on 90 days' notice.
19. The tenant shall not assign, transfer or sublet the tenancy or any of the landlord's chattels.
 20. The landlord may access the premises at any time without notice for any purpose. Any inspections may include invasive or non-invasive testing for contamination occurring during the tenancy. Under section 48(8) of the Residential Tenancies Act 1986 the limitations on rights of entry under a residential tenancy do not apply to tenancies granted by the Armed Forces to any person subject to the Armed Forces Discipline Act 1971.
 21. The terms of this tenancy agreement are without prejudice to the landlord's rights over defence areas and members of the Armed Forces under the Defence Act 1990, Defence Regulations 1990 and the Armed Forces Discipline Act 1971.

Date:

Signed:

(On behalf of the landlord)

Signed:

(Tenant)

From: s.9(2)(a)
Sent: Tuesday, 22 April 2025 9:42 a.m.
To: s.9(2)(a)
Cc:
Subject: FW: RE: Unclassified - IR/NZDF Rent Agreement - Email No 1 28 Apr 23
Unclassified

-----Original Message-----

From: s.9(2)(a)
Sent: 28 April 2023 3:58 PM
To: DHR POLICY [mailto:s.9(2)(k)]
CC: s.9(2)(a)
Subject: RE: Unclassified - IR/NZDF Rent Agreement - Email No 1 28 Apr 23 Unclassified

[IN CONFIDENCE RELEASE EXTERNAL]

Afternoon s.9(2)(a)

Great to hear from you again and thanks for all of that reading material. Once we have had a chance to work our way through it would you like to have a catch up to discuss where we go from here? Perhaps give us next week to have a look at the documents and then organise a meeting for the week after?

s.9(2)(a) is a solicitor working in Technical Standards with me and will be assisting with the determination process, so please include him in any emails/meetings.

Regards

s.9(2)(a)
Technical Specialist (L3)
Technical Standards, Legal Services

From: s.9(2)(a) On Behalf Of DHR POLICY
Sent: Friday, 28 April 2023 3:44 pm
To: s.9(2)(a)
Cc: DHR POLICY ; s.9(2)(a)
Subject: RE: Unclassified - IR/NZDF Rent Agreement - Email No 1 28 Apr 23 Unclassified

Hi s.9(2)(a)

Please find attached documentation in support of the IRD/NZDF rent agreement process. Attached are the --

- NZDF policy on Barrack Accommodation – DFO3, Part 8, Chapter 9, Section C – Barrack Accommodation.
- NZDF policy on Defence Housing – DFO3, Part 8, Chapter 9, Section D – Defence Housing.
- Recent Amendments to DFO3, Defence Housing policy, 18 Apr 23. These amendments were approved to encourage the retention of members in the NZDF.

- MD 25 New Zealand Defence Force Service Tenancy Agreement.

I will forward the stakeholder information as highlighted below next week.

Thank you for your assistance.

Kind regards

s.9(2)(a)

s.9(2)(a)

Senior Policy Advisor - DHR, Defence Human Resources
Te Ope Kātua o Aotearoa | New Zealand Defence Force

M: s.9(2)(a) | Internal: s.9(2)(a)

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From: s.9(2)(a)

Sent: Thursday, 30 March 2023 12:19 p.m.

To: s.9(2)(a)

Cc: DHR POLICY s.9(2)(k) >;

Subject: RE: Unclassified - IR/NZDF Rent Agreement - 1 April 2024

[IN CONFIDENCE RELEASE EXTERNAL]

Afternoon s.9(2)(a)

Great to hear from you again.

That all sounds like a workable plan and I cannot think of anything that I need, at least initially.

I would suggest that we meet (probably using Teams would be best) once you have sent me all of the initial information, sometime after the 16 April.

Look forward to hearing from you and s.9(2) then.

Regards

s.9(2)(a)

Technical Specialist (L3)
Technical Standards, Legal Services

From: s.9(2)(a)

Sent: Thursday, 30 March 2023 11:06 am

To: s.9(2)(a)

Cc: DHR POLICY s.9(2)(k)

Subject: Unclassified - IR/NZDF Rent Agreement - 1 April 2024

Good Morning s.9(2)(a)

I trust you have been well since our last communication re the IR/NZDF Rental rates agreement.

As you will be aware the Rental Rates Determination ends on 31 Mar 24, and that a new determination agreement is needed for application on 1 Apr 24.

Following our last conversation re the process and how this can be improved, we (myself and my manager s.9(2)(a) s.9(2) from Defence HR Policy) engaged in Nov 22 with the two other NZDF stakeholders in this agreement process. Our intent for this agreement is that you are supported with an efficient flow of accurate information, and that the agreement process generally goes smoothly.

DHR Policy and the NZDF stakeholders are working to a timetable that has the agreement is signed off by Commissioner IR and CDF by 30 Sep 23, with the tenants and the wider NZDF informed of the outcome in Oct 23. This gives six months' notice to current tenants, and does not coincide with the Christmas Standown period. This is well within the notice period prescribed by the RTA.

DHR Policy intent is to provide accurate and timely information to you so that time is not taken up seeking clarification. The stakeholder that engages the registered valuer is aware that we will require the registered valuation to be completed in June/July, which should give time for the determination write up and sign-off process.

I am collating the following information from our stakeholders which I will forward to you after 16 Apr –

- Housing breakdown by location.
- Numbers of leased houses.
- Copies of agreements for leased houses.
- Confirmation re allocation of Defence houses.
- Projected future housing stock requirements.
- Occupancy rates of Defence houses.

This will support your decisions and the determination write-up. This list was collated from previous agreement documentation – is there anything else you require?

Following receipt of this information IR/NZDF will be able to –

- Agree to the benchmark location.
- Agree to the property types.
- Agree to the registered valuer.

Our stakeholder will then contact the agreed registered valuer to book in a valuation.

If you are available Alan and I would like to meet with you to confirm arrangements. I recall last agreement that you indicated you may have a successor that you are handing over to this time. It may be useful for us all to meet.

Please let me know if there is anything else that you need from us. We look forward to hearing from you, and working with you on this agreement.

Kind regards

s.9(2)(a)

s.9(2)(a)

Senior Policy Advisor - DHR, Defence Human Resources
Te Ope Kātua o Aotearoa | New Zealand Defence Force

M: s.9(2)(a)

www.nzdf.mil.nz

From: s.9(2)(a)
Sent: Tuesday, 9 May 2023 2:14 p.m.
To: s.9(2)(a)
Cc: DHR POLICY
Subject: Unclassified - IR/NZDF Rent Agreement - Email No 1 of 3 May



Defence
Locations Map....



Defence Housing
and Barrack Da...

Hi s.9(2)(a)

Please find attached data in support of the 2024 rent agreement between NZDF and IR.

In accordance with the Income Tax Act 2007 Exception CE 1D, NZDF requests that the parameters, as outlined in the current NZDF DET 2021 under 'Determination', are reconfirmed. The current parameters are –

- a. Benchmark location – Linton, and Ohakea/Bulls where there are insufficient properties of a particular type of accommodation at Linton to provide an accurate assessment of a market rental value for that type of property;
- b. Property Types – number of bedrooms in a house, size of a barrack room and single/open (multi-use) barrack rooms as detailed in the determination; and
- c. s.9(2) confirmed as the registered valuers to complete the valuation.

The Defence housing locations in the tables are listed in geographical order from north to south, not alphabetical order. A map of Defence locations is attached for your convenience. Disregard HQNZDF Wellington and Tekapo locations on the map, as the houses for members in these locations are managed by Trentham and Burnham respectively.

Defence Housing

In February 2023 the NZDF housing portfolio has 1,873 houses (1,583 owned and 290 leased). A number of the NZDF owned houses (298) are leased out on the open market. This is due to the mismatch of demand and housing stock in some locations, particularly in Woodbourne, Burnham and Ohakea. In Papakura the houses were of such poor quality that leased houses were sought for NZDF tenancies. The intention remains for the NZDF houses at Papakura to be disposed of, however, this is likely to be in 2024 not in 2023 as previously advised.

The quality of most NZDF housing remains poor. However, it is noted that in Auckland 167 of the leased houses are generally new or nearly new, and of modern construction. The 123 houses leased from Ngati Whatua are former Defence houses and of the same standard as the older NZDF stock.

The NZDF business case for new Defence housing, as referred to in the 2021 agreement commentary, has not gained Cabinet approval.

Meanwhile, the NZDF is working ensuring that the existing housing stock tenanted by the NZDF meets the current regulatory compliance, including the Healthy Homes Guarantee Act 2017. Unfortunately, this has meant that in some regions, notably at Linton and Ohakea/Bulls, a large number of Defence houses have been untenanted due to maintenance requirements.

A rise in the cost of renting on the open market, coupled with NZDF pay rates falling behind the market, has led to welfare concerns amongst NZDF tenants, particularly those who are nearing the end of their 6 years eligibility for Defence housing. A recent policy change approved by the Chief of Defence Force (CDF) allows tenants who are at the end of their 6 year eligibility period for Defence housing to apply for exceptional approval to remain in Defence housing for up to 8 years. This policy amendment has already been forwarded.

The following information and data is forwarded an attachment–

Number of Defence Houses by location – refer attachment Table 1 – *Number of Defence Houses by location wef 1 Feb 23.*

Houses leased in and out by the NZDF –

Refer attachments –

- Table 2 - *Number of Houses in Auckland Leased In by the NZDF for NZDF tenants, and*
- Table 3 - *Numbers of houses in leased out by the NZDF using external parties at market rents.*

Tables 2 and 3 detail the houses that are leased in by the NZDF (for renting to NZDF tenants), and NZDF owned houses that are leased out to the public via third property management companies. Copies of leases for the leased in housing in Auckland will be forwarded in 2 x separate emails.

Occupancy of NZDF Houses that are available for NZDF use – refer Table 4 - *Occupancy of NZDF Houses.*

Projection of future Defence housing numbers –

DEI have advised that current numbers of houses will remain the same pending a decision on the Housing Programme Business Case.

Noting the following;

- Cabinet considers the programme on 08 June 2023.
- Papakura transfer is still planned to occur, now likely in 2024.
- Return of Devonport housing as per Ngati Whatua agreement.

Barrack Accommodation – refer Table 5 – *Number of Barrack Rooms wef 1 Feb 23.*

The number of barrack beds has reduced since 2020 as there have been a number of blocks demolished in Canterbury due the earthquake risk.

Please contact me if you require further information.

Kind regards

Bridgette

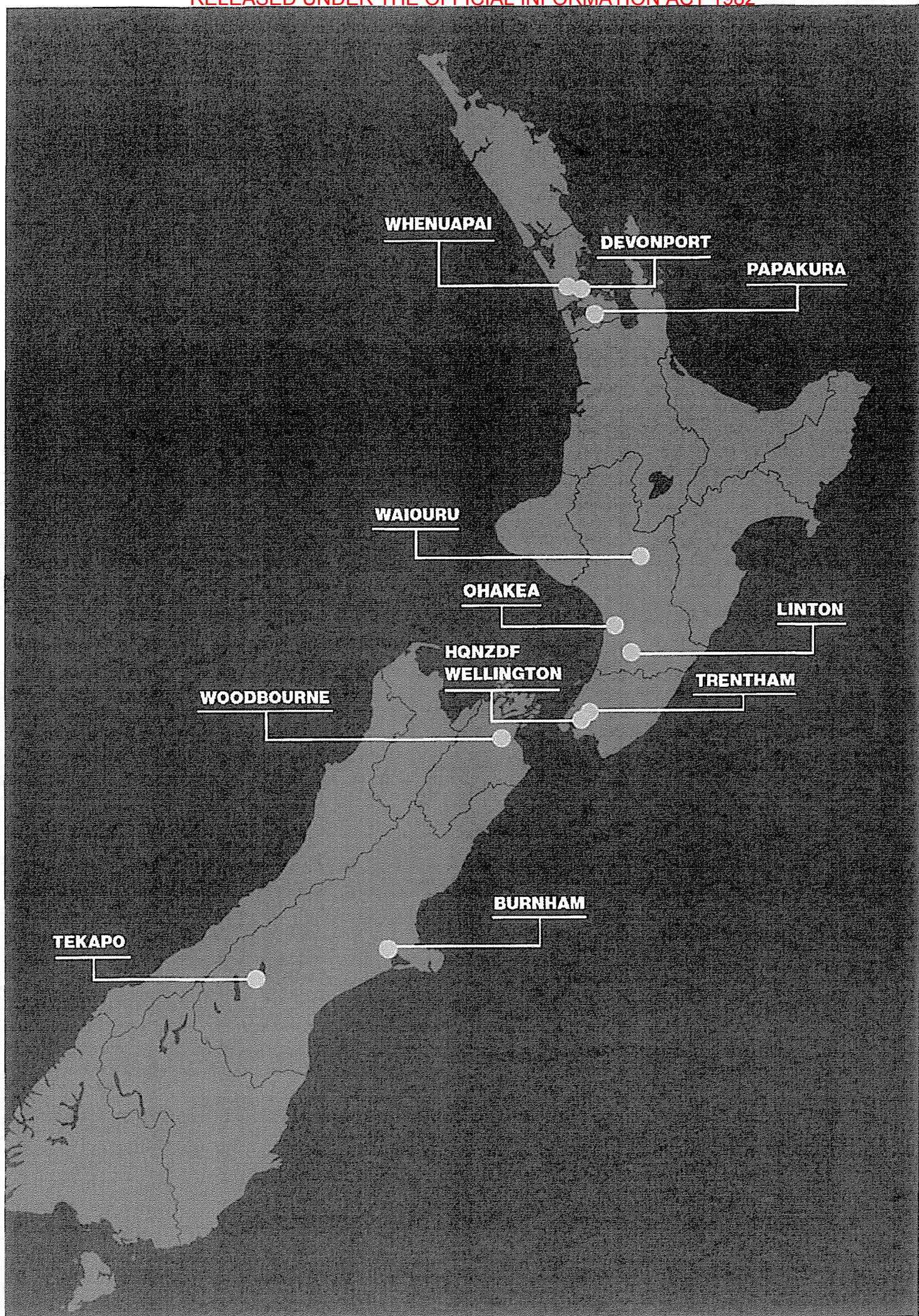
s.9(2)(a)

Senior Policy Advisor - DHR, Defence Human Resources
Te Ope Kātua o Aotearoa | New Zealand Defence Force

M: s.9(2)(a) | Internal: s.9(2)(a)

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Defence Housing and Barrack Data to support the IR/NZDF Rent Agreement 1 April 2024
(wef 1 Feb 23)

Number of Defence houses by location

Table 1 – Number of Defence Houses by location

	Houses owned by NZDF and rented as Defence housing	Externally owned, leased by NZDF and rented as Defence housing	Houses in Use by NZDF	NZDF owned managed by third parties to house external parties	Total NZDF Houses
Devonport	125	145	270	-	270
Whenuapai	129	71	200	-	200
Papakura	5	74	79	47	126
Waiouru	216	-	216		216
Ohakea/Bulls	147	-	147	57	204
Linton	302	-	302	-	302
Trentham	71	-	71	-	71
Woodbourne	57	-	57	119	176
Burnham	233	-	233	75	308
Total	1285	290	1575	298	1873

Houses leased in and leased out by the NZDF

Houses leased in by the NZDF

Table 2 - Number of Houses in Auckland Leased In by the NZDF for NZDF tenants

Location	Total	Notes
Devonport	145	123 former Defence houses are leased from Ngati Whatua, and 22 homes at 'Sunnybrae' a residential development in Takapuna.
Whenuapai	71	22 homes from the private, and 49 houses from a housing development very close to Whenuapai.
Papakura	74	Houses leased in the local community from the private market through various agencies.
Total	290	

Houses leased out by the NZDF

Table 3 - Numbers of houses in leased out by the NZDF using external parties at market rents

	Houses	Notes
Papakura	47	Does not include 2 houses that are uninhabitable and boarded up. All 49 houses are in holding pattern awaiting disposal.
Ohakea/Bulls	57	These houses are located in Bulls. They are surplus to base requirements and are rented to the public via a contracted property management company.
Woodbourne	119	These houses are surplus to base requirements and are rented to the public via a contracted property management company.
Burnham	75	These houses are surplus to camp requirements and are rented to the public via a contracted property management company.
Total	298	

Occupancy of NZDF Houses that are available for NZDF use

Table 4 - Occupancy of NZDF Houses

	Occupied	Vacant	Maintenance and (uninhabitable)*	Other uses **	Total in use by NZDF
Devonport	242	16	-	12	270
Whenuapai	167	7	22(2)	4	200
Papakura	75	4	-	-	79
Waiouru	187	12	11(1)	6	216
Ohakea/ Bulls	91	19	32(2)	5	147
Linton	183	7	101(4)	11	302
Trentham	61	-	9	1	71
Woodbourne	46	5	4	2	57
Burnham	186	42	-	5	233
Total	1238	112	179 (9)	46	1575

* Uninhabitable not counted in totals

**Other uses includes facilities such as welfare and transit houses, childcare facilities, some work units like padres, Plunket rooms.

Barrack Accommodation

The number of barrack beds has reduced since 2020 as there have been a number of blocks demolished in Canterbury due the earthquake risk.

Table 5 – Number of Barrack Rooms wef 1 Feb 23

Location	Single bed rooms	Multi bed rooms	Total Beds	Inhabitable and/ out for maintenance
Devonport	559	264	823	-
Whenuapai	398	0	398	4
Papakura	158	32	190	-
Waiouru	667	780	1447	-
Ohakea	325	48	373	8
Linton	1002	150	1152	44
Trentham	611	0	611	2
Woodbourne	375	314	689	-
Burnham	881	116	997	3
Total	4976	1704	6680	61

From: s.9(2)(a)
Sent: Tuesday, 9 May 2023 2:16 p.m.
To: s.9(2)(a)
Cc: DHR POLICY
Subject: Unclassified - IR/NZDF Rent Agreement - Email No 2 of 3 - May 23 Copies of leases 1 of 2

Copies of leases for properties leased in by the NZDF for renting to Defence Tenants.



s.9(2)(a)

Signed_.pdf

Agreement – leased in property at s.9(2)(a) Hobsonville, Auckland (Whenuapai).



Signed RTA s.9(2)(a)

s.9(2)(a).pdf

Agreement – leased in property at s.9(2)(a) Takanini, Auckland (Papakura).



Tenancy
agreement (co...

Agreement – leased in property at s.9(2)(a) Takanini, Auckland (Papakura)

Kind regards

s.9(2)(a)

s.9(2)(a)

Senior Policy Advisor – DHR, Defence Human Resources
Te Ope Kātua o Aotearoa | New Zealand Defence Force

M: s.9(2)(a) | Internal: s.9(2)(a)

www.nzdf.mil.nz



From: s.9(2)(a)
Sent: Tuesday, 9 May 2023 2:18 p.m.
To: s.9(2)(a)
Cc: DHR POLICY
Subject: Unclassified - IR/NZDF Rent Agreement - Email No 3 of 3 May 23 'Sunnybrae' lease agreement 2 of 2 lease agreement emails

Hi s.9(2)(a)

Due to the size of the file this 'Sunnyvale' lease is sent separately.



220802 Executed
Agreement to L...

Agreement – multiple leased in properties at 'Sunnybrae' Takapuna, Auckland (Devonport).

Kind regards
Bridgette

s.9(2)(a)

Senior Policy Advisor - DHR, Defence Human Resources
Te Ope Kātua o Aotearoa | New Zealand Defence Force

M: s.9(2)(a) | Internal: s.9(2)(a)
www.nzdf.mil.nz



From: s.9(2)(a)
Sent: Tuesday, 20 June 2023 10:54 a.m.
To: s.9(2)(a)
Cc: DHR POLICY; s.9(2)(a)
Subject: RE: NZDF/IR rent Process s.9(2) Engagement Letter SEEMAIL

Hi s.9(2)(a)

I confirm that the documents sent to s.9(2)(a) attached to the engagement letter are the same documents that I sent to you by email on 28 Apr 23. (Ref - RE: *Unclassified – IR/NZDF Rent Agreement – Email No 1 28 Apr 23 Unclassified*, Fri 28 Apr, 23 3.44 pm).

I have noted the name of the equivalent document in red below.

Kind regards

s.9(2)(a)

s.9(2)(a)

Senior Policy Advisor - DHR, Defence Human Resources
Te Ope Kātua o Aotearoa | New Zealand Defence Force

M: s.9(2)(a) | Internal: s.9(2)(a)

www.nzdf.mil.nz



TE OPE KĀTUA O AOTEAROA
DEFENCE FORCE

From: s.9(2)(a)
Sent: Tuesday, 20 June 2023 9:16 a.m.
To: s.9(2)(a)
Cc: DHR POLICY s.9(2)(k); s.9(2)(a)
Subject: RE: NZDF/IR rent Process s.9(2)(i) Engagement Letter SEEMAIL

[IN CONFIDENCE RELEASE EXTERNAL]

Morning s.9(2)(a)

Thank you for providing the finalised engagement letter. I have just the one query. Can you confirm that the attachments provided to the valuers are the same documents that NZDF supplied to us. These are listed at the bottom of the letter and are stated as part of *Deliverable item D*;

- DFO3 Barrack Accommodation policy Section C DFO3 Barrack Accommodation policy chapter.pdf
- DFO3 Defence Housing Amendments – 18 Apr 2023 DFO3 Defence Housing policy amendments 18 Apr 23.pdf
- DFO3 Defence Housing Policy Section D DFO3 Defence Housing policy chapter.pdf

Regards

s.9(2)(a)

Technical Specialist (L3)
Technical Standards, Legal Services

From: s.9(2)(a)
Sent: Tuesday, 20 June 2023 7:54 am
To: s.9(2)(a)
Cc: DHR POLICY <s.9(2)(k)>;
Subject: NZDF/IR rent Process s.9(Engagement Letter SEEMAIL

*** [SEEMAIL] This message may contain classified information ***

Good Morning s.9(2)(a)

Here is the letter of engagement that has already been sent to s.9(2)(a) My apologies for not sending it to IR for review prior to sending to s.9(2)(j)

The letter was modelled on letters from previous years. I recall reviewing it before going on leave.

s.9(2)(j) have advised that they can meet the 31 July deadline for the report.

Kind regards

s.9(2)(a)

s.9(2)(a)

Senior Policy Advisor - DHR, Defence Human Resources
Te Ope Kātua o Aotearoa | New Zealand Defence Force

M: s.9(2)(a) | Internal: s.9(2)(a)
www.nzdf.mil.nz



TE OPE KĀTUA O AOTEAROA
DEFENCE FORCE

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Headquarters
New Zealand Defence Force
Defence House
Private Bag 39997
Wellington Mail Centre
Lower Hutt 5045
NEW ZEALAND

NTM 2023-315

31 October 2023

Minister of Defence

DEFENCE HOUSING AND BARRACK RENTAL RATES

Purpose

1. The purpose of this Note is to advise you of the outcome of the three-yearly rent determination as agreed between the Commissioner of Inland Revenue and the Chief of Defence Force, and to inform you of the timeline for the communication of the new rental rates.

Background

2. The Income Tax Act 2007 makes the discounted value of rental accommodation provided by an employer taxable, as it is deemed income of an employee.

3. The New Zealand Defence Force (NZDF) is able to apply for an exemption under Section CE 1D of the Income Tax Act 2007. This allows the Commissioner of Inland Revenue and the Chief of Defence Force to agree on a discounted rent for service tenancies that apply to all Defence housing and barrack accommodation, without Defence members incurring any tax liabilities.

4. The Commissioner of Inland Revenue and I, in consultation with a registered valuer, must determine a range of issues, including a benchmark location, a market value rent for each type of accommodation, and an applicable discount. This is agreed by the signing of an Inland Revenue determination that applies for three years. The current determination expires on 31 March 2024.

5. The discount is due to the conditions of a service tenancy¹ that are not found in normal tenancy agreements. For example, the NZDF may give a Defence tenant short notice if the accommodation is required for operational purposes.

6. The agreed rental rates provide a stable and standardised nationwide rent that supports members that post around New Zealand.

IRD/NZDF Determination 2024

7. A new determination has been agreed that will apply from 1 April 2024 to 31 March 2027. The 2024 determination confirmed the benchmark location as being the Manawatu (Linton and Ohakea).

8. The agreed rental rates will result in increased rental rates for Defence accommodation. For some Defence housing tenants and barrack occupants, the agreed rental rates represent a significant rent increase. This reflects the increase in market rental values in the last three years.

¹ Residential Tenancies Act 1986 section 2 Interpretation – *service tenancy* (c).

9. The weekly increase for most housing tenants ranges from \$57.50 per week for a one-bedroom house to \$135.00 for a five-bedroom house. Rent for a three-bedroom house increases by \$97.50. The weekly increase for most barrack rooms is between \$25.00 to \$36.00.
10. Across all Defence regions, the per cent increase for both housing and barrack rental rates ranges from 27% to 40%.
11. Waiouru is charged the local market rent, with the discount applied, as this is lower than the agreed rental rate. The Waiouru rent will increase by 35%.
12. A comparison of the NZDF rental rates between 2021 and 2024 is in Annex A.

Communication Timeline

13. On 1 November 2023, it is intended to communicate the new rental rates to Defence tenants, barrack occupants and the wider NZDF. This will include an internal message from the Chief of Defence Force and posts on social media that are available to family/whanau. Defence tenants will also receive an email from the Chief People Officer.
14. In mid-November, Defence tenants will receive an individual letter informing them of their new rent.² Barrack occupants will be informed by general notices.³ Commanders and managers will engage with all members of the NZDF to ensure that the new rates are widely known and understood.
15. This rental rate increase will affect approximately 35% of members of the Regular Force and some members of the civilian staff.⁴ The implementation timeline gives these members five months' notice of the rental rate increase and the time to plan for the increased financial cost. Messaging will include advice on where budgeting and financial planning advice may be sought if required.

Talking Points

16. Talking points are attached in Enclosure 1, should you be approached by the media for comment.

Recommendations

17. It is recommended that you:
 - a. **Note** that the NZDF and Inland Revenue have agreed on the discounted rental rates to apply to Defence housing and barrack accommodation for three years from 1 April 2024.
 - b. **Note** that despite a significant increase from the current discounted rates, the new rental rates continue to provide a stable standardised rent for Defence accommodation.

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NOTED

² Notice as per the Residential Tenancies Act 1986 (RTA).

³ Barrack occupants are not tenants as they are specifically excluded from the RTA.

⁴ Members of the Territorial Force are not entitled to Defence housing, and members of the civilian staff are only entitled in exceptional circumstances such as at Waiouru, or as a directed tenant due to their position.

- c. **Note** that internal communication of the new Defence housing and barrack rates will start on 1 November 2023.

NOTED

- d. **Note** that talking points are attached for your use should you be approached by the media for comment.

NOTED



KR SHORT
Air Marshal
Chief of Defence Force

Hon Andrew Little MP
Minister of Defence

Annex

- A. Increase in IRD/NZDF agreed rental rates per week between 2021 and 2024

Enclosure

1. Talking Points - Implementation of the Defence Housing and Barrack Accommodation Rental Rates

INCREASE IN IRD/NZDF AGREED RENTAL RATES PER WEEK BETWEEN 2021 AND 2024

	NZDF Houses									
	1 Bedroom		2 Bedroom		3 Bedroom		4 Bedroom		5 Bedroom	
	2021	2024	2021	2024	2021	2024	2021	2024	2021	2024
Rent Current and Proposed	\$215.00	\$272.50	\$240.00	\$312.50	\$272.50	\$370.00	\$310.00	\$437.50	\$355.00	\$490.00
Proposed Per Week \$ Increase 2024	\$57.50		\$72.50		\$97.50		\$127.50		\$135.00	
Proposed % Increase 2024	27%		30%		36%		41%		38%	

	NZDF Barracks									
	Open		Small		Medium		Large		VIP	
	2021	2024	2021	2024	2021	2024	2021	2024	2021	2024
Rent Current and Proposed	\$67.50	\$92.50	\$93.00	\$126.00	\$96.00	\$132.00	\$102.00	\$138.00	\$120.00	\$156.00
Proposed Per Week \$ Increase 2024	\$25.00		\$33.00		\$36.00		\$36.00		\$36.00	
Proposed % Increase 2024	37%		35%		38%		35%		30%	

	Waiouru Houses									
	1 Bedroom		2 Bedroom		3 Bedroom		4 Bedroom		5 Bedroom	
	2021	2024	2021	2024	2021	2024	2021	2024	2021	2024
Rent Current and Proposed	\$140.00	\$177.50	\$155.00	\$202.50	\$170.00	\$232.50	\$195.00	\$272.50	\$217.50	\$302.50
Proposed Per Week \$ Increase 2024	\$37.50		\$47.50		\$62.50		\$77.50		\$85.00	
Proposed % Increase 2024	27%		31%		37%		40%		39%	

	Waiouru Barracks									
	Open		Small		Medium		Large		VIP	
	2021	2024	2021	2024	2021	2024	2021	2024	2021	2024
Rent Current and Proposed	\$55.00	\$75.00	\$75.00	\$100.00	\$77.50	\$105.00	\$82.50	\$110.00	\$95.00	\$125.00
Proposed Per Week \$ Increase 2024	\$20.00		\$25.00		\$27.50		\$27.50		\$30.00	
Proposed % Increase 2024	36%		33%		35%		33%		32%	

**TALKING POINTS – IMPLEMENTATION OF THE DEFENCE HOUSING AND BARRACK
ACCOMMODATION RATES**

- Unfortunately, because of the increases in the New Zealand rental housing market over the past three years, the new NZDF rent rates may represent a notable increase for some Defence housing tenants and occupants of barracks.
- The NZDF rent for Defence housing and barrack accommodation is adjusted every three years. It is a standard process the NZDF have to follow in order to apply rents at a discounted rate from the local market.
- This is the best option available to the NZDF for the majority within the constraints of New Zealand tax laws and I'm aware that the Chief of the Defence Force has engaged with the Commissioner of Inland Revenue to discuss the situation, and will continue to advocate in this area.
- The NZDF are in a privileged position to have this benefit of discounted rates, in recognition of the contribution they make to New Zealand.
- The current NZDF rent rates are due to expire on 31 March 2024 so new rates have been agreed with Inland Revenue. The NZDF have advised of the rental rate now to give those affected as much notice as possible and to allow them to plan ahead.
- The per cent increase ranges from 27 per cent to 40 per cent. The benchmark for the rent rates is Manawatu, meaning homes in more expensive markets such as Auckland, pay a discounted rate reflective of what it would be in the Manawatu region. In Waiouru, tenants pay the local market rate as this is lower than the agreed rental rate.
- Despite the increases, which I acknowledge are high, the 35 per cent of the NZDF affected are still at a significant financial advantage, in comparison to the New Zealand rental market.
- As an example, for a three-bedroom house in Auckland, market rates are on average are around \$700 more a fortnight.
- The weekly increase for most barrack occupants is between \$25 and \$36.
- I acknowledge it is an incredibly stressful time for all whānau who are trying their best to manage financially during this strained time.