



MAJOR PROJECTS REPORT 2025



Front cover: top, A formation of 7 NH90s flies over the Manawatū region as 3 Squadron demonstrates their maintenance and aircrew capability. Bottom, HMNZS *Te Mana* spent 10 months in drydock undergoing a significant work programme that included Phase 1 of the Frigate Sustainment Programme and the Frigate Sustainment Communications project. *Te Mana* moved out of drydock in mid-July 2025 to begin regeneration. (PO Chris Weissenborn)

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Other Major Projects Reports

This is the latest in a series of reports focusing on major Defence-led projects that, during a financial year, are delivering new capability approved by the Government. Earlier reports, focused on a range of projects during the financial years between 2009/10 and 2023/24, are available under the Publications section of the Ministry of Defence website.

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PROJECTS/PROGRAMMES IN THE MAJOR PROJECTS REPORT SERIES

<i>Project/Programme name</i>	<i>Editions</i>
• A109 Training and Light Utility Helicopter	2010-2015
• C-130H Life Extension Project (LEP)	2010-2016
• NH90 Medium Utility Helicopter	2010-2016
• P-3K Orion Mission Systems Upgrade	2010-2015
• ANZAC Frigate Phalanx Close-in Weapon System (CWIS)	2010-2012
• ANZAC Frigate Platform Systems Upgrade (PSU)	2010-2017
• Project Protector - Multi-Role Vessel, Offshore and Inshore Patrol Vessels	2010
• Joint Command and Control System Programme (JC2S)	2010
• Defence Command and Control System (DC2S): replaced JC2S	2011-2017
• Project Protector Remediation	2011-2016
• Maritime Helicopter Capability (MHCP)	2013-2016
• Medium/Heavy Operational Vehicles (MHOV)	2013-2015
• Strategic Bearer Network (SBN)	2013-2018
• Pilot Training Capability (PTC)	2014-2016
• ANZAC Frigate Systems Upgrade (FSU)	2014-2024
• Network Enabled Army: C4 ¹ (NEA T1 or NEA C4)	2015-2025
• Individual Weapons Replacement (IWR)	2016-2018
• Maritime Sustainment Capability (MSC)	2017-2024
• Special Operations Vehicles (SOV)	2017-2018
• Underwater Intelligence, Surveillance and Reconnaissance (UWISR)	2017-2018
• Dive Hydrographic Vessel (DHV)	2019-2024
• NH90 Simulator	2019-2022
• Air Surveillance Maritime Patrol (ASMP)	2019-2025
• Fixed High Frequency Radio Refresh (FHFRR)	2020-2025
• Future Air Mobility Capability – Tactical (FAMC)	2020-2025
• Operational and Regulatory Aviation Compliance Sustainment (ORACS) Phases 1 and 2	2020-2025
• Protected Vehicle – Medium (Bushmaster NZ5.5 fleet)	2021-2025
• Network Enabled Army Reconnaissance and Surveillance (R&S)	2022-2025
• Frigate Sustainment Communications	2022-2025
• Frigate Sustainment Programme	2023-2025
• Network Enabled Army Bushmaster Communications	2024-2025
• Protected Mobility Capability Project – Operational Utility Vehicles	2025
• Updating Classified Digital Services : Phase One	2025

The *Major Projects Report* series from 2009/10 to 2023/24 are available on the Ministry of Defence website. www.defence.govt.nz

¹ Was Network Enabled Army Tranche One in the editions from 2015 to 2020.

FROM THE SECRETARY OF DEFENCE

One of the Ministry of Defence's strategic objectives is to ensure that the NZDF is equipped to meet New Zealand's defence and security needs. Delivering major capabilities on time and fit-for-purpose requires careful management of the public funds entrusted to us. This involves skilled and experienced people from policy development to project management, partnerships between public and private sectors both in New Zealand and internationally, and – increasingly – the ability to adapt rapidly to a changing and increasingly volatile world.

The post-war rules-based order continues to be challenged by those who seek to undermine or reshape rules and norms in ways that do not reflect New Zealand's values and interests.

Within a situation of intensifying strategic competition, global and regional tensions, and increasing and intensifying natural disasters, our geographic isolation no longer provides the insulation we might once have relied on. Along with the effects of the changing climate, we need capability that can protect and advance our sovereign interests and enable us to meet our Alliance obligations while also addressing our vulnerabilities to challenges such as transnational organised crime, illegal fishing, maritime security threats, and the risks caused by cyber intrusions.

Within the deteriorating strategic environment, we seek to address 35 years of underinvestment in Defence. To ensure Defence is well-equipped to respond to evolving threats, the Government has prioritised spending on Defence through the 2025 Defence Capability Plan (DCP).

The DCP is a path for renewal of the Defence Force. Amongst other things it will upgrade or replace capability with a focus on ensuring it is funded and delivered in the short, medium and long term.

Complementing the DCP, the Defence Industry Strategy was released in October 2025. The Strategy is designed to support the DCP's implementation, contribute to New Zealand's economic growth and speed up delivery.

As noted in previous editions of this report, the conventional approach to managing project risk in Defence has been to hold firm on budget through fixed price contracts and foreign currency hedging and as well as on scope through clear contracts for delivery and through acquiring "military-off-the-shelf" capability to reduce risk. As a result, schedule has often experienced pressure.

Mechanisms for managing this schedule risk during the delivery phase include payments tagged to achievement of key delivery milestones, a clearly defined contractual disputes process, and use of tools such as liquidated and general damages. These remedies do not, however, reduce the delay. Defence procurement is therefore changing to move faster, simplify procurement and reduce the time it takes to deliver capabilities into service while retaining the necessary level of financial rigour when expending public funds.

Major investment decisions over recent years have delivered significant new capability. This year's Major Projects Report includes the success of the two air domain projects that – between them – have accounted for around 65% of capital funding managed by the Ministry over recent years. Both the P-8A Poseidon and C-130J-30 Hercules fleets arrived in New Zealand and achieved operational release on schedule, demonstrating that major capability acquired in a

competitive market can be brought into service without delay. We are working with Industry to identify how to build and expand this success across the portfolio.

Given the speed with which the strategic environment is deteriorating and the resulting need to accelerate capability delivery, our partners are also looking at how they manage project risk. We are working with them on options for strengthening supply chain resilience, exploring opportunities to build local and/or regional supply chain depth, and ensuring that – where needed – relevant local New Zealand businesses are enabled at pace to engage with Defence at a classified level. Reducing barriers and aligning processes will help us to deliver capability where and when it's needed.

This publication, the sixteenth in this series, continues to track and report on the Ministry's work and progress in delivering against key milestones. It is an important part of providing assurance to the Government and people of New Zealand that we are focused on delivery, value for money, supporting the NZDF and contributing to New Zealand's resilience and prosperity.

A handwritten signature in blue ink, appearing to read 'Brook Barrington', with a long horizontal flourish extending to the right.

Brook Barrington
Secretary of Defence/Te Tumu Whakarae mō te
Waonga

29 June 2026

THE MAJOR PROJECTS REPORT

Projects and programmes in this report are led by the Ministry of Defence in collaboration with the NZDF. These projects have been funded to deliver major defence capability, following approval of their investment business case by Government.

A summary of performance in relation to each project's schedule, cost, and capability in the year 1 July 2024 to 30 June 2025 can be found on pages 14 to 16.

This report is designed to be read either on its own, or with other editions in the series, and in conjunction with the Ministry of Defence Annual Report for the same year in review. Each edition includes the history of the project or programme up to the point when the Government made the decision to invest.

In this edition:

Details of the following projects and programmes are included in this report:

Air Domain

- Air Surveillance Maritime Patrol (ASMP): a fleet of four P-8A Poseidon aircraft have been delivered and are in service. New infrastructure has been completed and is supporting the capability's operations. The project is also delivering a flight training simulator, infrastructure and other elements to support the capability.
- Future Air Mobility Capability – Tactical (FAMC): a fleet of five C-130J-30 Hercules

Programmes and Projects

Defence uses projects and programmes as temporary structures, designed and funded to deliver capability. A programme is set up to coordinate, direct and oversee a set of related projects and activities. A project is created specifically to deliver one or more products under an agreed business case and may be part of a programme or may stand alone. Once completed, these structures are disestablished.

Projects and programmes in this report are assessed as medium- or high-risk, with whole of life costs greater than \$25 million and an investment decision has been made. These Ministry of Defence-led projects and programmes are at a point in their life cycle where a range of activities may be underway, including:

- industry engagement
- contracts being developed for the delivery of new or upgraded capability
- designing, building, developing or upgrading capability
- planning for integration of the new capability into service.

As well as providing a reference point for information on each project or programme, this series of reports provides a longitudinal overview of the Ministry's performance in management and delivery of significant capability projects. Almost all feature in multiple editions, reflecting the reality of a long-term lifecycle for many major Defence projects.

The Major Projects Report provides a summary of each programme and project's history and purpose – what it has been expected to achieve, including policy objectives and capability requirements. It summarises the definition phase that led to each project's funding for delivery, and outlines expenditure for each project across delivery.

Information about other projects can be found in the Ministry's Annual Reports. Visit www.defence.govt.nz.

have been delivered, and training and support equipment. A flight simulator is also being delivered.

- Operational and Regulatory Aviation Compliance Sustainment (ORACS): a series of phased projects are addressing changes to the technological and regulatory aviation environment, ensuring that the NZDF's air operations are effective, safe and secure.

Maritime

- Frigate Sustainment Communications (FSC): part of the ongoing programme of work to ensure the frigates remain operable until the end of their service lives; equipment is being replaced to ensure ongoing interoperability with partners and other capabilities recently acquired for the NZDF, such as the P-8A Poseidon.
- Frigate Sustainment Programme: this multi-phase programme can enable the Anzac frigates' service life to be extended beyond the original 30-year design life. The first phase of the programme is being undertaken between 2023 and 2026.

Information

- Fixed High Frequency Radio Refresh (FHFRR): replacing the NZDF's existing high frequency radio system.
- Updating Classified Digital Services: supports the modernisation of New Zealand Defence Force's classified environment. Due to the classified nature of this project, at this time limited information is included in this report.

Land

- The Network Enabled Army Programme: including projects delivering C4 and Reconnaissance and Surveillance capability, and the Bushmaster Communications project.
- Protected Mobility Capability Project (PMCP): this is delivering the Protected Vehicle – Medium capability, replacing the armoured Pinzgauer fleet with a fleet of

NZ5.5 Bushmaster vehicles, along with spares, ancillaries and a training package. PMCP is also delivering Operational Utility Vehicles.

When projects are complete

When a project completes its delivery² (or acquisition) phase it is no longer included in this report. Usually this means the capability has achieved Operational Release (OR) however some projects, such as the Frigate Sustainment Programme which includes a series of maintenance and replacement projects, do not require an OR milestone date.

Some expenditure may continue to occur post-delivery phase. This is generally agreed as part of approving the operational release of a capability with specific work identified for completion following this step. The Frigate Systems Upgrade was an example of this, with the ships considered to be in service with outstanding work to be undertaken as part of scheduled maintenance programmes.

Over the year in review the Dive and Hydrographic Vessel project also incurred some final expenditure.

Information about these projects' residual expenditure can be found in the Ministry's 2025 Annual Report.

Previous editions of the Major Projects Report series from 2009/10 to 2023/24 are available on the Ministry of Defence website.

² See [Project Phases](#) under the Explanation of Terms section at the end of this report.

DELIVERING DEFENCE CAPABILITY

The Defence Capability Management System (CMS) is operated by the Ministry of Defence and the New Zealand Defence Force. It supports cost-effective design, delivery and maintenance – and eventual disposal – of military capability.

The CMS is designed to deliver the right military capability for New Zealand at the right time, for the right price. Within it, a framework provides the guidance, standards, tools, enablers and people that are required to deliver the capability successfully. The system has been developed specifically for the New Zealand Defence context, based on an assessment of international best practice.

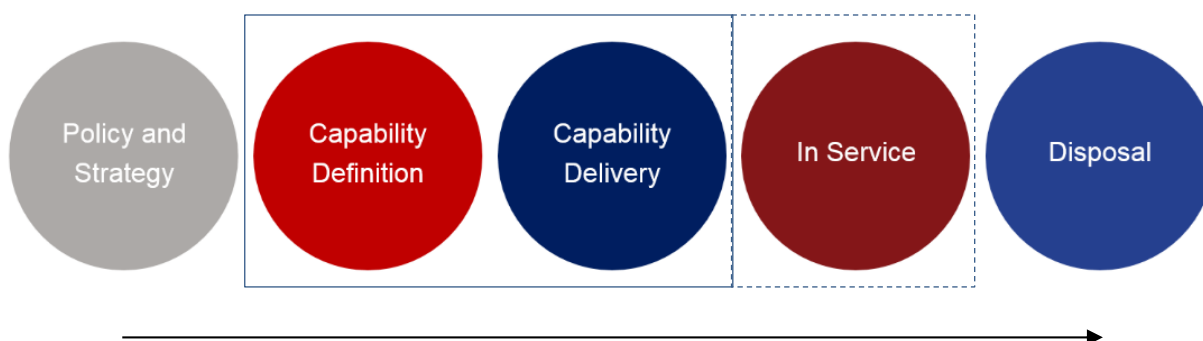
The Secretary of Defence and the Chief of Defence Force have separate formal accountabilities for phases of the life cycle (shown below), the CMS' design reflects the requirement for close collaboration within Defence and shared accountability for the success of the system as a whole.

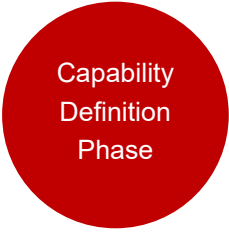
This is demonstrated in the presence – throughout the CMS' governance arrangements, management processes and framework – of people from both the Ministry and the NZDF.

For each project that was in the delivery phase of its lifecycle during the 2024/25 financial year, this report outlines key information about the programme of work, along with the work undertaken during its definition phase.

Capability Management System Life Cycle

How the Capability Management Framework works in practice





Capability Definition Phase

Within the context of Government policy and strategy, in this phase the Ministry and Defence Force work together to define the future capabilities that are needed. Business cases

are prepared to enable Government to make investment decisions. The required depends on the risk rating or if projects are in a programme.

Using the Government's Better Business Case model, programmes and projects progress through stages of the investment process, supported at each stage as required by these business cases:

- Programmes complete an **indicative business case**.

Every project in the programme completes the following Business Case stages:

- The **detailed business case** recommends a preferred option that optimises value for money and seeks approval of the delivery strategy.
- or **single stage business case**
- The final decision on the capability and the commitment of funding through the **project implementation business case**³.

Brief explanations of these terms can be found at the end of this report.



Capability Delivery

The Capability Delivery Phase seeks proposals to deliver the capability required by Government, and has been designed to deliver a solution that achieves the required

outcomes and benefits. The process spans the planning to source and integrate new capability,

gaining approval to commit to and execute a contract, managing the capability integration process, acquiring and accepting the deliverables, and the interim operational release of the new capability.

The fourth of the five phases within the Defence Capability Management Framework life cycle, the In Service phase's purpose is to ensure the capability is fully integrated, supportable and sustained throughout its service life.

This phase follows acceptance of interim operational release and spans the transition to operational release, and beyond.



In Service

Project and Programme teams

As Defence-led projects, teams are established to define, develop and deliver the capability and are comprised of personnel from both the Ministry and NZDF. They include the Ministry's policy and project specialists, and draw on NZDF subject matter experts, reflecting the technical and business functions required.

Since 2017 Integrated Project Teams (IPTs) have been established for most major capability projects currently in delivery.

Projects in this report delivered under the IPT structure are:

- Frigate Sustainment Programme⁴
- Air Surveillance Maritime Patrol
- Future Air Mobility Capability Tactical
- Operational and Regulatory Aviation Compliance Sustainment, and
- Protected Vehicle – Medium and Utility Vehicles, which are being delivered under the Protected Mobility Capability Project.

³ In 2025 PIBCs were replaced by the *Approval to Deliver*. See the Better Business Cases section of the Explanation of Terms at the end of the report.

⁴ In February 2026 this was changed to Frigate Life Extension Programme. As this edition of the report refers to the 2025/25 financial year, the original name is being used.

Two projects, Fixed High Frequency Radio Refresh and Frigate Sustainment – Communications, are managed by Project Leads. The Network Enabled Army is managed by a Programme Director.

Continuous Improvement in Performance

In Budget 2015 the Ministry's operating funding increased by \$27.1 million over four years, enabling implementation of the significant change programme that delivered improvements across the joint Capability Management System (CMS). Reviews of the resulting Defence procurement policies and processes by Sir Brian Roche KNZM and PWC between 2018 and 2022⁵ reinforced this. In 2018 Sir Brian concluded that the change programme had addressed structural, operational and information deficiencies and was able to provide *“decision makers with a strong level of confidence and assurance to support informed decision making”*.

The 2019 follow-up recommended shifting the programme to a business-as-usual and continuous improvement focus and the final report, published in 2022, reported that the *system was successfully embedded*.

An increasingly mature and resilient system that has so far achieved what it was set up to do, Sir Brian noted in 2019 that risks cannot be stopped completely from materialising, as uncertainty outside the system's control can and will occur.

The original Major Projects Report (2010) first discussed the difficulty in meeting targets across the key performance metrics of schedule, budget and capability. If two are held steady, pressure is often felt on the third. Where possible, Defence's preference is to hold steady

on budget and capability. This means schedule is often under pressure. COVID-19 led this pressure to emerge in delays to a number of projects.⁶ Vulnerabilities in international supply chains were exposed along with availability of specialist expertise, including military expertise, and business continuity planning.

However, as Sir Brian went on to conclude in 2022, the *“quality of people involved in the CMS, the processes and logical management approach and the strategic governance instilled through the system, meant that overall project outcomes held up well”*.

⁵ Review of Defence Procurement Policies and Practices for Major Capability Projects (2018), *Follow-up Review: Defence Procurement Policies and Practices for Major Acquisitions* (August 2019), *Review of Defence Procurement Policies and Practices 2021* (August 2022).

⁶ Refer to individual project pages in this and previous editions of the Major Projects Report.

INDEPENDENT ASSURANCE REPORT



INDEPENDENT ASSURANCE REPORT

TO THE READERS OF THE MINISTRY OF DEFENCE'S MAJOR PROJECTS REPORT FOR THE YEAR ENDED 30 JUNE 2025

We have carried out an independent assurance engagement on the project status reports included in the *Major Projects Report 2025* prepared by the Ministry of Defence. The purpose of this report is to express a limited assurance conclusion on whether any matters have come to our attention to indicate that the project status reports provided by the Ministry of Defence are not fairly stated.

The information that falls within the scope of the assurance engagement is the project status reports on pages 13 to 95 that cover the following acquisition projects:

- Air Surveillance Maritime Patrol;
- Future Air Mobility Capability – Tactical;
- Operational and Regulatory Aviation Compliance Sustainment;
- The ANZAC Frigates;
- Frigate Sustainment – Communications;
- Frigate Sustainment Programme Phase 1;
- Fixed High Frequency Radio Refresh;
- Updating Classified Digital Services- Phase 1
- Network Enabled Army Programme;
- Protected Mobility Capability Project
- Protected Vehicle – Medium - Bushmasters
- Utility Vehicles

These projects are collectively referred to as “the specified acquisition projects”.

Limited assurance conclusion

Based on our work described in this report, nothing has come to our attention that causes us to consider that the project status reports included in the *Major Projects Report 2025* have not been fairly stated.

Our limited assurance engagement was completed on 23 July 2026 and our conclusion is expressed as at that date.

Basis of conclusion

The review was carried out under section 17 of the Public Audit Act 2002 and in keeping with the Auditor-General's Auditing Standard 7: *Other Auditing Services* and the External Reporting Board's International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

A limited assurance engagement is not an audit and the procedures that have been performed are substantially less than for an audit where reasonable assurance is provided. As a result, the level of assurance that has been obtained is substantially lower than the assurance that would have been provided had an audit been performed.

Our assurance engagement involved carrying out procedures and making enquiries to obtain evidence about whether the project status reports have been fairly stated. These procedures and enquiries included:

- reconciling the non-financial information in the project status reports to supporting documentation provided by the Ministry of Defence;
- reconciling financial information in the project status reports to the Ministry of Defence's audited financial statements for the year ended 30 June 2025;
- seeking explanations from the Ministry of Defence staff for any questions arising from the reconciliations; and
- considering the effect of events subsequent to 30 June 2025 on the fair disclosure of the project status reports up to the date of this independent review report.

Fair disclosure of the project status reports requires that the information, where applicable, is:

- relevant;
- faithfully represented;
- understandable;
- timely;
- comparable; and

- verifiable.

We have obtained sufficient evidence and explanations that we required to provide a basis for our conclusion.

Inherent limitations

The project status reports contain certain future-focused disclosures about expected achievements, planned time frames, forecast expenditure, and intended capability requirements. There are also disclosures about project risks. Some forecast information relies on the expert judgement of the Defence staff involved in each project and assumptions about future events and management's actions. This information is, by its nature, inherently uncertain, because events do not always occur as expected and variations may be material.

Because of the inherent limitations in evidence gathering procedures, it is possible that fraud or error may occur and not be detected.

Responsibilities of the Secretary of Defence

The Secretary of Defence is responsible for preparing the *Major Projects Report 2025* to fairly disclose information about the specified acquisition projects. It is therefore his responsibility to decide what information is included in the report and what is not. The project status reports are expected to include:

- a description of the project;
- the status of the project as at 30 June 2025;
- financial performance against the budgets approved by Cabinet;
- expected achievements;
- planned time frames; and
- intended capability requirements.

The Audit Office's responsibility

Our responsibility is to express a limited assurance conclusion based on the procedures we have performed and the evidence we have obtained about whether anything has come to our attention that causes us to consider that the project status reports are not fairly stated.

Independence and quality control

We have complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for*

Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board;
and

- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended): *Quality Control* issued by the New Zealand Auditing and Assurance Standards Board.

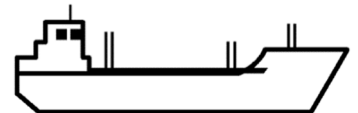
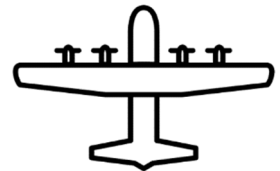
We are independent of the Ministry of Defence. The Audit Office also performs functions and exercises powers under the Public Audit Act 2001 as the auditor of the Ministry of Defence on behalf of the Auditor-General. Other than the audit of the Ministry of Defence, the Audit Office has no relationship with, or interests in, the Ministry of Defence.



Jonathan Roylance
Associate Director, Specialist Audit and Assurance Services
The Audit Office

23 July 2026

MAJOR PROJECTS IN DELIVERY 2024/2025



STATUS OF PROJECTS

The summaries in this Report provide a high-level overview of each project, describing policy objectives and capability requirements, recent developments, and financial reporting for the 2024/25 year.

Throughout all phases of a project, Defence works to ensure that the capability and benefits sought:

- can be realised within the approved budget
- are delivered within the agreed timeframe, and
- comply with contractual requirements that align with government policy.

Performance at 30 June 2025

Defence-led projects that feature within this report do so because they fit specific criteria. Notably each project is either medium/high for scale or risk, or they have been assessed as medium/high in both.

Defence assesses projects' performance in relation to Cost, Schedule and the overall Capability that is being delivered. Even when the circumstances in which projects are operating are favourable, it is not uncommon for pressures to impact progress and affect delivery.

Fixed price contracts and strong project management help to maintain projects within their approved budgets. Capability continues to be delivered and – in several instances – are now available for tasking. However the impact on project schedules is clear, and the schedule for delivery of some project major milestones has not been met.

This does not mean a capability is unavailable or that outputs cannot be delivered. This was demonstrated over recent years with HMNZS *Te Mana* and HMNZS *Aotearoa* being deployed and delivering operational outputs including supporting New Zealand and Tonga, providing supplies to New Zealand's Antarctic research presence, participation in Rim of the Pacific exercises, hydrographic surveys and supporting the disposal of explosive remnants of war. Completion of aircraft that had been upgraded with ADS-B and military identification were also in use prior to Operational Release.

Schedule

At 30 June 2025, three projects were reporting Red or Amber for Schedule.

- NEA Bushmaster Communications: the schedule approved in the PIBC (2023) was delayed. Approval to Deliver documentation was being prepared for Cabinet consideration with and updated schedule and investment information.
- Protected Vehicle – Medium (Bushmasters): the red relates to the milestone Vehicle Deliveries Commenced that had been scheduled for November 2022. In March 2025 the project achieved Interim Operational Release and was seeking approval to return the schedule to Green.
- Air Surveillance Maritime Patrol (P-8A Poseidon): the project was reporting Amber for Schedule noting that the potential existed for Operational Release to be delayed beyond 2025. This did not eventuate.

Cost

All projects were forecasting to remain within appropriation. Some projects have accessed project contingency (see table below).

Capability

All projects continue to expect to achieve delivery of the agreed capability.

Summary of project status at 30 June 2025

This table summarises the projects' status for baseline cost, schedule, and capability to be delivered. The information reflects reporting as at 30 June 2025 on the projects and programmes included in this report.

	Risks or issues will have little or no impact on the ability to deliver project outputs, objectives or goals. Little or no resource allocation or management effort is required.
	Risks or issues may temporarily degrade the ability to deliver project outputs, objectives and goals. A moderate level of resource allocation or management effort is required.
	Risks or issues could degrade the ability to deliver project outputs, objectives and goals. A high level of resource allocation or management effort is required.
	The risks or issues could significantly degrade or prevent the ability to deliver project outputs, objectives and goals. Significant resource allocation or management effort is required.

Project	Cost		Schedule		Capability	
Air Surveillance Maritime Patrol	G	Project remained within appropriation, with use of contingency.	A	Interim Operational Release 2 was achieved on schedule. Amber reflects earlier infrastructure delays. Operational Release is unaffected. The facility is operational and occupied by 5 Squadron.	G	No change to the capability that will be delivered.
Fixed High Frequency Radio Refresh	G	Project remained within appropriation.	Y	Some internal project dates may change, but Governance milestones remain on schedule.	G	No change to the capability that will be delivered.
Frigate Sustainment Communications	G	Project remained within appropriation.	Y	Some internal project dates may change, but Governance milestones remain on schedule.	G	No change to the capability that will be delivered.
Frigate Sustainment Programme	G	Project remained within budget	G	The project continues to schedule.	G	No change to the capability that will be delivered.
Future Air Mobility Capability – Tactical	G	Project remained within appropriation, with use of contingency.	G	The project continues to schedule.	G	No change to the capability that will be delivered.
NEA C4	G	Project remained within appropriation.	Y	Project continues to schedule, noting potential for delay.	G	No change to the capability that will be delivered.

Project	Cost		Schedule		Capability	
NEA Bushmaster Communications	G	Project remained within appropriation.	R	Approval to commit milestone was not achieved.	G	No change to the capability that will be delivered.
NEA R&S	G	Project remained within appropriation, with use of contingency.	G	Milestone for completion of procurement not met.	G	No change to the capability that will be delivered.
ORACS ⁷ Phase 1A	G	Project remained within appropriation.	G	ADS-B Out capability was delivered by the regulatory deadline, with Operational Release forecast for December 2025.	G	No change to the capability as signed off in the Business Case
Phase 1B	G	The projected cost was within budget.	G	As reported in previous editions, the software solution's global rollout was delayed. The project will re-baseline when the schedule is confirmed by the provider.	G	No change to the capability as signed off in the Business Case
Phase 2A	G	The project remained within appropriation.	G	Operational Release achieved	G	No change to the capability as signed off in the Business Case
Phase 2B	G	The project remained within appropriation	G	The project was on schedule having achieved approval to commit.	G	No change to the capability as signed off in the Business Case.
Phase 2C	G	The project remained within appropriation at 30 June.	G	Project on schedule.	G	No change to the capability as signed off in the Business Case.

⁷ Operational and Regulatory Aviation Compliance Sustainment project, which is being delivered in phases.

Project	Cost		Schedule		Capability	
Protected Vehicle – Medium	G	The project remained within appropriation with some use of contingency.	R	Interim Operational Release achieved. Project planning to move to Green.	G	No change to the capability as signed off in the Business Case.
Protected Mobility Capability Project – Utilities	G	The project remained within appropriation.	G	Project is on schedule.	G	No change to the capability as signed off in the Business Case.

Updating Classified Digital Services Phase One: the project remained within appropriation (see page 63 for budget and expenditure information), however due to the classified nature of this project other information is withheld.



In April 2025 a colossal AN-124 aircraft delivered essential components for the construction of the new P-8A Poseidon training facility to RNZAF Base Ohakea, marking a significant milestone in enhancing New Zealand's maritime patrol capabilities. See the Air Surveillance Maritime Patrol section for more information. (CPL Rachel Pugh)

AIR DOMAIN

AIR SURVEILLANCE MARITIME PATROL

New Zealand's new fleet of P-8A Poseidon maritime patrol aircraft have replaced the NZDF's P-3K2 Orion aircraft and are being deployed. Supporting infrastructure has been delivered to house the aircraft, No. 5 Squadron's operations and supporting maintenance systems, and training support systems.

Until the retirement of the P-3K2 Orion fleet in 2023, those aircraft had patrolled New Zealand's oceans for 57 years. NZDF's maritime patrol aircraft (MPA) have played a significant role in promoting security and helping to protect New Zealand's sovereignty, trade routes and the international rules-based order. They also supported search and rescue, resource and border protection, disaster response, and engagement with our key security partners, and Government policy has stressed the importance of maritime patrol over many decades.

In April 2017 Cabinet noted the policy value of New Zealand's MPAs, and the *Strategic Defence Policy Statement 2018* stated that they:

- provide a key maritime combat capability that can also support other government agencies on a range of domestic contingencies;
- enable the Government to offer a highly valued capability to international coalition operations; and
- provide a wide area surveillance capability that is critical to maintaining awareness of activities in New Zealand's maritime domain.

THE PURPOSE OF THIS PROJECT

The project was set up to identify capability and user requirements for a replacement maritime patrol aircraft capability. The project explored options for the type and number of aircraft that would be required to support Government policy, and made recommendations for replacement aircraft, infrastructure, training and support requirements.

Since the Government's decision in July 2018 to acquire the new capability, the project has delivered four P-8A Poseidon aircraft, and supporting infrastructure at RNZAF Base Ohakea, where RNZAF No.5 Squadron (5 SQN) is now based. Flight training simulator equipment has been delivered and installation is underway.

The infrastructure component of the project includes an aircraft hangar, squadron headquarters, and operations centre. Airfield works have included runway and taxiway strengthening, lighting for maintenance operations at night, the apron where the aircraft can be parked, and an aircraft rinse facility.

The wider programme

The Air Surveillance Maritime Patrol (ASMP) project was part of a wider scope of work, initiated in 2015 under the name Future Air Surveillance Capability.

The scope initially included exploring options for a complementary capability to support the work of other government agencies, such as search and rescue and fisheries surveillance.

The decision was made to investigate options for delivering the support for this civilian capability under a separate project, the Enhanced Maritime Awareness Capability Project. That project has not entered the delivery phase and so does not feature in this edition of the *Major Projects Report*. However, another NZDF project, called the Data Fusion System project, has delivered some capability to

improve maritime awareness and protection against maritime threats was approved as part of Budget 2024. Funding was approved for a cloud-based application subscription that provides a real time picture of what is happening in New Zealand's maritime domain. This platform is used by multiple government agencies, increasing the ability to detect and respond to malicious activity, natural disasters, and potentially hostile vessels (including illegal fishing) in our exclusive economic zone and across the Pacific.

CAPABILITY REQUIREMENTS

The following capability requirements were identified to support policy objectives:

The ability to multi-task: New Zealand has a small air force by international standards and therefore its assets are required to perform multiple roles.

Community size/close relationship with user community: Being part of a group of partner countries with the same platform provides access to critical mission and logistics support in different locations. It was considered best for New Zealand to participate in as large a user community as possible, with as many friends as possible, for support.

Already developed: Maritime patrol is a sophisticated technology that requires significant research and development investment to achieve. It was therefore considered that New Zealand should look to identify a capability which had already been developed and worked from the get-go.

Successful introduction into foreign markets: Maritime patrol involves complex systems which tend to be more demanding to keep operational than basic ones. It was therefore considered best for New Zealand to go with a proven capability.

Support for technology growth path: The *Strategic Defence Policy Statement 2018* stated, "As partners acquire ever-more sophisticated capabilities, contributing to coalition operations will require high-level network interoperability and contributions that do not present a

defensive liability to them... To retain New Zealand's reputation, freedom to act, and mitigate risks to mission and personnel, Defence must strive to keep pace with technological evolutions".

In the context of maritime patrol technology advancing rapidly, becoming increasingly IT-based and requiring regular upgrades, it was considered that New Zealand should look to a platform which will be fully supported through the upgrade path and where upgrade costs could be shared with other users.

THE BUSINESS CASE PROCESS

Prior to the approval of an Indicative Business Case for the project, Boeing and the United States Government advised that June 2017 was the deadline for New Zealand to secure the price benefits of being part of a large US purchase. This was subsequently extended, at New Zealand's request, to 30 November 2017, and then 14 July 2018. In relation to the 14 July 2018 deadline Boeing and the US Government advised that if New Zealand delayed beyond that date, price increases were expected.

It was therefore necessary to accelerate consideration of the P-8A to preserve that option for the Government.

In December 2016 Cabinet had invited the Minister of Defence to report back in June 2017 with an Implementation Business Case on which Ministers could make a decision on whether to conclude a US Foreign Military Sales Letter of Acceptance (see page 21 for more details) for the P-8A. The business case took the approach of considering whether an alternative to the P-8A would be available in the same timeframe if Cabinet decided to not acquire that type of aircraft.

Information used to inform the business case on alternatives was from open source, or was provided by companies in response to a Request for Information. Information on the P-8A was sourced from the Letter of Offer provided by the United States Government.

On assessing that there was no better alternative to the P-8A (one that would meet all of New Zealand's requirements), a full Implementation Business Case recommending the acquisition of the P-8A was developed for the Government's consideration.

Better Business Case Milestones History

2016	
29 February	Strategic Assessment approved by Vice Chief of Defence Force and Deputy Secretary (Policy)
7 December	Cabinet authorised New Zealand to issue a Letter of Request to the US Government for detailed cost and availability information for the P-8A; and Invited the Minister of Defence to report back in June 2017 with an Implementation Business Case on which Ministers could make a decision on whether to conclude the Letter of Acceptance for the P-8A. EGI-16-MIN-0338
2017	
7 April	Cabinet noted the Policy Value of New Zealand's Maritime Patrol Aircraft CAB-17-MIN-0137
2018	
2 July	Cabinet agreed to recommendations as outlined in the Implementation Business Case for the order of four Boeing P-8A Poseidon maritime patrol aircraft, training systems and other support equipment and services through the United States' FMS process, and acquisition of infrastructure and other components as required to bring the P-8As into service. CAB-18-MIN-0305

CAPABILITY DEFINITION PHASE

From the approval of the Project Charter in March 2015, it was 40 months until the Implementation Business Case was approved by Cabinet in July 2018. During this time a range of work was undertaken by the project.

How Defence identified and assessed operational requirements

Key user requirements

In addition to the capability requirements outlined on page 18, these key user requirements were developed following consultation across NZDF and the Ministry of Defence in March and July 2017:

Operate: The user shall be able to conduct missions worldwide as directed.

Process and Exploit: The user shall be able to process and exploit all data collected by the MPA.

Interoperability: The user shall have the capability to interoperate with organisations, platforms, systems and applications in a manner necessary to fully utilise the MPA.

Communicate: The user shall have the means with which to receive and disseminate information and intelligence to military and other government agencies, platforms, systems and applications.

'Find, Fix, Track, Target, Engage and Assess' for Anti-Submarine Warfare (ASW): The user shall be able to conduct effective and persistent ASW.

'Find, Fix, Track, Target, Engage and Assess' for Anti-Surface Warfare (ASuW): The user shall be able to conduct effective and persistent ASuW.

Support Search & Rescue and Surveillance of South Pacific and Southern Ocean: The user shall be able to conduct search and rescue including the ability to deploy survival equipment in the New Zealand and Fiji Search and Rescue Regions (Maritime). The user shall be able to conduct surveillance operations in the regions of

the South Pacific and Southern Ocean of interest to New Zealand. The user shall be able to conduct maritime reconnaissance operations for vessels of interest within the Convention on the Conservation of Antarctic Marine Living Resources (CCAMLR, April 1982) areas of interest to New Zealand.

Defend from Threats: The user shall be able to defend themselves from threats to the capability.

Support the capability: The user shall have the capability to support the MPA.

How Defence analysed options in the Capability Definition phase

The project team considered each maritime patrol aircraft option available in the market and the indicative costs for each, which were derived from the Request for Information data, and the US Letter of Offer for the P-8A.

It was assessed that a number of a smaller class of maritime patrol aircraft in the market had insufficient range for New Zealand's vast ocean region and would not meet New Zealand's demanding requirements. There were also satellites and remotely piloted aircraft systems, which offered the potential to assist with some lower order, civilian surveillance tasks, but which could not perform the full range of functions.

It was assessed that only large, manned aircraft, like the P-3 Orion, had the full package of speed, endurance and sophisticated military functions necessary. That market was limited to three options:

- **US Boeing P-8A Poseidon** – the US investment in a replacement for its Orion fleet.
- **Japanese Kawasaki P-1** – Japan's investment in a replacement for its Orion fleet.
- **A concept aircraft**, exemplified by the Lockheed Martin "Sea Hercules" - a design proposal based on the well-known military transport aircraft.

How Defence considered interoperability

Interoperability was one of the key considerations of the ASMP project, as reflected in the third key user requirement, and the capability requirement for the MPA replacement to have a large community size to allow access to critical mission and logistics support in different locations (also noted above).

How Defence considered through-life costs and issues

Through-life maintenance will require ongoing upgrades, replacement and planning for obsolescence. An ongoing and planned schedule of upgrades is the preferred approach, rather than major injections of capital funding, as and when obsolescence becomes a pressing requirement.

In general, the ASMP project is replacing the existing maritime patrol aircraft with a contemporary version. In considering the available options it was recognised that one way to reduce through-life risks was to share these with other users. It was known that the P-8A was also being acquired by Australia, the United Kingdom, the United States and Norway, and that operating the same capability as used by allies and partners has advantages. These include leveraging the economies of scale of being part of a much larger fleet, including sharing costs for through-life support and non-recurring engineering costs for upgrades. Without a wide pool of operators to share development costs, New Zealand would need to fund a higher proportion of such costs; what this would amount to would depend on the number of other users of the capability, and whether they would be willing to enter into a shared costs approach.

Estimates for through-life capital sustainment and operating costs were considered, including hardware and software refreshes, major aircraft and engine restoration and overhauls, and personnel costs for operating, maintaining and sustaining the proposed delivery of outputs from the P-8A capability.

Requirements Analysis

The P-8A was the only capability of the three options that met all of the criteria. It was also the lowest capital cost and lowest risk option.

ACQUISITION PHASE

How Defence decided to acquire the Capability Solution

Procurement of the P-8A capability was only possible from the United States Government via the Foreign Military Sales (FMS) process. FMS is a programme that allows our government to purchase defence articles and services, as well as design and construction services, from the US Government, on a “no-profit” and “no loss” basis to that government.

Following approval from Cabinet in December 2016, Defence issued a formal Letter of Request

to the US Government for supply of the P-8A and associated systems.

The final Letter of Offer was issued from the US Government on 1 June 2018. Following Cabinet approval, the Letter of Offer was accepted by the Secretary of Defence on 9 July 2018.

Contracts

MPA: P-8A aircraft and training devices	The Government of the United States of America, via Foreign Military Sales
Infrastructure: Horizontal Works	Fulton Hogan (Prime)
Infrastructure: Vertical Works	Hawkins Limited (Prime)



The first P8 moved into the new 5SQN hangar at RNZAF Base Ohakea in February 2025

SCHEDULE/TIMEFRAME PROGRESS

Schedule of Capability Integration – P-8A fleet

	Initial Estimate	At 30 June 2025 (Forecast/Actual)	Variance (months)
Delivery Phase			
Delivery of first P-8A to NZ	April 2023	December 2022 (Actual)	-4
Interim Operational Release 1	July 2023	June 2023 (Actual)	-1
In service			
Operational Release	2025	2025 (Forecast)	-

IOR1 released the capability to undertake maritime intelligence, surveillance and reconnaissance; search and rescue operations; and to respond to humanitarian assistance and disaster relief events in the Pacific region. IOR2 was achieved in December 2023. Capability released under IOR1 could be used globally, along with Anti-Submarine and Anti-Surface Warfare tasking.

ASMP CAPABILITY INTEGRATION

Capability Integration Plans (CIP) are reviewed and updated as required as a project progresses through its life cycle.

For ASMP, the CIP was designed to document and support the total effort needed from across Defence to transition from the P-3K2 to the P-8A capability. Over time these plans have coordinated and integrated a range of tasks, supported by other separate plans (such as trade, training and response plans) to combine and align with the stages of operational release.

From early in the project the ASMP CIP stated, *“integration, by its very nature, is not something that one party (i.e. the Integrated Project Team) does on its own – it is a joint effort”*. The collective role in ensuring high standards for safety and day-to-day operations was acknowledged, and it was noted that delivery of the full P-8A capability required close collaboration between:

- the Integrated Project Team – responsible for aircraft, equipment and training device procurement and construction of core infrastructure

- the Air Transition Team – responsible for providing people for the transition training and coordinating a whole of Air Force approach to forming the new P-8A squadron at Base Ohakea and
- Defence Estate & Infrastructure – responsible for development of supporting infrastructure at the Base.

The CIP was first released for review in mid-2017, and described the concept and initial plan for integrating the P-8A capability into NZDF service at a time when the outputs delivered by the P-3K2 would be maintained in the transition period. As the project developed, the CIP was revised and expanded to include information on the staged approach to transition to the new capability,

Once contracts were in place for all major acquisitions, including all infrastructure work and the training devices, two further versions of the CIP were approved in 2021. These included a focus on RNZAF personnel transition – with the establishment of the Poseidon Transition Unit (PTU) and an interim P-8A Capability Support Team and consolidated health and safety information, and expanded details of how the capability integration process and initial

operational release of the capability will be managed.

The CIP was updated and released in August 2024 and included the addition of Interim Operational Release 3. Expected to be achieved mid-2025, this would release more capability as it became available prior to Operational Release in the second half of the year. This included all roles, all outputs and with a global operating environment, including maintenance and mission support.

DURING THE 2024/25 YEAR

Located at RNZAF Base Ohakea, Te Whare Toroa is the new facility that supports New Zealand's Airborne Surveillance and Response Force (comprised of No.5 Squadron and No.230 (Mission Support) Squadron. Practical completion of the facility was achieved in December 2024, and fitout commenced. In June 2025 No. 5 Squadron (5 SQN) occupied the building.

The building can accommodate two aircraft for daily and long-term maintenance activities. It houses ground mission systems used for flight planning and communication, an operations room and a training wing. Personnel required to support and operate the capability are based out of Te Whare Toroa.

During the year the project worked with the Infrastructure team, 5 SQN and other NZDF units to develop a detailed building handover plan for the move to the new building from the interim working environment based in the former No 3 Hangar⁸.

Training devices were delivered to Ohakea in April 2025 and the build and installation commenced with the simulator expected to be operational in 2026.

DEVELOPMENTS POST 30 JUNE 2025

IOR3 was achieved in July 2025, releasing all capability roles and outputs and expanding the operating environment to global operations.

Te Whare Toroa was opened formally by Minister of Defence, Hon. Judith Collins KC in August 2025.

Operational Release was approved on 9 December 2025.

⁸ Delays were caused by COVID-19 related cost and delivery time pressures in international supply chains and workplace operations. Deliveries continued as plan through temporary use of the Base's 3 Hangar .

ASMP PROJECT BUDGET AND EXPENDITURE



At 30 June 2025 project costs were:

		Ministry \$000	NZDF \$000	Consolidated project \$000
Budget	Current approved project budget	2,348,697	122,541	2,471,238
	Allowance for foreign exchange movements	125,140	-	125,140
	Original approved project budget	2,223,557	122,541	2,346,098
Forecast	Forecast total project cost			
	- capital expenditure	2,304,709	121,182	2,425,891
	- non-capitalised expenditure	5,287	-	5,287
	Effect of foreign exchange movements	89,693	-	89,693
	Forecast cost using hedged rates	2,220,303	121,182	2,341,485
	Forecast project variance	3,254	1,359	4,613

FUTURE AIR MOBILITY CAPABILITY - TACTICAL

In 2024 No. 40 Squadron received the new fleet of five C-130J-30 Hercules; part of the Royal New Zealand Air Force's tactical airlift capability. The new fleet, operating from RNZAF Base Auckland replaced the C-130(H) fleet that had been in service for nearly 60 years.

THE PURPOSE OF THIS PROJECT

In 2017 the Future Air Mobility Capability (FAMC) project was initiated to examine options and make recommendations for the preferred replacement for the fixed-wing tactical air mobility capability⁹ provided by No.40 Squadron. The C-130H tactical airlift fleet in service at the time was approaching the end of their economic life¹⁰.

Five investment objectives were identified:

- The Defence Force retains an air mobility capability that provides timely and effective air mobility for military response options;
- The Defence Force retains an air mobility capability that provides timely and effective air mobility for wider government response options;

⁹ Tactical air mobility supports land operations, special operations forces, aeromedical evacuation, and joint personnel recovery.

¹⁰ Information on the C-130H Life Extension Programme that enabled the old fleet to continue in service until retirement was included in the Major Projects Reports from 2010 to 2016. These can be found on the Ministry of Defence website under Publications.

- The Defence Force retains an air mobility capability that is for the sole use of New Zealand, and able to be employed at the Government's discretion;
- The Defence Force retains an air mobility capability that can support up to three concurrent air mobility operations; and
- The air mobility capability is interoperable with that of key defence partners.

CAPABILITY REQUIREMENTS

The capability requirements identified as necessary to support these objectives were:

- The Defence Force needs a reliable, available and supportable airlift fleet to project and support sustained military operations into the future.
- A reliable, available and supportable airlift fleet is needed to support non-military Government tasks into the future.
- Due to the risks associated with some military airlift operations, and the requirement for a high level of readiness to support a number of non-discretionary and time-sensitive tasks, there is a need for New Zealand to at least own the tactical airlift component within a wider fleet mix.
- The Defence Force and Government agencies need a sufficient reliable and supportable airlift fleet to allow for concurrent tasks.
- The future airlift fleet needs to be interoperable with that of key defence partners.

In addition to these essential requirements, Government agencies registered a number of desirable requirements for the future capability:

- Enhanced surveillance capability for humanitarian and disaster relief missions.
- Reliable cargo and passenger transportation to Antarctica that has no point of safe return.
- Enhanced VIP transport capability.

CAPABILITY DEFINITION PHASE

The definition phase took place over a 33-month period from approval of the project charter in September 2017, to Cabinet's decision on the Project Implementation Business Case in June 2020.

FAMC Better Business Case Milestones

2017	
10 July	Cabinet approval of the Indicative Business Case CAB-17-MIN-0366
6 September	Approval of the Project Charter by the Secretary of Defence and Chief of Defence Force
2019	
10 June	Cabinet approval for the Secretary of Defence to undertake a formal FMS process for procurement of C-130J-30 tactical aircraft, simulator and associated services and support as proposed in the Detailed Business Case CAB-19-MIN-0268
2020	
2 June	Cabinet approval of procurement via FMS of five C-130J-30 Hercules, training and support equipment, a simulator, and sustainment as recommended in the Project Implementation Business Case CAB-20-MIN-0251

How Defence identified and assessed capability and operational requirements

The Indicative Business Case developed a comprehensive long list of possible options for consideration by stakeholders:

- Scale, scope and location: what levels of coverage are possible?

- Service solution: how can airlift be provided?
- Procurement model: how can Government procure air mobility?
- Implementation: when can services be delivered?
- Funding: how can it be funded?

A workshop was convened on 22 September 2016 where subject matter experts evaluated all potential long list options against the project's investment objectives and the critical success factors.

Following this analysis, the Indicative Business Case identified four shortlist options for further detailed analysis:

- Option 0: do nothing: no replacement of current capability (retained as a baseline comparator).
- Option 1: replacement of current capability by procuring a fleet of one aircraft type – a single fleet mix.
- Option 2: replacement of current capability by procuring a fleet of two aircraft types – a dual fleet mix
- Option 3: replacement with an enhanced level of capability.

In September 2017 a multi criteria decision analysis (MCDA) process, involving stakeholders from across the Defence Force and other government agencies, assessed fleet mix benefits, costs and risks. The MCDA process examined different numbers of different types of aircraft that were relevant to the project. It included development of a spectrum of plausible fleet mixes for consideration by decision-makers and the criteria against which senior evaluators could evaluate the relative value of these fleet mixes.

In-scope aircraft classes were: corporate business jet, civilian combi, civilian medium, civilian large, military light tactical, military medium tactical, and military heavy strategic.

The MCDA looked at the whole air mobility fleet, not just the military tactical transport component. A total of 17 fleet mixes were considered by

stakeholders. All 17 fleets were judged to be able to meet the overall air mobility requirements and potentially deliver the desired benefits. However, the MCDA process suggested that some would deliver more benefits than others.

An initial assessment of the MCDA drew the following conclusions:

- A military transport aircraft is essential to meeting the requirements (an air mobility fleet comprising only civilian types is not viable);
- The majority of the overall fleet needs to be military transport aircraft; and
- Seven is the functional minimum size for the overall air mobility fleet.

The MCDA evaluation of the fleet mixes took place in September 2017. The overall conclusion was that:

- Military Medium transports should form the core of any future air mobility fleet; and
- A minimum overall air mobility fleet of seven is desirable.

How Defence analysed the requirements options in the Capability Definition phase

Defence released a Request for Information (RFI) in mid-2016 to canvass the market for potential air mobility options. All major aircraft suppliers responded with various air mobility solutions.

Request for Information responses and other market research indicated that two aircraft were considered to be in the Medium Tactical class as it related to New Zealand's requirements: the Lockheed Martin C-130J (Hercules) and Embraer KC-390.

It was recommended that the KC-390 be discounted from consideration as, at that time, it represented a considerable risk and this recommendation was accepted by Cabinet in June 2019. There was a high degree of uncertainty around its price, and, with no operators at the time of the decision, there was no history of support, training or maintenance. Additionally, the aircraft being made outside of the five eyes nations was going to create issues

with installing and integrating the required systems. The onus of bringing the aircraft up to an operating capability would have fallen primarily on New Zealand. In comparison, the C-130J was a proven aircraft in service with over 20 nations, and in particular all of our five eyes Allies.

This approach was in line with the findings of the independent Review of Defence Procurement led by Sir Brian Roche, which concluded that Defence should "avoid solutions that are unproven, highly developmental and/or unsupported by a reliable evidence base".

The Project Implementation Business Case considered how many C-130J aircraft were necessary. As noted above, the Detailed Business Case analysis looked at the entire air mobility fleet and found that seven was the functional minimum size for the overall air mobility fleet, with medium tactical aircraft as the core. As the current air mobility capability has two B757s, any consideration of a medium tactical replacement had to start from the base of the current two B757 aircraft.

In 2020 the Project Implementation Business Case noted that the aging fleet of C-130H aircraft were struggling to meet existing demands: the number of aircraft available for operations on any particular day, the range of operations that could be undertaken, and the ability to respond and undertake concurrent tasks were all limited. Further, they would not meet the future demands for response and concurrency that Government has forecast through its policy priorities.

It was estimated that the new C-130J fleet would have around double the availability of the C-130H fleet. This would mean that three of a five aircraft fleet should always be available, taking into account scheduled and unscheduled maintenance demands. This would also mean that often four aircraft may be available, especially to meet pre-planned tasks where maintenance can be scheduled around forecast mission.

Reducing the fleet size to four, even factoring in the availability increase, would not consistently

provide three aircraft available for operations, which is the minimum needed to deliver against policy. Five aircraft are the minimum number required to consistently deliver three available aircraft and meet the response and concurrency requirements of Government, whilst also offering the capacity to achieve future expansion of mandated Government outputs and provide surge capacity.

How Defence considered interoperability

The C-130H airlift fleet was interoperable with key partners and the ability to perform airlift missions jointly with or on behalf of partners has been a valuable contributor to New Zealand's defence relationships and to shared security objectives. Therefore, one of the five investment objectives identified for this project was that the air mobility capability is interoperable with that of key defence partners.

One of the key criteria used for determining the preferred option was:

- *Community size/Close relationship with community* - Being part of a group of partner countries with the same platform provides access to critical mission and logistics support in different locations. It would be best for New Zealand to participate in as large a user community as possible, with as many friends as possible, for support.

This was one of the criteria that determined the C-130J was the preferred option. Over twenty countries had fleets of C-130J aircraft, including Five Eye partners Australia, Canada, the United Kingdom and the United States.

The C-130J can be procured either commercially from the manufacturer, or through the US Government Foreign Military Sales (FMS) system. The Detailed Business Case recommended purchase of the C-130J through the US Government FMS system as it offered a number of advantages over a direct commercial sale procurement, one of which was interoperability advantages.

How Defence considered through-life costs and issues

The estimated whole of life costs of the aircraft and systems were based on:

- Initial capital investments that include: five C-130J-30 Hercules Tactical aircraft complete with EO/IR, civilian SATCOM system, and all aircraft fitted for large aircraft infra-red counter measure, with three fitted; initial spares; initial capital support items; full motion simulator (Level D); initial capital deployment requirements; integrated logistics support costs; infrastructure; training and personnel costs; and, estimated end-of-service life disposal costs.
- Foreign Military Sale acquisition process for the airframes, initial aircraft spares, simulator systems, initial training and publications, and other support equipment. The capital costs of the equipment components based on not exceeding price contracts with the USAF.
- Through-life capital investment reflecting future upgrades and refreshes, through-life capital sustainment, and rotables.
- Through-life operating costs of personnel, direct operating costs and consumables, ongoing training, and maintenance and utility costs.
- The key operating and personnel cost drivers: aircrew numbers and aircrew size, fuel burn, and planned flying hours. The C-130J-30 capability is to operate from one operating base and with one squadron (the unit operating the current C-130H – No. 40 Squadron).
- Personnel requirements being: six crews, maintainers, and logistics support personnel. Other than a simulator manager, no personnel costs were included to operate the simulators/training devices as the Defence Force was planning to use external contractors.
- Defence internally conducting the two levels of aircraft maintenance and after the initial six year deeper servicing will determine the

necessary arrangement for the second deeper level cycle and repaint that occurs 12 years after introduction.

- The Defence Capability Plan Review 2019 economic assumptions for inflation and forward foreign exchange rates from the Treasury's New Zealand Debt Management office. Foreign exchange risks for projects are managed through forward cover of currency as soon as approval to commit to contract is received.
- Aircraft delivery planned from December 2024 with initial operating capability release expected during FY 2024/25. Expenditure being capitalised and created at the initial operating capability date encompassing all the capital costs up to that date. Full operating release was planned for December 2025.
- A 30-year service life with each aircraft system, with initial operating capability

starting the first year after delivery to the designated main operating base (Auckland).

- Infrastructure investment includes a new simulator building and security improvements to the hangars and storage facility. The C-130J-30 fleet were planned to be accommodated in the existing 40 Squadron Hangar and 5 Squadron Hangar.
- Initial capital investment delivery contingency was based on the results of Quantitative Risk Analysis workshops, and project team estimate.

Requirements Analysis in the Capability Definition Phase

The Indicative Business Case assessed that the preferred way forward was to discard shortlist option zero, and to further explore shortlist options one, two and three in a detailed business case.

Description of the Capability and Operational Requirements

Capability Requirements necessary to support policy objectives included:	Operational Requirements necessary to support the capability included:
1. The Defence Force needs a reliable, available and supportable airlift fleet to project and support sustained military operations into the future. 2. A reliable, available and supportable airlift fleet is needed to support non-military Government tasks into the future	1. Due to the risks associated with some military airlift operations, and the requirement for a high level of readiness to support a number of non-discretionary and time-sensitive tasks, there is a need for New Zealand to at least own the tactical airlift component within a wider fleet mix. The requirement to own does not apply for an aircraft dedicated to strategic airlift operations or non-military Government tasks where military airlift attributes are not needed. 2. The Defence Force and Government agencies need a sufficiently reliable and supportable airlift fleet to allow for concurrent tasks. 3. The future airlift fleet needs to be interoperable with that of key defence partners.

History of Cost Estimates in the Capability Definition Phase

	2017	2019
NZ\$(billion)	\$1.6 – \$3.4	\$1.414
Cost estimates developed in the 2017 Indicative Business Case were based on replacement of both Tactical and Strategic Fleets and ranged across all three options. The 2019 figure reflects the tactical fleet costs only. These were initial capital cost estimates.		

ACQUISITION PHASE

Letters of Request seeking details on cost for the aircraft, a full flight simulator, training and sustainment support were submitted under the US Government Foreign Military Sales programme, following the Government's announcement in June 2019 that the Lockheed Martin C-130J-30 Hercules was the preferred platform.

The signing and execution of the Letters of Offer and Acceptance for the acquisition and sustainment of the new capability took place on 4 June 2020. The project team worked with the US Air Force (USAF) Program Management Agency to finalise the Statement of Work that the US Government issued to Lockheed Martin for production of New Zealand's C-130J-30 aircraft. By the end of 2020, the aircraft had been placed on contract with a confirmed price and schedule.

SCHEDULE/TIMEFRAME PROGRESS

	Estimate at Approval to Commit	At 30 June 2025 (Actual/Forecast)	Variation in acquisition phase (months)
Delivery of first aircraft	December 2024	September 2024 (Actual)	- 3 months
Delivery of final aircraft	May 2025	December 2024 (Actual)	- 5 months

FAMC CAPABILITY INTEGRATION

Description of Capability Integration phase

A Capability Integration Plan (CIP) was developed to identify and schedule the range of tasks that were necessary to prepare the NZDF to receive, effectively operate and sustain a C-130J-30 air mobility capability during the 'Capability Delivery' and 'In-Service' phases.

It included a range of requirements, such as:

- suitably qualified and experienced personnel needed for the process of integrating the capability into service with the NZDF
- training for pilots, and loadmasters (including instructors), maintenance personnel, with subjects from avionics systems (instruments, electrical,

communications, navigation, radar, sensors) to aircraft systems like airframe, propulsion, and aircraft mechanical systems

- sustainment requirements and processes for the capability, such as for engine and propeller maintenance.

Status of the Capability Integration Plan

As a living document, each Capability Integration Plan (CIP) is updated and amended as a project progresses through its lifecycle. The second iteration of the FAMC-Tactical CIP was approved in April 2022, updating the version that was approved initially in November 2019.

With the major support contracts signed in June 2020, the project team continued to refine the detail and work with the NZDF to ensure arrangements were in place prior to aircraft

delivery. The CIP was developed with a range of reference documents, such as the Project Initiation Document, and Test & Evaluation Master Plan (TEMP).

The range of documents that contribute to understanding requirements that must be met in

order to achieve delivery includes Defence Aviation Rules that span aircrew certification, maintenance requirements, and General Operating and Flight Rules.

Schedule of Capability Integration

	Initial Estimate	At 30 June 2025 (Forecast/Actual)	Variance (months)
Delivery Phase			
Interim Operational Release	June 2025	January 2025 (Actual)	- 5
In service			
Operational Release	December 2025	December 2025 (Forecast)	-

As at 30 June FAMC – Tactical was forecast to achieve full benefits realisation after Operational Release.

DURING THE 2024/25 YEAR

The aircraft

On 8 August 2024 a ceremony was held at the Lockheed Martin Aeronautics facility in Marietta, Georgia where representatives of the Ministry of Defence and the New Zealand Defence Force formally accepted the first C-130J-30 Super Hercules aircraft from the US Government and Lockheed Martin.

The first aircraft, NZ7011, was welcomed formally to New Zealand at a ceremony on 10 September 2024 at RNZAF Base Auckland, three months ahead of schedule. The second and third aircraft – NZ 7012 and 2013, arrived just under three weeks later, landing on 29 September. The fourth aircraft, NZ7014, landed in New Zealand on 29 October, and the final aircraft landed in December.

Chief of Air Force, Air Vice Marshal Darryn Webb approved Interim Operational Release (IOR) on 30 January 2025, formally releasing IOR1 Air Logistics Support (ALS) and IOR2 Antarctica/Ice (ICE) capability.

The following day the last of the C-130(H) fleet ceased operations, and all tactical fixed wing capability for the RNZAF is delivered now by the C-130J-30 aircraft.

Training and support

US-based training of Aircrew (Crews 5 and 6), loadmasters (Crew 6) and maintainers (Tranches 2 and 3) continued over the course of the year.

Simulator-based training was also underway for C-130J aircrew with the Royal Australian Air Force while the New Zealand's simulator was being tested in the United States.

Flight Simulator

Practical completion of the simulator building at Base Auckland occurred in December 2024 in preparation for delivery of the new simulator, from the United States.

Following completion of testing the simulator was stripped down to prepare it to be transported to New Zealand.

DEVELOPMENTS POST 30 JUNE 2025

- Training simulator components were delivered to Base Auckland by two US C-5 aircraft in August and September and construction commenced.
- Operational Release was achieved on 30 October 2025, a month ahead of target.

FAMC-TACTICAL PROJECT BUDGET AND EXPENDITURE

Prior years' spend \$905.0m	2024/25 spend, \$297.4m	Ministry forecast \$307.7m	NZDF forecast \$8.7m
			Net FX Allowance \$18.0m

Consolidated Approved Project Budget: \$1,537.3m

At 30 June 2025 project costs were:

		Ministry \$000	NZDF \$000	Consolidated project \$000
Budget	Current approved project budget	1,527,860	9,392	1,537,252
	Allowance for foreign exchange movements	43,044	-	43,044
	Original approved project budget	1,484,816	9,392	1,494,208
Forecast	Forecast total project cost	1,509,571	8,697	1,518,268
	Effect of foreign exchange movements	25,018	-	25,018
	Forecast cost using hedged rates	1,484,553	8,697	1,493,250
	Project variance	263	695	958



In November 2024 NZ7011 was the first of the new C-130Js to fly to Antarctica, carrying cargo to the ice to support the New Zealand and United States scientific research programmes at Scott Base and McMurdo Station, demonstrating that one of the capability requirements had been met.

OPERATIONAL AND REGULATORY AVIATION COMPLIANCE SUSTAINMENT

This project is being delivered in a series of phases. The new capability aims to ensure the NZDF can sustain effective, safe and secure air operations in response to a changing technological and regulatory aviation environment.

The Operational and Regulatory Aviation Compliance Sustainment (ORACS) project is equipping NZDF aircraft fleets with updated communication, navigation, air traffic management and identification systems.

These must be updated due to a changing global aviation environment, new regulations and technological upgrades that improve safety and security.

The Government acknowledged in 2019 a phased approach would be taken to ensure investment

decisions are fully informed and best placed to meet compliance requirements.

Phase One delivered Automatic Dependant Surveillance-Broadcast (ADS-B Out) across a range of NZDF fleets, to meet changes to civil aviation regulations. It also equipped specific aircraft fleets with a military encrypted positional system. Phase 1B focused on the upgrade of the NH90 helicopter fleet.

Phase Two is addressing requirements for Performance-Based Navigation and Secure Communications.

Funding to start the first phase was approved in 2019, enabling the update of civil air traffic management systems for a range of NZDF aircraft fleets. The project is referred to in this report as Phase 1A. These upgrades were prioritised for delivery due to the fast approaching compliance date.

The NH90 helicopter fleet was excluded from the 2019 business case as a solution could not be confirmed and investment-quality information was not available at the time. In May 2020, a separate business case for the NH90 work was approved (Phase 1B), meaning that ORACS Phase One could be delivered across fleets.

Phase 2 is also underway, with three investment decisions approved between 2021 and 2024 relating to Performance-Based Navigation and secure communication systems.

Summary of Phases

Phase	Description	Approved
1A	Meet new air traffic management requirements and ensure safe aviation operations in military environments.	2019
1B	Phase 1A upgrades for the NH90 helicopters	2020
2A	Design and installation of encrypted radios for the B757 transport aircraft. Design work for encrypted radio upgrade on the C-130H Hercules aircraft and the Seasprite helicopters.	2021
2B	Encrypted radio upgrade for the NH90 and A109 helicopters.	2023
2C	Updating the navigation system for the NH90 helicopters to fully comply with updated Civil Aviation Authority requirements (Performance Based Navigation), and complete an upgrade to the NH90 fleet's encrypted radios.	2024

CAPABILITY REQUIREMENTS

ORACS high level user requirements are:

1. Communications, navigation and surveillance capabilities that enable safe, efficient, compliant and unrestricted flying operations in civil controlled airspace, in order to deploy NZDF capability globally in support of New Zealand government policy objectives.
2. Communications, navigation and surveillance capabilities that enable safe, efficient, compliant and unrestricted military exercise and operational flying in order to deploy NZDF capability globally in support of New Zealand government policy objectives.
3. Communications capabilities that enable NZDF aircraft to securely receive and disseminate information with NZDF, Coalition and Other Government Agencies, in order to exercise and operate with defence partners in support of NZ government policy objectives.
4. Communications, navigation and surveillance capabilities that achieve the directed States of Readiness for operations, in order to meet anticipated flying requirements for the Government of New Zealand.
5. The ability to sustain communications, navigation and surveillance capabilities for NZDF aircraft fleets, in order to meet anticipated flying requirements for the Government of New Zealand.

The overarching user requirements for ORACS include:

- Compliance with all appropriate operational and technical standards
- Proven non-developmental low risk solutions

- Economy of operation and ownership
- Autonomy and freedom from operational restrictions imposed by third parties.

In addition, ADS-B Out solutions must comply with the equipage requirements of the regions/states the affected platform is likely to operate within, based on the relevant Concept of Employment and Statement of Operating Intent.

ORACS BETTER BUSINESS CASE MILESTONES

2019	
15 April	Cabinet approval of ORACS Single Stage Business Case CAB-19-MIN-0171
2020	
2 June	Cabinet approval of Project Implementation Business Case for Phase One: NH90 CAB-20-MIN-0251
2021	
20 December	Cabinet approval of Single Stage Business Case for phase 2A CAB-21-MIN-0550
2023	
3 April	Cabinet approval of phase 2B which involves delivery of an upgrade to secure communications. CAB-23-MIN-0109
2024	
24 June	Cabinet approval of phase 2C to upgrade NH90 navigational equipment and completes the secure communications upgrade. CAB-24-MIN-0220

CAPABILITY DEFINITION PHASE

How Defence identified and assessed capability and operational requirements

Civil air traffic management

Air traffic management in controlled airspace has moved to a new technology called Automatic Dependant Surveillance – Broadcast (ADS-B) Out. This requires aircraft to continuously broadcast their GPS position, identity and status information, allowing ground controllers to track the aircraft more precisely and efficiently than current RADAR systems. ADS-B Out therefore results in more efficient air traffic management which means better flight times, lower fuel usage and less environmental impact. For ADS-B Out to be effective, all aircraft must have this system installed and operational. Aviation authorities around the world have required all aircraft have ADS-B Out capability to fly in their controlled airspace.

In New Zealand, the deadline was 31 December 2018 for flights above flight level 245 and 31 December 2021 for controlled airspace. In December 2020 the Minister of Transport extended the deadline for all aircraft flying in controlled airspace to be equipped with ADS-B Out to 31 December 2022.

Because the change has been driven by compliance regulations and the need to remain current with technologies, the possible options and the ways in which they were assessed were largely dictated by these changes. Therefore, the range of variables that would typically be considered was significantly decreased.

For example, ADS-B Out and military communications equipment effectively become a permanent and integral part of the aircraft so, realistically, the ownership should be the same as the aircraft in which it is installed (i.e. if the aircraft is owned, the specific compliance equipment should also be owned, as it is not feasible to de-link from the aircraft in the future).

Similarly, it is best installed and maintained through the same support arrangements as the rest of the aircraft.

The key variables when assessing the long list options therefore became scale and timing:

Variable	Description	Options within each variable
Scale	What capability systems should be provided by the project?	ADS-B Out and/or military communications and/or Secure Communications and/or Performance Based Navigation
Timing	When should capabilities be delivered?	Immediate priority or do later

Both of these variables were looked at fleet-by-fleet, and assessed against the critical success factors, which were: strategic fit, value, supplier capacity, affordability, achievability.

From the Long List Options Assessment, the following short-list options were identified for further investigation:

Option 0: Status quo. Platforms continue to use current systems, with no action taken to address regulatory mandates or issues of obsolescence.

Option 1: Immediate priorities only, now. The immediate priorities for each platform are acted on as soon as possible, but the remaining capabilities are not addressed.

Option 2: Immediate priorities now, other priorities phased. The immediate priorities for each platform are acted on as soon as possible, and the remaining capabilities still deemed priorities for each platform are addressed at a later stage with a separate business case.

Preferred Option

'Option 0: status quo' was eliminated as it did not meet the critical success factors or the project's intended benefits/investment objectives.

Option 0:

- Did not enable NZDF to maintain the ability to conduct air operations such as aircrew training and whole of Government support in civil airspace. As such, Defence would be unable to deliver key outcomes to government.
- Did not enable NZDF to maintain the ability to conduct air operations in military airspace such as movement of people and assets to support Government outputs.

Option 1: Immediate priorities only, now: was also eliminated. As with Option 0, it did not meet some of the critical success factors and only met one of the two key investment objectives.

Option 1:

- Did not enable NZDF to maintain the ability to conduct air operations in military airspace with secure communications.
- Did not enable NZDF to maintain the ability to conduct air operations in civil airspace with sufficient navigation systems.

Option 2: Immediate priorities now, other priorities phased: was the preferred option, as it met all investment objectives at the best value for money of the short-list options. Option 2:

- Enables NZDF to maintain the ability to conduct air operations in civil airspace.
- Enables NZDF to maintain the ability to conduct air operations in military airspace.

How Defence analysed the requirements options in the Capability Definition phase

In general, there were two ways to achieve upgraded solutions: off-the-shelf or custom design. An off-the-shelf solution will generally be the lower risk option; however, they often rely on the aircraft to be of a common configuration. As most of the NZDF's aircraft are bespoke they fall outside this category and require a custom design.

Alongside the fleet wide commonalities such as airworthiness certification by the RNZAF, there were three somewhat distinct elements to be considered when forming the procurement strategy:

- Selecting and acquiring the hardware.
- Design, integration and installation onto the first of each aircraft type and support of the airworthiness certification of the capability.
- Subsequent remaining fleet installation.

For work done under Phase One, for example – in some fleets – in order to match existing equipment at the time, the decision was made to fit hardware to the aircraft that was a combination of an updated version of the transponders and corresponding equipment that would offer ADS-B Out capability. Direct sourcing this hardware was considered appropriate as there was no reasonable technical alternative and therefore no viable competition, removing the requirement to openly advertise a tender.

Some fleets had in-house RNZAF engineering services design, integrate and install the first prototype, and complete the airworthiness certification of the systems. This was considered to lessen the complexity, risk and schedule – reducing overall cost.

For other fleets, the avionics software system was both bespoke and highly integrated. The systems are supported by Through Life Support contracts with industry, who were further contracted to design, integrate, and work with NZDF to install the prototype and complete the airworthiness certification of the systems. Therefore although the system IP is owned by NZDF, a competitive approach to market seeking an alternative supplier would have been difficult if not impossible.

How Defence considered interoperability

A key assumption of the ORACS project is that the New Zealand Government wishes to align NZDF capabilities, from an interoperability perspective, with those of Australia, the US Department of Defense, CANZUS, and NATO member states.

This will sustain effective, safe and secure air operations, and maintain interoperability with partners.

How Defence considered through-life costs and issues

At the time the project was first funded the estimated whole of life costs were based on maintained ability to conduct air operations in civil and military airspace.

- As per the accounting standards reflected in Defence Force Order 77, standard avionics equipment depreciation will be assessed at 15 years.
- Cost estimates for the Phase One work stream were based on price estimates gathered from multiple suppliers, including defence industry, which were received during 2017 and 2018.
- Estimation of capability integration, project management costs and personnel costs was based on the project team's estimates of activities, duration, capability, and resource requirements.
- Forecast operating expenditure covers the estimated useful life of the respective capital investments and includes through life operating costs for repairs and maintenance.
- Costs were converted into New Zealand dollars based on: The Treasury's New Zealand Debt Management forward exchange rate profiles for the Australian dollar, the Euro, and US dollars that were also being used for Defence Capital Plan Refresh 2019.
- Costs were inflated using Defence White Paper 2016 inflation rates.

ACQUISITION PHASE

Description of Phase 1(a) and (b) acquisition work

On 15 April 2019 Cabinet confirmed GOV-19-MIN-0014 which authorised the Secretary of Defence to commit and approve expenditure up to the amount of \$56.832 million for Phase One systems, for most NZDF aircraft fleets.

That 2019 decision did not include upgrade of the NH90 helicopter fleet, as further work was required to confirm a solution.

On 28 May 2020, the Cabinet Government Administration and Expenditure Review Committee approved the ORACS NH90 Phase One Project Implementation Business Case, with \$21.05 million funded from the NZDF's depreciation reserves.

How Defence decided to acquire the Capability Solution

In order to match existing equipment, the hardware to be fitted to most of the aircraft was direct sourced as a combination of updated versions of the current transponders and corresponding equipment. To install the equipment to the aircraft, existing maintenance and logistics support agreements were utilised.

For the T-6C fleet, for example, the solution offered by Textron Aviation Defense was a proven ADS-B solution providing the best balance between the least risk and best value for money. Therefore, a direct source to Textron as the supplier for all elements of the procurement; hardware, design, integration and installation went ahead.

Phase 2A-2C

Performance Based Navigation (PBN)

For around 100 years aircraft have navigated at night and in poor weather conditions by flying in a series of straight lines between ground-based radio beacons. This can result in indirect and inefficient flight paths and requires large airspace separation buffers between aircraft to protect against the inaccuracies of ground-based navigation methods, and against possible operational or human errors. PBN is reliant primarily on satellite-based technologies. Aircraft can fly routes directly between virtual waypoints at set geographical coordinates, rather than between physical beacons. Virtual waypoints can be set at any point along a route, which means they can be much more direct than those reliant on ground based navigation beacons.

Secure Communications

Secure communication is an essential requirement for the NZDF, as a significant number of NZDF operations require

transmission of highly sensitive information. This includes both internal transmissions within NZDF, and transmissions with Five Eyes partners and other military coalition partners in complex strategic and tactical environments. To ensure that this sensitive information is secure, NZDF's communications must be too.

The ORACS Project is limited in competitive tendering **options** as it is providing upgrades to existing aircraft fleets, **each of which** have existing Through Life Support arrangements.

Although these arrangements are different for each fleet, they involve commercial organisations holding intellectual property rights for aircraft software and hardware. Open procurement activities would expose the Government to intellectual property and integration risk. Consequently, commercial

activities undertaken for Phase 2 will be sole source through existing contracts, including through life support contracts.

Contracts (at 30 June 2025)

A range of contracts and service level agreements have been in place for delivery of ORACS, including with Textron Aviation Defense, Flight Structures Ltd, NATO Helicopter Industries. Service Level Agreements have also been in place for the B757, C-130 and SH-2G aircraft.

Capability has also been provided through the US Foreign Military Sales Program.

Prime Contactors	
NH90	NATO Helicopter Industries

SCHEDULE/TIMEFRAME PROGRESS

	Original forecast at Approval to Commit	At 30 June 2025 (Forecast/Actual)	Variance (months)
Phase 1: In service			
1A: Operational Release (all fleets and simulators excluding NH90)	June 2022	December 2025* (Forecast)	41
1B: Operational Release (NH90)	March 2025	Q4 2025* (Forecast)	9
Phase 2: Delivery phase			
2B: NH90 Secure Communications Fleet Embodiment Complete	Q3 2026	May 2025 (Actual)	-13
2C: Interim Operational Release	2029	2029	-
Phase 2: In service			
2A: Operational Release (B757)	October 2023	December 2024 (Actual)	14
2B: Operational Release (NH90)	Q4 2026	Q4 2026* (Forecast)	-
2C: Operational Release	2030	2030	-

* ORACS Phases 1A and B, and 2B achieved Operational Release in December 2025.

Overall delays to OR for Phase 1(a) stemmed from a range of issues including alignment with maintenance servicing plans, and delays in delivery of simulator upgrades. For example, the A109 upgrades were programmed to take place during phase checks, which were rescheduled due to lower hours having been flown in 2021 as a consequence of COVID-19.

ORACS CAPABILITY INTEGRATION PHASE

Description of Capability Integration Phase

Following the first of type installation and certification of the ORACS systems, the installation for each aircraft has been actioned as scheduled for either a group or phase maintenance activity – unless an early deployment or commitment dictates otherwise.

The capability integration planning includes test equipment, ground and flight testing. Once each entire fleet's platforms have completed the

installation and flight test required for certification, that fleet is submitted for Operational Release.

Flight training devices are also being modified as required to reflect new aircraft configurations and ensure the training they provide reflects the current systems. A training needs analysis determines whether or not modification of a training simulator is required, and personnel are also provided from the affected aircraft operating units to complete operator or maintenance training on a 'train the trainer' basis for each aircraft.

ORACS OPERATIONAL CAPABILITY

Progress towards Delivery of Operational Requirements as at 30 June 2025

Note: these are subject to change as the project progresses and solutions are implemented.

Operational Requirements	Requirement likely to be met
Improved capabilities that sustain safe, efficient, compliant and unrestricted flying operations in civil controlled airspace, in order to deploy NZDF capability globally in support of NZ government policy objectives.	Yes. Both globally and in New Zealand, NZDF aircraft fly in civil controlled airspace alongside other air traffic. To safely carry out their tasks in this airspace, the aircraft must be equipped with the appropriate systems which must comply with regulations and remain in-step with modern technologies. Modifications on all affected fleets are either underway or are planned.
Improved capabilities that sustain safe, efficient, compliant and unrestricted military exercise and operational flying in order to deploy NZDF capability globally in support of NZ government policy objectives.	Yes. Systems are implemented.
Benefits realisation forecast for 2029.	

DURING THE 2024/25 YEAR

Phase 1A: the project had completed delivery forecasting completion of the Operational Release process by the end of the year..

Phase 1B: The NH90 Interim Operational Release Governance Milestone for Phase 1B

was achieved in April 2025. Work done under Phase 2B to upgrade secure communications has brought the fleet into compliance with the ADS-B Out regulatory requirements that are being delivered under Phase 1B. The RNZAF had dispensation to operate without ADS-B Out

but the software upgrade delivered under 2B means they can operate without restriction..

Phase 2A: Radios acquired under Phase 2A were delivered, having completed testing the previous year.

Phase 2B: Embodiment of Secure Communications to the NH90 occurred in conjunction with several software releases. Qualification was completed successfully on 5 June 2025.

The upgrade had been planned to be completed by NHI's technicians in Europe, and was expected to take three years from the time the first aircraft left New Zealand to the return of the eighth and final aircraft. The Ministry was able to secure equipment that could be modified from the Australian Defence Force's retired NH90. This enabled the whole upgrade project to be completed in New Zealand in four weeks.

Phase 2C: following Cabinet's approval at the end of June 2024, the contract was signed with Nato Helicopter Industries (the aircraft manufacturer) for the installation of Performance Based Navigation and further work on the secure communications radio suite integration.

New Zealand is the first country using the NH90 helicopter that will undertake this retrofit and upgrade work.

DEVELOPMENTS POST 30 JUNE 2025

- Operational Release was achieved for Phases 1A and 1B, and Phase 2B.



An NH90 helicopter from the RNZAF releases countermeasure flares, whilst operating the MAG-58 weapon system during a tactical flight over Shoalwater Bay Training Area as part of Exercise Talisman Sabre 25.

ORACS PHASE 1A AND 1B PROJECT BUDGET AND EXPENDITURE

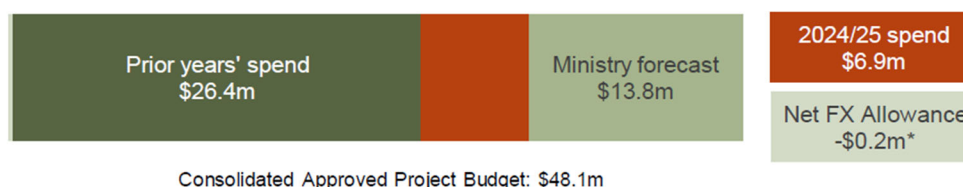
Phase 1A



At 30 June 2025 project costs for ORACS Phase 1A were:

		Ministry \$000	NZDF \$000	Consolidated project \$000
Budget	Current approved project budget	19,544	-	19,544
	Allowance for foreign exchange movements	-	-	-
	Original approved project budget	19,544	-	19,544
Forecast	Forecast total project cost	19,281	-	19,281
	Effect of foreign exchange movements	(257)	-	(257)
	Forecast cost using hedged rates	19,539	-	19,539
	Forecast project variance	5	-	5

Phase 1B



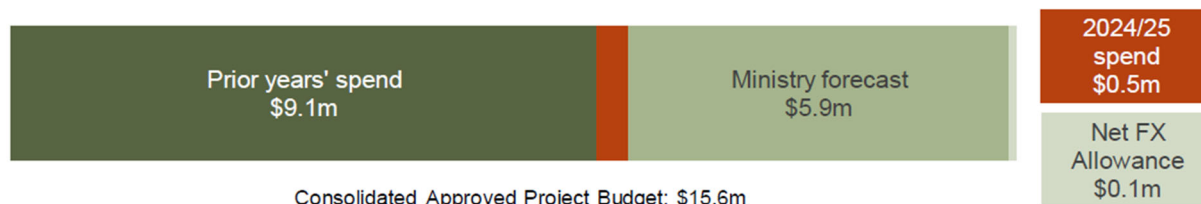
* A non-cash technical adjustment will be sought at a future baseline update to increase the approved budget reflecting the effect of hedged foreign exchange movements.

At 30 June 2025 project costs for ORACS Phase 1B were:

		Ministry \$000	NZDF \$000	Consolidated project \$000
Budget	Current approved project budget	48,058	-	48,058
	Allowance for foreign exchange movements	1,160	-	1,160
	Original approved project budget	46,898	-	46,898
Forecast	Forecast total project cost	47,018	-	47,018
	Effect of foreign exchange movements	1,390	-	1,390
	Forecast cost using hedged rates	45,628	-	45,628
	Forecast project variance	1,270	-	1,270

ORACS PHASE 2A, 2B AND 2C BUDGETS AND EXPENDITURE

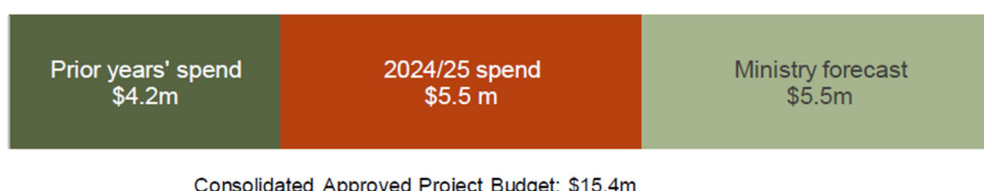
Phase 2A



At 30 June 2025 project costs for ORACS Phase 2A were:

		Ministry \$000	NZDF \$000	Consolidated project \$000
Budget	Current approved project budget	15,622	-	15,622
	Allowance for foreign exchange movements	1,564	-	1,564
	Original approved project budget	14,058	-	14,058
Forecast	Forecast total project cost	15,441	-	15,441
	Effect of foreign exchange movements	1,456	-	1,456
	Forecast cost using hedged rates	13,984	-	13,984
	Forecast project variance	74	-	74

Phase 2B



At 30 June 2025 project costs for ORACS Phase 2B were:

		Ministry \$000	NZDF \$000	Consolidated project \$000
Budget	Current approved project budget	15,429	-	15,429
	Allowance for foreign exchange movements	359	-	359
	Original approved project budget	15,070	-	15,070
Forecast	Forecast total project cost	15,205	-	15,205
	Effect of foreign exchange movements	361	-	361
	Forecast cost using hedged rates	14,844	-	14,844
	Forecast project variance	226	-	226

Phase 2C

2024/25 spend \$14.3m	Ministry forecast \$54.7m	Net FX Allowance -\$2.8m*
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* A non-cash technical adjustment will be sought at a future baseline update to increase the approved budget reflecting the effect of hedged foreign exchange movements.

At 30 June 2025 project costs for ORACS Phase 2C were:

		Ministry \$000	NZDF \$000	Consolidated project \$000
Budget	Current approved project budget	66,567	-	66,567
	Allowance for foreign exchange movements	-	-	-
	Original approved project budget	66,567	-	66,567
Forecast	Forecast total project cost	68,489	-	68,489
	Effect of foreign exchange movements	2,822	-	2,822
	Forecast cost using hedged rates	65,667	-	65,667
	Forecast project variance	900	-	900

MARITIME

THE ANZAC FRIGATES

The Anzac frigates' naval combat capabilities are one of three high-end military capabilities that can be deployed by the NZDF.¹¹

The frigates (including an embarked naval helicopter) are able to detect, track and respond to surface vessels, submarines, and aircraft. They support the protection of the New Zealand sovereign territory, and maritime areas of interest, and contribute to upholding international rules-based order and freedom of navigation.

They can operate in combat roles and undertake constabulary and humanitarian tasks. Non-combat roles include search and rescue, border protection, fisheries patrol, disaster relief, and support to other government agencies.

The builds of *Te Kaha* and *Te Mana* were completed in July 1996 and May 1998 respectively, and the ships had a design life of 30 years. A through-life-maintenance cycle has been implemented to achieve this.

Since delivery, two major upgrades have been undertaken.

- The mid-life Platform System Upgrade (PSU)¹² project enabled key propulsion, auxiliary and control systems to remain operable up to the original 30-year design life.
- The Frigate Systems Upgrade (FSU) refreshed the ships' combat capabilities with the replacement of key mission systems.

Technical studies have indicated it is possible to extend the frigates' lives out to the mid-2030s.

To achieve that extended service life and operational availability of the frigates, there is a need to ensure the frigates can continue to operate in a modern environment.

This section of the report (to page 54) includes information on Anzac Frigate-related projects that were in delivery during the 2024/25 financial year:

- Frigate Systems – Communications: both the completion of the Design Phase (approved 2021) and funding approval for the resulting solution build and installation phase.
- Frigate Sustainment Programme: aims to support extension of the service life of the frigates past their original 30-year design life.

¹¹ Along with Maritime Patrol Aircraft, and Special Forces.

¹² See *Major Projects Reports* from 2010 to 2017.

FRIGATE SUSTAINMENT – COMMUNICATIONS

This project is upgrading the external tactical and strategic communications capabilities of the Anzac-class frigates, HMNZS *Te Mana* and *Te Kaha*.

The Purpose of this Project

The Frigate Systems Upgrade (FSU) project, covered in earlier editions of this report, was designed to upgrade surveillance and combat systems. Along with other frigate upgrade projects, this has contributed to the ability to extend the life of the ships to the mid-2030s.

Under the Frigate Sustainment - Communications project, the upgrade of external communications equipment will ensure the frigates' communications capability complies with modern standards, and ensure the effectiveness of the communications capability through the remaining life of these ships.

There are two phases to the project. Phase one has delivered the detailed system design, a detailed design of the training facility and training material, and has purchased some equipment with long lead times. The build and installation of the solution is now underway.

Capability Requirements

The Anzac-class frigates are a core Defence Force capability, able to be deployed individually or as part of a joint task group in coalition operations. Along with offering a valued contribution that complements partner forces, the capability of these ships also strengthens the New Zealand Defence Force when it is operating independently.

The frigates operate across a spectrum of tasks, from constabulary and humanitarian tasks to combat roles within multinational coalitions.

Through this project, existing capability will be upgraded, replacing systems and equipment to ensure the frigates continue to operate seamlessly, with effective communications that maintain the ability to deliver and receive data and voice transmission to/from our principal partners, and the NZDF's air and land forces, both in training and on operations.

FS Communications Better Business Case Milestones

2014	
3 September	Project charter (Anzac Communications Upgrade) approved by Secretary of Defence and Chief of Defence Force
2019	
25 November	Cabinet confirmed the upgrade option in the Single Stage Business Case and authorised the Secretary of Defence to undertake a competitive tender CAB-19-MIN-0626
2021	
9 August	Cabinet approved commitment of funds for the Design Phase of the project and the Secretary of Defence to commit and approve expenditure for the Frigate Sustainment Communications project as outlined in the Project Implementation Business Case (PIBC) . CAB-21-MIN-0298
2023	
11 April	Cabinet authorised the Secretary of Defence to commit and approve expenditure for the Frigate Sustainment Communications project's build and installation phase. CAB-23-MIN-0119

Capability Definition Phase

How Defence identified and assessed capability and operational requirements and options

Communications equipment for the frigates is not a new capability, however as the *Defence Capability Plan 2019* outlined, the upgrade to the ships' communications system will ensure continued interoperability with our key Defence partners and – along with the other upgrades already delivered – provide a greater capability to the New Zealand Defence Force than at any time since their introduction in the 1990s.

This upgrade will support interoperability with other capabilities that are being acquired for the New Zealand Defence Force, such as the P-8A Poseidon fleet and those being delivered under the Network Enabled Army programme.

Defence worked through a process to identify an upgrade option that would achieve the best value for money. This included workshopping

possible options across dimensions of scale and scope, service solution and delivery, and implementation. Long listed options in each dimension were assessed against the project's investment objectives and critical success factors. From this, a short list was recommended for further analysis.

An economic assessment of short-listed options used a multiple objective decision-making (MODM) methodology, combining cost effectiveness analysis and scenario analysis. Economic analysis was undertaken using the equipment that would be acquired and values for each option were combined with the weighting information to score and compare each option. Further marginal and sensitivity analysis was carried out and a Monte Carlo simulation conducted to analyse which option would provide the best value for money relative to other options.

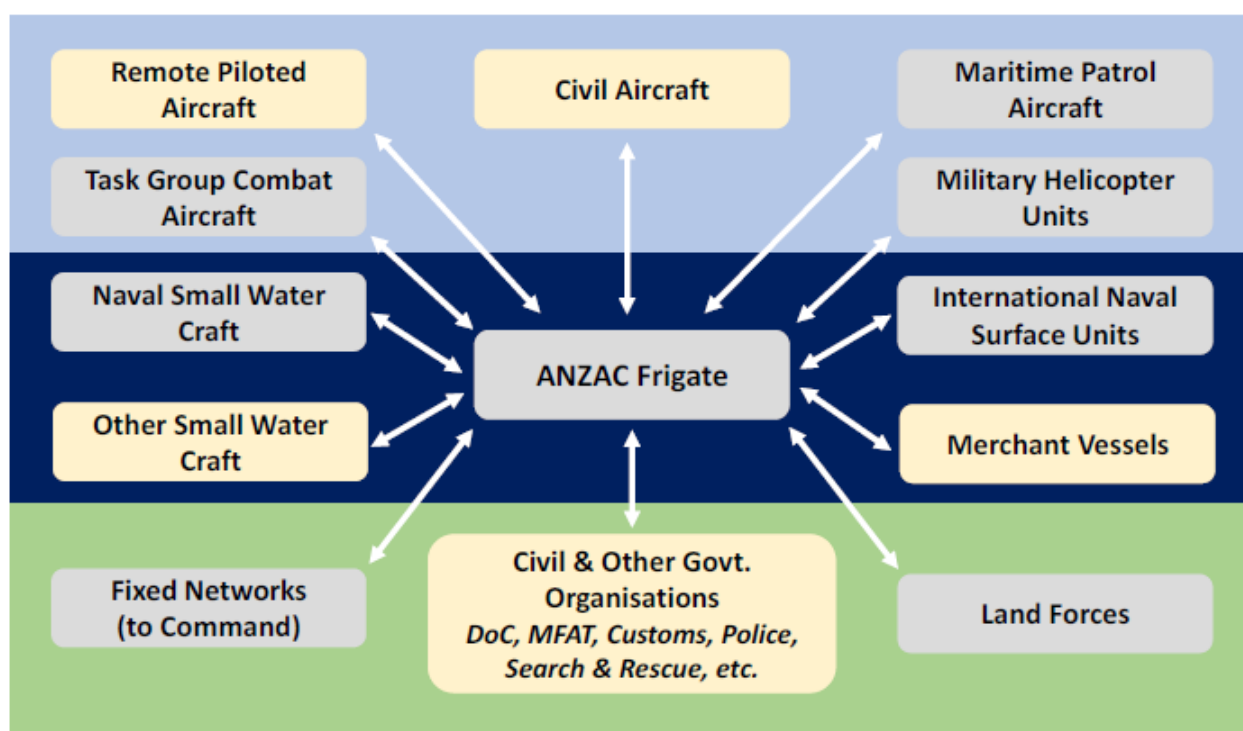


Figure: Anzac Frigate communications paths

How Defence considered interoperability

Interoperability is a core principle considered in Defence major projects, and is embedded in the decision-making process of the Defence Capability Management Framework.

The interoperability of the frigates is a primary consideration for this project, and will ensure the frigates maintain the ability to undertake the full range of roles required by Government.

Assessment of the changing technological environment in which the frigates and our international partners are expected to be operating formed part of the development of the business case, and recommendations for the preferred solution.

Refining options

The process undertaken included identification of the upgrade option that achieves the best value for money. In one workshop participants examined possible options across scale and scope, service solution and delivery and implementation. A long list of options in each of these were assessed against investment objectives and critical success factors. From this long list analysis, a short list was recommended for further analysis.

How Defence considered through-life costs

Within the proposals presented to the Government, investment objectives included minimising the through-life cost of the frigate communications system. These include elements such as management of training, software, documentation, maintenance, sparing, and base engineering support. The costs considered were based on estimates, with confirmed costs expected to be developed during the design phase.

When reviewing submissions made to the Request for Tenders, which is covered in more detail under the Acquisition Phase section, the evaluation team included a member who was qualified to consider and evaluate the through-life support category. This, and other categories (including technical, commercial, and integrated logistics) were evaluated independently, then a

combined evaluation was conducted to deliver a moderated score for each supplier.

Through life support was one of the categories considered in the due diligence analysis of short-listed suppliers. The submission by SEA, the company that was ultimately selected for the design phase, was noted for its detailed through life support model and cost, which included providing support through experienced New Zealand-based companies and local industries.

Requirements Analysis in the Capability Definition phase

The Strategic Defence Policy Statement 2018¹³ (SDPS), approved by Cabinet in May 2018, set out the Government's policy objectives for Defence, providing the policy framework for identifying Defence capabilities required to give effect to the Government's intentions.

Of the ten principal roles of the NZDF set out in the SDPS, frigate communications directly contribute to six of them:

- Defend New Zealand's sovereignty and territory and contribute to protecting New Zealand's critical lines of communication
- Meet New Zealand's commitments to its allies and partners
- Conduct a broad range of operations in the South Pacific, including leading operations when necessary, to protect and promote regional peace, security and resilience
- Make a credible contribution in support of peace and security in the Asia-Pacific region, including in support of regional security arrangements
- Protect New Zealand's wider interests by contributing to international peace and security and the international rules-based order

¹³ The SDPS is on the Ministry of Defence website: <https://www.defence.govt.nz/what-we-do/assessing-our-future-strategic-environment/strategic-defence-policy/>

- Be prepared to respond to sudden shifts in the strategic environment.

The analysis of requirements considered current and future communications standards and equipment, and the changing information environment, and was focused on flexibility and adaptability being part of any solution.

Acquisition phase

Tender process

The Ministry's focus was on procuring a solution that would support the frigates through to end of life, along with the equipment and supporting services. The preferred solution was to engage a Prime Systems Integrator (PSI) that would:

- provide design services for the upgrade
- procure related equipment and initial spares
- provide integration services for installation and commissioning, including Harbour Acceptance Trials and Sea Acceptance Trials
- design and establish a suitable training facility, including appropriate training material
- and conduct initial training.

A Request for Information in 2017 resulted in 11 responses including several comprehensive responses with estimated costing, which indicated both a level of market capability to deliver, and an interest in the contract. It also provided indicative cost and risk information.

As part of the approval of the Single Stage Business Case, Defence received approval to approach the market with a Request for Tender (RFT), and developed contract and tender documents.

Schedule/Timeframe Progress

As with other projects, the contract's deliverables are tracked against an agreed delivery schedule and payment milestones. This table includes both the design phase and the build and installation phase.

The RFT was issued on 4 December 2019 using the Government Electronic Tender System with an original closing date of 30 March 2020. The RFT period was extended twice, initially to 30 April to provide additional time for security clearance verification of potential suppliers, and then to the end of May to compensate for the impact of COVID-19. New Zealand had been at a Level 4 response to the pandemic, with the country in lockdown from 25 March to 27 April.

Following assessment of the proposals received, a shortlisting took place, after in-depth due diligence, and Systems Engineering & Assessment Ltd (SEA) was approved as the preferred supplier.

Contract as at 30 June 2025

Prime contractor	Systems Engineering & Assessment Ltd (UK)
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Installation process

The installation phase is taking place in New Zealand, aligning with ship maintenance periods to reduce potential impact on the NZDF's ability to deliver outputs.

Although SEA is based in the UK, their proposal incorporated heavy use of New Zealand-based subcontractors, which was considered to provide a strong mitigation to COVID-19 related delays and restrictions – the effects of which at the time were still emerging – but were considered to have the potential to impact or delay the installation phase.

	Initial Estimate (9 August 2021)	At 30 June 2025 (Forecast/Actual)	Variance (months)
Delivery Phase			
Contract Execution, Design	July 2021	August 2021 (Actual)	1
Design completion	December 2022	August 2023 (Actual)	8
Acceptance of Interim Operational Release	2026	2026 (Forecast)	-
In service			
Acceptance of Operational Release	2027	2027 (Forecast)	-

The month variation for the contract execution relates to the timing of the business case being approved (a pre-requisite for the contract to be signed).

The delay in acknowledgement of the design completion occurred in part because of work to revalidate/confirm the proposal for the Build and Install phase, and a longer than estimated time for completing the design deliverables.

FS Communications Capability Integration

Description of Capability Integration phase

The Capability Integration phase is the period of time in which the tasks required to prepare the Service to effectively operate and support the solution that is being introduced. It's about making the capability part of Defence's "business as usual".

Status of the Capability Integration Plan

A Capability Integration Plan (CIP) was approved in 2021 and, as with other CIPs, is a living document that is expected to change in detail and focus as the project progresses through its lifecycle.

For example, the project drafted a Test and Evaluation Master Plan, which sits within the broader CIP. These supporting planning of test activities, management and scheduling of events like acceptance and/or operational testing and

evaluation, and identify areas of critical performance requirements.

During the 2024/25 Year

Equipment procurement progressed and by early July all equipment from key Original Equipment Manufacturers had been delivered. Cable manufacturing and deliveries were on track against schedule.

Planning for Harbour and Sea Acceptance Trials was well underway with a draft schedule and list of assets developed.

Initial crew training courses for operators and maintainers were planned to commence by the end of 2025.

DEVELOPMENTS POST 30 JUNE 2025

No substantial updates to report.

FS Communications Project Budget and Expenditure

Prior years' spend \$42.7m	2024/25 spend \$24.2m	Ministry forecast \$29.2m	Net FX Allowance -\$0.2m*
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Consolidated Approved Project Budget:
\$96.9m

* A non-cash technical adjustment will be sought at a future baseline update to increase the approved budget reflecting the effect of hedged foreign exchange movements.

At 30 June 2025 project costs were:

		Ministry \$000	NZDF \$000	Consolidated project \$000
Budget	Current approved project budget	96,907	-	96,907
	Allowance for foreign exchange movements	4,066	-	4,066
	Original approved project budget	92,841	-	92,841
Forecast	Forecast total project cost	96,067	-	96,067
	Effect of foreign exchange movements	4,298	-	4,298
	Forecast cost using hedged rates	91,769	-	91,769
	Forecast project variance	1,072	-	1,072

FRIGATE SUSTAINMENT PROGRAMME PHASE 1

This is planned as a multi-phase programme, with Phase 1 designed to enable future work to be undertaken to extend the Anzac frigates' service life. This first phase of the programme is being undertaken between 2023 and 2026.

The Purpose of this Project

Since the frigates were built in the mid-1990s, cyclical maintenance has been undertaken, and specific upgrade programmes delivered. This investment has created the possibility to extend the ships' service life to the mid-2030s, beyond the 30-year life expectation of these vessels.

With the planned end of design life approaching in 2026 (*Te Kaha*) and 2028 (*Te Mana*), a decision was sought in 2023 on funding for initial system replacements and design preparation for projects that may be included in later phases.

FSP was established to manage a range of projects that support the frigates' life extension. This oversight is intended to provide a balance to delivering the capability for Defence, while not affecting the ships' availability for operational use, or the value of the investment in this programme.

The scope of phase 1 includes:

- Delivering system modifications or replacements that are necessary for future life extension work.
- Replacements that sustain regulatory compliance and interoperability.
- Where needed, documentation updates, training packages, infrastructure and updates to shore-based training and mission support systems such as the Combat Management System (CMS) trainer.

Capability Requirements

As an in-service capability, baseline requirements are taken from the existing capability, as well as the investment objectives, and the programme's expected benefits.

System requirements for each project within FSP will be used to define each project's specific deliverables.

User requirements are the baseline user need for capability. High Level User Requirements (HLUR) include:

- **Interoperability:** a capability that can inter-operate with NZDF, Australian and Coalition Partner Force elements, and applicable Government agencies.
- **Area of Operation and Endurance:** a naval capability that can be operated in maritime areas worldwide (excluding polar waters), and sustained so that a continuous presence is achieved.
- **Support:** a capability that adopts affordable and sustainable approaches to support, in order to ensure it is deployable through life.
- **Maritime Warfare Operations:** a capability that can locate, classify and track surface vessels, land targets, submarines and aircraft and, when necessary apply force against those targets until they no longer present a threat to the force, or assigned mission.
- **Maritime Security Operations:** a capability to establish the conditions for security and protection of sovereignty in the maritime domain.
- **Maritime Intelligence, Surveillance Reconnaissance (ISR):** a capability that can provide sustained ISR across all domains in the maritime environment.
- **Emergency Support:** the ability to deliver assistance to persons in distress on land or at sea and, if necessary, move them to a place of safety.

The objectives of Phase 1 investment are to:

- Enable the extended service life of the Anzac frigates by ensuring a seaworthy (safe to operate) platform after the 30 year design life.
- Enable sustainment of naval combat capability effectiveness after the 30 year design life.
- Manage frigate availability for maritime security operations.
- Support sustainment of interoperability with partner nations after the 30 year design life.

FSP Phase 1 Better Business Case Milestones

2022	
2 May	Programme Definition Document approved by Secretary of Defence and Chief of Defence Force
2023	
11 April	Cabinet authorised the Secretary of Defence to commit and approve expenditure for Phase 1 of the Frigate Sustainment Programme, subject to funding being approved as part of the Budget 2023 process, as outlined in the Single Stage Business Case CAB-23-MIN-0119

Capability Definition Phase

How Defence identified and assessed capability and operational requirements and options

Phase 1 has been designed to focus on delivering projects that will enable decisions to be made in relation to proposed future life extension activities beyond the ships' design life (2028).

The Anzac frigates are already in service, and the FSP has been developed as a work programme to sustain the capability these ships deliver, rather than to deliver new capability.

The benefits of these operational frigates have been realised, and the goal of FSP is to sustain these benefits as the vessels age, and specifically to sustain them beyond the end of their design life. Benefits will be achieved progressively through the sustainment of the frigates' capability.

How Defence considered interoperability

As with other projects, FSP was developed with consideration of the six principles that underpin Defence policy. One of these is that Defence is a credible and trusted international partner. This upgrade and replacement equipment and systems delivered under this project will continue New Zealand's ability to be interoperable with partners, across a range of missions in a spectrum of environments.

As noted on the previous page, interoperability was identified as the first of the high level user requirements and the project scope noted that delivering an agreed level of system replacements during phase 1 of this project would sustain interoperability.

Acquisition Phase

All Platform projects will be delivered through the Maritime Fleet Support Services contract with Babcock New Zealand. This is the existing support partner arrangement for sustainment of the whole RNZN fleet at Devonport Naval Base.

Procurement of equipment and engagement of sub-contractors will be in accordance with the Government procurement rules. However overhaul, refresh or replacement of existing equipment may require sole source sub-contracts with the original equipment manufacturer.

Schedule/Timeframe

	Estimate at approval to commit	At 30 June 2025 (Forecast)	Variation
Estimated Completion of Installation	2026	2026	-

During the 2024/25 Year

Stability correction and bilge keel installations were completed during the 2024/25 year. Modifications to improve the sewage treatment plant were also completed during the year.

Bilge keels are fixed to the hull and dampen roll motion.

DEVELOPMENTS POST 30 JUNE 2025

No substantial updates to report.

Frigate Sustainment Programme Phase 1 Budget and Expenditure



* A non-cash technical adjustment will be sought at a future baseline update to increase the approved budget reflecting the effect of hedged foreign exchange movements.

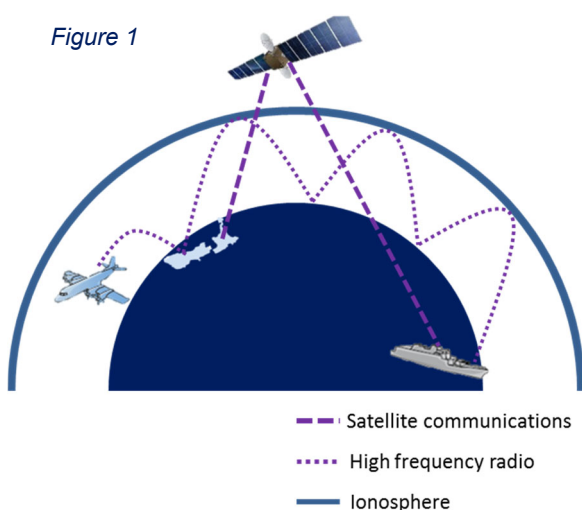
At 30 June 2025 project costs were:

		Ministry \$000	NZDF \$000	Consolidated project \$000
Budget	Current approved project budget	57,119	-	57,119
	Allowance for foreign exchange movements	119	-	119
	Original approved project budget	57,000	-	57,000
Forecast	Forecast total project cost	57,559	-	57,559
	Effect of foreign exchange movements	572	-	572
	Forecast cost using hedged rates	56,988	-	56,988
	Forecast project variance	12	-	12

INFORMATION

FIXED HIGH FREQUENCY RADIO REFRESH

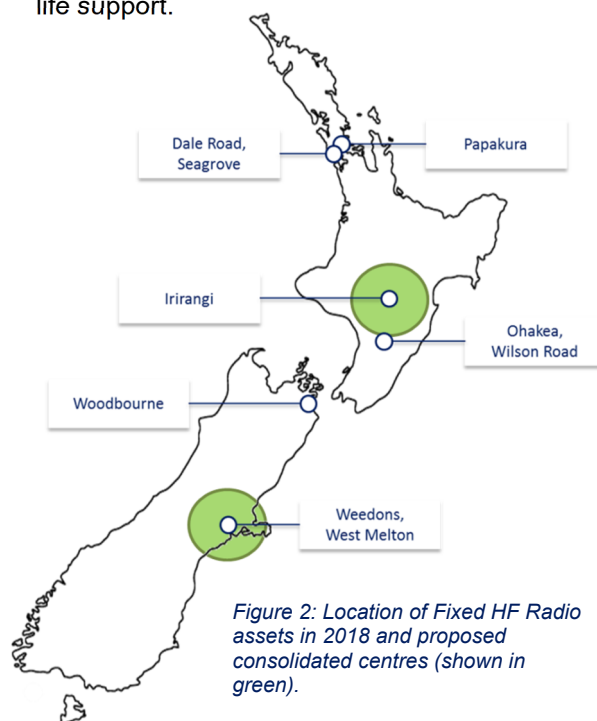
This project is replacing the NZDF's existing high frequency radio system, which is at the end of its economic and operating life. It will increase the system's efficiency by consolidating the number of radio sites.



THE PURPOSE OF THIS PROJECT

High frequency (HF) radio – once known as short wave radio – allows long distance communication beyond the horizon, around the curve of the earth. Radio waves can be directed at an angle into the sky and refracted back to Earth from the ionosphere (figure 1).

The New Zealand Defence Force's (NZDF) existing HF radio system is around forty years old and is being replaced through the Fixed High Frequency Radio Refresh (FHFRR) project¹⁴. This is modernising and upgrading the high frequency radio system and ensuring through-life support.



High frequency radio is an important part of NZDF's communications network. It enables long range communications with smaller assets that are deployed far from New Zealand, and provides resilience by acting as a back-up

¹⁴ This project was formerly known as Strategic Bearer Network Project – Phase Two.

capability if satellite communications are unavailable.

A viable and sustainable high frequency radio system supports the NZDF in delivering against the outcomes in the Strategic Defence Policy Statement 2018 in the following ways:

- It supports NZDF operations in the South Pacific and within our Exclusive Economic Zone, where a range of assets rely solely on high frequency radio for long-range communications;
- It is part of a suite of communications tools, including satellite communications, which enable NZDF to operate independently, or lead operations with other government agencies and coalition partners; and
- It is an alternative communications medium for strategic communications with ships and aircraft deployed further afield.

CAPABILITY REQUIREMENTS

To support these policy outcomes, the following investment objectives and requirements were derived for the FHFRR project:

- Communications assurance – to retain alternate communications channels to satellite for deployed force elements. This is necessary for safer and more successful operations, and to provide a back-up system that can be provisioned at short notice.
- Retain communications with deployed force elements unable to use satellite communications. HF radio enables communications to be sent and received as needed.
- Retain communications south of 60° south in the Southern Ocean. Communication with platforms via satellite is difficult or unavailable in this area, and HF enables command and control and other information to be conveyed.
- Improve the efficiency of the high frequency radio capability through the rationalisation of equipment and consolidation of facilities as some radio communications migrates to

satellite, and replacing end of life equipment with new equipment.

- Utilise new technology to improve the effectiveness of the high frequency radio capability, with modern equipment providing wider and more efficient communication.

FHFRR Better Business Case Milestones

2014	
4 June	Project charter approved by Secretary of Defence and Chief of Defence Force
2018	
18 June	Cabinet authorised Defence to undertake a competitive Request for Proposal process and evaluations to select a fixed high frequency radio capability as documented in the Single Stage Business Case CAB-18-MIN-0281
2019	
26 August	Joint Ministers (Defence and Finance) approved implementation of approval thresholds . This was agreed to by Cabinet in October 2018 as part of the investor confidence rating assessment of Defence and delegated approval of the FHFRR Implementation Business Case to the Minister of Defence (previously required to be approved by Cabinet). GOV-18-MIN-0075
2020	
19 February	The Minister of Defence agreed to proceed with FHFRR and authorised the Secretary of Defence to conclude acquisition and through-life support contracts as outlined in the Project Implementation Business Case (PIBC) .

CAPABILITY DEFINITION PHASE

Over a 68 month period between June 2014 and February 2020 (from Charter to PIBC approval) the project worked through a definition phase that included a two-part tender process, issuing both a Request for Proposals (RFP) and request for Best and Final Offers (BAFO).

How Defence identified and assessed operational requirements

Investment logic mapping in September 2014 determined key problems associated with the existing high frequency radio capability and the benefits that would occur from addressing those problems. The following were identified:

Problems:

- Deterioration of HF radio capabilities has the potential to impact operations within our region.
- If our satellite communications become unavailable, NZDF's military capability will be severely diminished.
- Our inability to meet the burgeoning demand for data through new technologies is constraining our operational choices.
- Duplication of communications infrastructure causes inefficient delivery.

Benefits:

- Safer, more successful operations through more self-reliant command and control.
- Greater certainty that the Defence Force can meet government requests now and in the future.
- Greater ability to maximise return on investment in new technologies.
- More efficient communications across the range of capabilities.

How Defence analysed options in the Capability Definition phase

The FHFRR project team developed a matrix of long list options to replace NZDF's current high frequency radio capability. A facilitated Multi-Criteria Decision Analysis (MCDA) was held to

assess the long list options, which resulted in the following options being shortlisted:

- **Option A** – this option would have retained the status quo; maintaining the system until it eventually fails and not replacing it;
- **Option B** – this option would have replaced the control system, reducing the number of radio sites, and the number of channels. It would not upgrade the wideband radio technology, or put in place support arrangements;
- **Option C** – this option was similar to Option B, but provided a greater number of channels (although still a reduction compared to numbers at that time). It introduced a mix of wideband and narrowband radio technologies and included long-term support arrangements; and
- **Option D** – built on Option C by increasing the number of channels from the previous option (still less than the number at the time). It also maintained a mix of mainly wideband radio technologies and involved taking up long-term support arrangements.

The project then considered the extent to which each option fulfilled the five critical success factors, with the findings shown below:

Critical Success Factors	Options			
	A	B	C	D
Strategic fit and business needs	No	Partial	Partial	Yes
Value for money	No	Partial	Yes	Yes
Supplier capacity and capability	Yes	Yes	Yes	Yes
Affordability	Yes	Yes	Partial	No
Achievability	Yes	Partial	Yes	Yes

How Defence considered interoperability

Upgrading NZDF's high frequency radio capability will ensure the continued ability to interoperate with New Zealand's Defence partners, with Government agencies in New Zealand, and with our neighbours.

How Defence considered through-life costs and issues

Through-life costs were calculated on the assumption that the upgraded capability would have a useful service life of 20 years and a residual value of zero.

Initial cost estimates (below) were determined based on pricing information provided by industry in response to a Request for Information, cost information from other representative operators, and internal estimates of current operating costs.

Requirements Analysis in the Capability Definition Phase

Advantages	Disadvantages
Option A (\$20.5m cost estimate ¹⁵)	
Affordable. No change required.	Does not provide an enduring communications solution.
Option B (\$28.4–30.5m)	
Affordable. Achieves 75% of the required capacity.	Does not provide NZDF with an acceptable level of resilience in relation to its HF network.
Option C (\$47.9–55.8m)	

¹⁵ Cost estimates are for whole of life cost, assuming a 20 year useful service life and NPV discounted at 7%.

Provides for the bulk of expected usage (98% of current usage).	Utilises a mix of modern and legacy radios.
Option D (\$51.6–59.3m)	
Meets NZDF current and future requirements. Greater capacity for All of Government usage.	Provides only marginally better capacity than Option C but at a higher cost.

Option C was recommended as the preferred option. It provides most of the benefit of an upgraded system in terms of meeting capacity requirements for current usage (relative to the cheaper Option B). Option C also provides greater value for money as it provides only marginally less capacity than Option D for a lower whole of life cost.

Description of the Capability and Operational Requirements

The NZDF's Capability Requirements are:

- To enable strategic communications assurance and effective command and control of deployed units in the event that other communications bearers are unavailable.
- To allow communications with smaller deployed forces physically unable to use satellite.
- To enable communications with deployed force elements south of 60° south.
- To improve the efficiency of the current high frequency radio system by rationalising the equipment being used and replacing obsolete equipment.
- To provide a more effective communication service that is able to communicate with the Defence Force's next generation of capabilities.

Cost Estimate in the Capability Definition Phase

	2018
Estimate (NZ\$ m)	20.8–27.2

Estimates of Acceptance Dates in the Capability Definition Phase

	Initial Estimate during Definition
Initial Operational Release	May 2021
Operational Release	January 2022

ACQUISITION PHASE

Description of acquisition work

The procurement strategy proposed in the Single Stage Business Case was to hold a competitive tender process for the provision of the fixed high frequency radio system under a purchase contract, and the ongoing support of the system under a through-life support contract.

In June 2018, Cabinet authorised Defence to approach to market with a competitive Request for Proposals process and undertake evaluations to select a fixed high frequency radio capability.

How Defence decided to acquire the Capability Solution

Request for Proposals

The open tender process commenced with a Registration of Interest process. This process invited respondents with the capacity, credibility, and ability to secure appropriate security clearances to express interest in receiving a Request for Proposal for the FHFRR project.

In August 2018, a Request for Proposals was issued to six respondents who had been preselected through the Request for Information process. The objective of the request was to invite respondents to submit proposals for the delivery of a fixed high frequency communications capability that will support NZDF's deployed and domestic operations in a sustainable manner, with appropriate consideration given to through-life support. Four proposals were received from three respondents (one company submitted two proposals).

These proposals were evaluated in accordance with the approved Tender Evaluation Plan. As none of the proposals were both within budget and met NZDF's minimum requirements, the decision was made to invite the three respondents to prepare and submit a Best and Final Offer.

Best and Final Offers

A request for Best and Final Offers was released based on the following revised project scope:

- A reduction in the total number of communications circuits; and
- A reduction in the total number of Internet Protocol (IP) capable channels.

All three respondents submitted responses. The evaluation of the Best and Final offers identified Babcock New Zealand Ltd as the preferred tenderer to upgrade NZDF's fixed high frequency radio capability and to provide through-life support.

Due Diligence

Due diligence was undertaken with Babcock in June 2019. The due diligence activity provided further opportunity to assess how the proposed solution would be delivered, assess the maturity of the proposed solution, assess how Babcock would manage its prime contractor responsibilities, and assess Babcock's ability to sustain the capability through-life.

Contract Negotiation

Initial contract negotiations were undertaken with the preferred supplier, Babcock NZ Ltd, in late 2019.

Following approval of the Project Implementation Business Case in February 2020, a contract was signed with final systems acceptance scheduled to occur in December 2022.

Contract Status at 30 June 2025

Prime contractor	Babcock New Zealand Ltd
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SCHEDULE/TIMEFRAME PROGRESS

Systems Acceptance: variations in forecast

Estimate at Approval to Commit	30 June 2025 Forecast/ Actual	Variation in acquisition phase (months)
July 2023	August 2026 (Forecast)	43 months
At 30 June 2025 Factory Acceptance Testing had been completed (November 2024), Interim Operational Release was scheduled for early 2026 and achievement of the forecast contractual milestone for full system acceptance testing forecast for August 2026. The system continues to operate during this upgrade.		

HFHRR CAPABILITY INTEGRATION

Description of Capability Integration Phase

HF is a critical alternative communications channel for NZDF operations and shall be maintained at a level that will not risk impeding operations. Decommissioning of equipment and sites during the upgrade will reduce the number of available operational circuits. The transition to the new HF system will be carefully planned to ensure that both new and legacy systems have

sufficient capability to maintain minimum operational requirements.

Status of the Capability Integration Plan

An updated version of the project's Capability Integration Plan (CIP) was approved in 2024. The CIP, which was first approved in 2019, identifies and schedules the tasks necessary to prepare the NZDF to operate the capability effectively and introduce it into service. The CIP outlines the steps required to deliver the Operational Release of the Project, including integrating the capability into NZDF systems and processes. The CIP is a living document and is updated as required to reflect the project status at that time. For example, delays caused by the impact of the COVID-19 pandemic were noted as a change to the project.

Benefits Realisation

On 30 June 2025, the Project continued to forecast that Full Benefit Realisation would be achieved in 2028, with no changes to the benefits that would be realised.

Schedule of Capability Integration

	Initial Estimate	At 30 June 2025 (Forecast/Actual)	Variance (months)
Delivery Phase			
Acceptance of Interim Operational Release	30 March 2023	2026 (Forecast)	34
In service			
Acceptance of Operational Release	31 August 2023	2027 (Forecast)	43

History of variations to schedule at 30 June 2025

Date of individual variation	Variation length (months)	Explanation
2 October 2023	43	Interim Operational Release/Operational Release: Technical issues encountered during work leading up to Factory Acceptance Testing (FAT) meant that stage of work was delayed. A revised baseline schedule was approved by the Minister of Defence.

FHFRR OPERATIONAL CAPABILITY

Progress towards Delivery of Operational Capability

Operational Capability	Capability likely to be met
Communications assurance Retain communications with deployed force elements unable to use satellite communications Retain communications south of 60° South in the Southern Ocean Improve HF radio capability efficiency Utilise new technology to improve the effectiveness of the capability	Yes.
At 30 June 2025 Full Benefits Realisation was forecast to be achieved in 2028.	

DURING THE 2024/25 YEAR

Factory Acceptance Testing was completed in October, and accepted formally on 1 November 2024. After acceptance, UK-based equipment was packed and underwent export inspections before being freighted to New Zealand where an inventory audit was undertaken ahead of installation.

A site readiness review was undertaken and accepted in preparation for that work to take place.

The installation and inspection of the new High Frequency (HF) Automated Control & Management System was completed, successful network connectivity tests took place, and a number of integration activities were completed during the year.

DEVELOPMENTS POST 30 JUNE 2025

No substantial updates to report.

FHFRR PROJECT BUDGET AND EXPENDITURE



Consolidated Approved Project Budget: \$28.2m

At 30 June 2025 project costs were:

		Ministry \$000	NZDF \$000	Consolidated project \$000
Budget	Current approved project budget	28,215	-	28,215
	Allowance for foreign exchange movements	562	-	562
	Original approved project budget	27,653	-	27,653
Forecast	Forecast total project cost	28,151	-	28,151
	Effect of foreign exchange movements	585	-	585
	Forecast cost using hedged rates	27,566	-	27,566
	Forecast project variance	87	-	87

UPDATING CLASSIFIED DIGITAL SERVICES: PHASE ONE

This project supports the modernisation of the New Zealand Defence Force's classified environment. The classified nature of this work means limited information can be released at this time

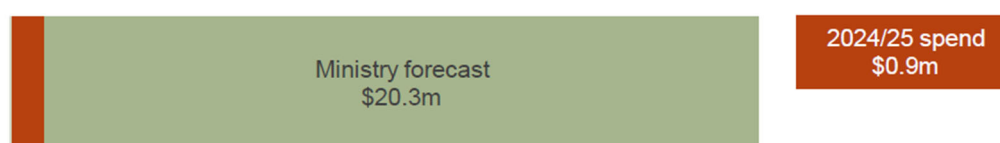
The project is in Phase One, which was funded through Budget 2024.

During the year progress was made on the design work for updating the classified environment as well as development work for deployed capabilities.

DEVELOPMENTS POST 30 JUNE 2025

No substantial updates to report.

Updating Classified Digital Services Phase One Budget and Expenditure



Consolidated Approved Project Budget: \$22.0m

At 30 June 2025 project costs were:

		Ministry \$000	NZDF \$000	Consolidated project \$000
Budget	Current approved project budget	22,020	-	22,020
	Allowance for foreign exchange movements	-	-	-
	Original approved project budget	22,020	-	22,020
Forecast	Forecast total project cost	21,248	-	21,248
	Effect of foreign exchange movements	1	-	1
	Forecast cost using hedged rates	21,247	-	21,247
	Forecast project variance	773	-	773

LAND

NETWORK ENABLED ARMY PROGRAMME

The Network Enabled Army (NEA) Programme is moving the New Zealand Army's planning, intelligence and communications functions to modern, interoperable, digital-based systems. This will increase information sharing capabilities between deployed units and the Army's command structure.

What are networked combat forces

These are operational frameworks and concepts that connect people, sensors, command and control (C2), platforms and capabilities. They are underpinned by strong organisational structures, business processes, logistics, and infrastructure.

Operationally, a networked combat force provides commanders with the means to obtain accurate and timely information, to make effective decision-making with increased speed, and with real time visibility of the execution of their decisions.

The benefit of being a networked combat force is improved combat effectiveness and a comprehensive approach to security.

NZDF Strategic Plan 2019-2025

The Network Enabled Army (NEA) Programme is providing the New Zealand Army and Special Operations Forces (SOF) with Command, Control, Communications and Computers (C4), Intelligence, Surveillance and Reconnaissance (ISR) capabilities.

The programme is being rolled out through tranches of funding. Each tranche provides increased capability, as well as building incrementally on capability already in place.¹⁶

Managing NEA in successive tranches allows new technologies to be introduced as they mature, ensures that there are ongoing opportunities to evaluate progress and, if necessary, change priorities. The programme can also progress at a rate that can be managed effectively and that does not overwhelm users.

The Programme is providing the technology the Army needs, along with the concepts, training and support to make it work. It prioritises front line soldiers and their commanders, giving them the capabilities they need without burdening them with unnecessary equipment and capability. It allows for expansion and development over time.

NEA's progression

Since the Programme was first approved and funded in 2015, it has undertaken the research and design for a digitally enabled system for the New Zealand Army. Supporting network architecture and a 'proof of concept' of the network and systems capability have been delivered.

The first two tranches of funding, approved by Cabinet in 2015 and 2019, laid the foundation by upgrading both the infrastructure and the communications network.

A proof-of-concept has been delivered for the network, confirming that it works and that all the

¹⁶ NEA Programme information can be found in the Major Project Report from 2015 onwards. These are on the Ministry of Defence website.

elements that are being introduced can work together.

This proof-of-concept delivered equipment and supporting network architecture (deployable satellite dishes, servers, and other digital equipment). The equipment upskilled individuals, delivering both operational and training benefits. It has allowed the Army to train on and understand the capability.

Programme Refresh

In 2024 Defence completed a review of the Programme, engaging with stakeholders and considering the objectives and business needs against existing arrangements. Through the review it was confirmed that, as in previous business cases, a Deployable Network remains the preferred option.

Following this, in March 2025 a refreshed Programme Business Case and Detailed Business Case were approved by Cabinet. The decision was made to continue the approach of phased funding investment¹⁷.

The Programme's Objectives

Development of the Programme Business Case included a review of the objectives, with only minor amendments made to reflect changes in terminology and the depth of understanding of the Programme's place within the NZDF. The objectives include:

- The ongoing transformation of the way Army operates, supporting Army's ability to adapt to future changes in technology and operating concepts.
- Maximising informed tactical command decision making.
- Effective situational awareness for land operations.

- Increasing the safety of personnel and equipment on operations.
- Operating in modern digital environments to maximise options for employment of land forces, including with domestic and international partners.

Technology systems in use that continue to be in scope for delivery include:

- Command and Control applications including a Battle Management System
- Tactical communications and sensor systems
- Radio systems including replacement radios.

Benefits

The agreed benefits are:

- Operationally effective land forces that can deploy across the range of operations required by the Government.
- Reduced risk to people and property with increased probability of mission success.
- Maintaining the range of Government options for using and deploying land forces either alone or in conjunction with partners.

INVESTMENT DECISIONS BY CABINET

At 30 June 2025 Cabinet had approved two funding tranches and expenditure for integration of communications systems into the Bushmaster NZ5.5 fleet of protected vehicles.

Tranche One: The first tranche of \$106 million in capital funding was approved by Cabinet in April 2015, with operating costs of \$36.4 million approved to spend over the next four years, which formed the budget for the NEA C4 project.

Tranche Two: The approval of the Business Case for the second tranche of funding for the NEA Programme was announced in August

¹⁷ As seen with approval of Tranche 1 (2015) and Tranche 2 (2019).

2019. The funding of \$106.48 million¹⁸ is being used to continue capability delivery by the C4 project and has enabled the start of delivery of ISR capability. Additional communications and network enhancements are being delivered, as well as new sensor systems, intelligence gathering, and processing capabilities for the Army, equipping elements such as logistics and medical units that support front line soldiers.

Tranche Two also extends the capability through use of a combination of hardware, software, and wider sources of information (such as partners' information) that leverage the digital radio networks and information management systems delivered under Tranche One.

Engagement with industry in relation to the wider capability sought under this project has been underway since 2019 when Defence issued a Request for Information for tactical and networked enabled system of systems consisting of Intelligence, Surveillance and Reconnaissance (ISR) and Electronic Warfare (EW) capabilities for the New Zealand Army. The first ISR project in delivery was Reconnaissance and Surveillance (R&S). The business case was approved in 2021 and contracts for supply and through life support of capability signed in 2023.

Bushmaster Communications: Cabinet approved Option 3: Network Enabled Communications of the Bushmaster Communications Project Implementation Business Case (PIBC) in August 2023. Capital of \$58 million was approved, along with \$32 million in four-year operating uplift, to fund integration of advanced communications and digital systems for the Bushmaster vehicles.¹⁹

The Bushmaster 5.5 vehicles are armoured to provide protection for troops while being

transported around operational space. The vehicles are designed especially to protect those inside from Improvised Explosive Devices. The communication and situational awareness provided by real-time digital maps and radios will ensure people are safer operating in and around the vehicles.

¹⁸ Funded from the NZDF's accumulated depreciation reserve.

¹⁹ At 30 June 2025 an updated Business Case was being prepared for submission. See [Developments Post 30 June](#) for more information.

NEA Programme Better Business Case Milestones

2015	
January	Programme charter approved by Secretary of Defence and Chief of Defence Force
March	Tranche One funding approved by Cabinet.
2019	
July	Tranche Two funding approved by Cabinet. CAB-19-MIN-0370
2021	
November	Minister of Defence authorises expenditure for delivery of the Reconnaissance and Surveillance component of NEA Tranche Two. (Approved under Cabinet's Tranche Two funding decision in July 2019.)
2023	
21 August	Cabinet authorises expenditure for integration of communications systems into the Bushmaster NZ5.5 fleet of protected vehicles.
2025	
31 March	Cabinet confirmed the Programme and Detailed Business Cases that agreed the preferred option to deliver the remainder of the NEA Programme is the Deployable Network, that the preferred option for the next investment is the Maintain Secure Communications option, and directed officials to prepare a Project Implementation Business Case for future investment decisions. CAB-25-MIN-0092

PROGRAMME SCHEDULE/TIMEFRAME PROGRESS

The NEA Programme was designed to be rolled out through four successive tranches of funding, based on the concept that each tranche would deliver, incrementally, capability that – while independent from previous tranches – would deliver the full benefits of a network enabled army once the whole programme was complete.

The history of earlier schedule estimates are documented in the 2021 edition of the Major Projects Report, which is available under the Publications section of the Ministry of Defence website.

C4 (Tranche One and Two)

When approved in 2015, Tranche One had no set Initial Operational Release (IOR) or Operational Release (OR) dates. However the proposal in 2015 was that Tranche One capital funding would conclude in the 2017/18 financial year when the second funding tranche was expected to be sought.

The Tranche Two business case approval in 2019 re-baselined the end date for Tranche One to December 2021 to align with activity schedules.

In August 2023, the Minister of Defence approved updated Operational Release dates for delivery of the full C4 Tranche One & Tranche 2 capability – Common Universal Bearer System, Common Command Post Operating Environment and Mobile Tactical Command System²⁰.

IOR had commenced across all three projects by the end of September 2024.

²⁰ Common Universal Bearer System, Common Command Post Operating Environment and Mobile Tactical Communications System. For more information on these capabilities see page 71.

C4	Initial Estimate (August 2023)	At 30 June 2025 (Forecast/Actual)	Variance (months)
Delivery Phase			
Common Command Post Operating Environment Interim Operational Release	September 2023	October 2023 (Actual)	1
Mobile Tactical Command System Interim Operational Release	September 2024	September 2024 (Actual)	-
Common Universal Bearer System (CUBS)	September 2024	September 2024 (Actual)	-
In service			
Operational Release C4 capability	March 2026	March 2026 (Forecast)	-

ISREW (Tranche Two)

High level schedule dates for IOR and OR for Tranche Two's Reconnaissance and Surveillance (shown in the next table) were released during a tender process. Respondents were advised these dates were subject to change depending on information received from providers under the Request for Proposal process. These capabilities, Reconnaissance and Surveillance, Electronic Warfare and Information and Intelligence, are progressing. At 30 June 2025, initial governance milestones were set in the Tranche 2 Single Stage Business Case.

ISR	Initial Estimate (2021)	At 30 June 2025 (Forecast/Actual)	Variance (months)
Delivery Phase			
Interim Operational Release (R&S)	Q4 2023	2026 (Forecast)	TBC
In service			
Operational Release ²¹	Q4 2025	2027 (Forecast)	TBC

The extended timeframe for completion reflects, in part, the impact of COVID-19 on project resources and suppliers, with Army personnel required to support Operation PROTECT during a significant period of

²¹ The original Operational Release date relates to the overall NEA ISR capability, and no specific Operational Release date was set for the R&S component. The forecast reflects the re-baseline of the schedule that was approved in 2025 and relates specifically to the Operational Release of the Remotely Piloted Aircraft System.

time from 2020 through to 2022, and providers reporting supply chain issues and constraints on operations due to social distancing and isolation requirements.

Bushmaster Communications

Cabinet approved Option 3: Network Enabled Communications of the Project Implementation Business Case (PIBC) in August 2023. Capital of \$58 million was approved, along with a \$32 million four-year operating uplift, to fund integration of advanced communications and digital systems for the Bushmaster fleet of armoured vehicles.

The Request for Proposals process found that costs and timeframes for installation would be more than forecast in 2023. During the 2024/25 year the Ministry prepared a revised business case to take to Cabinet. At 30 June 2025 the updated schedule had not been approved by Cabinet.

Bushmaster Communications	Initial Estimate (August 2023)	At 30 June 2025 (Forecast/Actual)	Variance (months)
Delivery Phase			
Interim Operational Release²²	2026	TBC	TBC

²² An Operational Release date was not included in the 2023 Bushmaster Communications business case.

NETWORK ENABLED ARMY C4

NEA C4 has been delivering capability under funding from Tranche One since 2015 and Tranche Two since 2019. The agreed strategic C4 benefits were:

- improved interoperability
- improved Common Operating Picture (COP)
- improved ability to plan
- improved information management
- improved ability to pass data
- improved situational awareness
- improved ability to exercise Command and Control.

The network architecture has been a major priority and has delivered a combination of hardware (servers, routers, long distance communications links) and software (such as a battle management system that enables all functions across the network), along with industry specialist support.

The project has established the testing, experimentation and evaluation capabilities that enable hardware and software to be assessed prior to investing in it; ensuring it integrates with other NZDF systems and is compatible with our partners. Testing has taken place with other nations' forces.

NEA C4 equipped Special Operations Forces early in the Programme's life. As noted earlier in this section, a proof-of-concept has been delivered, equipping a Light Infantry Company and unit headquarters, providing supporting network architecture (deployable satellite dishes, servers, and other digital equipment).

The original aim of the C4 project was to put in place the overall architecture to allow expansion and development over time; provide support, evaluation and testing processes; and establish key supplier relationships.

C4 Funding

While the project was underway using funding provided under Tranche One, the NEA Programme commenced the definition phase for

Tranche Two. The approval of this second set of funding (2019) enabled continued delivery of Tranche One capability, including purchasing of more of the equipment delivered under the project.²³

C4 ACQUISITION PHASE

Cabinet approved NEA Tranche One funding for new digital radios and associated equipment in 2015, as the first project of the NEA Programme (CAB Min (15) 11/7 refers).

Five related capability sets are being delivered (summarised below, under *Description of Acquisition Work*).

How Defence decided to acquire the Capability Solution

Five inter-linked capability sets (described below) are being delivered through a series of acquisitions, developed through the overarching NEA Programme Business Case. This was referred to the Minister of Defence and provided the basis for Tranche One approval by Cabinet in 2015.

Description of acquisition work

Integration, Testing, Training, Evaluation and Experimentation: This includes most of the programme services that support the overall development of NEA, such as testing and evaluation of potential hardware and software, integration between capability sets, training for the operation and support to NEA, configuration management for the overall system and related services. It includes a physical test, reference and evaluation centre, based initially at Linton Camp (the main operational unit base) and with staff at Devonport and Papakura providing training, capability systems support, and transition services.

²³ The second tranche of funding also expanded the programme's focus to identifying and delivering Intelligence, Surveillance and Reconnaissance (ISR) capabilities. See next section.

An Engineering Centre has been established at Trentham Camp (the site for the broader support elements for the Army) to provide deeper support to acquisition, integration and test and evaluation activities; including research and integration of NEA capabilities with Land, Air, Maritime, and Special Forces. A new Engineering Centre – the Test, Reference and Evaluation Capability (TREC) Centre – was built at Trentham and opened in September 2018. In April 2021 the new Capability Integration Centre – Te Pokapū Whakauru Māia – was opened. Its primary purpose is to prepare communications networks for rapid deployment.

Common Universal Bearer System (CUBS):

CUBS combines strategic and tactical communications systems with computer infrastructure to provide voice transmission and reception and data communications between command posts, command teams and liaison teams within the land force Task Groups and deployed SOF elements. It connects force elements through terrestrial and/or satellite bearer systems and provides infrastructure to host collaboration and information services. The infrastructure will be a deployable node of the Defence Information Environment.

In February 2019 a Framework Agreement was signed with GATR Technologies Inc for this work stream, with statements of work (SOW) used to define specific deliverables and/or services to be provided. Following this, a SOW was established for delivery of the Tranche One Tactical Network (TNet).

Common Command Post Operating Environment (CCPOE):

The CCPOE project has established a set of standard operating procedures, equipment, and service applications suitable for land forces and SOF and that are interoperable with the NZDF and other allied systems. These are underpinned by an information infrastructure that hosts a set of information services over a number of different networks. The key components of CCPOE are:

- IT systems (eg computers, displays and software to access, manage and display the information carried across the CUBS).

- Operational and tactical core services provide a battle management system for use at the Task Group and Sub Unit Headquarters layer.
- The command post infrastructure, including shelters, lighting, generators, environmental management and furniture and trailers to move them. The CCPOE is designed to support and enable Commanders and Staff to plan and manage operations.
- A training environment that includes establishing a training centre of excellence, the delivery of training to Headquarters staff and providing access to battle management systems to officers and soldiers when they are in garrison and during field training.

Mobile Tactical Command Systems (MTCS):

The MTCS capability consists of enhanced network-capable digital combat radios and their peripherals, combined with a battlefield management system, to allow secure mobile communications networks in support of high tempo, dispersed operations.

The digital combat radio environment includes line of sight and beyond line of sight technology to connect soldiers, platforms and command post at all levels of a Task Group/Battalion Group. MTCS is delivering a mobile tactical internet providing voice, data and position location indication. Interoperability with the NZ Army's Command Post level C4 systems, and joint partners.

In February 2019 a contract was signed with Harris Defence Australia for a new tactical communications network. Under the \$40 million contract a network has been designed and delivered software, systems and a connecting 'family' of equipment (radios, viewing devices) including portable radios for soldiers.

Special Forces Electronic Warfare Refresh:

This Electronic Warfare refresh was handled as an Urgent Operational Requirement, with the NZDF Defence Capital Acquisitions staff undertaking acquisitions. This was introduced into service and released in 2016 and 2017.

All Tranche One NEA capabilities have been delivered concurrently to the Special Forces.

This ensures functional interoperability whilst allowing specific requirements to be met. It also ensures that the experience and learnings from Special Forces operations feed back through NEA to support the wider Army.

In summary

NEA built on work and experience already resident within the NZDF, and the experiences of New Zealand's key partners. The original broad breakdown by Capability Set of the \$106 million approved in 2015 is shown below.

Tranche One Capability Sets	NEA Reference	Capital Cost (NZ\$M)
Integration, testing, training, and evaluation	Programme Services	17.4
Mobile satellite terminals, routers, and	CUBS	26.5

CAPABILITY INTEGRATION

Schedule of Capability Integration

By early 2017 Special Forces Electronic Warfare capabilities had completed introduction into service and achieved directed operating capability.

	Initial Forecast	Actual Completion	Variance (months)
Special Forces Electronic Warfare Introduction into Service complete	June 2015	May 2016	11
Special Forces Electronic Warfare achieve directed operating capability	September 2015	February 2017	17
The delay in achieving the Special Forces Electronic Warfare capability related to a delay in the delivery of two sub-capabilities, however this was reported as having limited impact. The introduction into service was reported as delivering a significant enhancement to the Special Forces' capability.			

Description of Capability Integration Phase

Capability integration for NEA is not a single one-off process. With the complexity of workstreams and multiple elements in Tranche One alone, and this tranche being part of an

servers		
Headquarters equipment and full network software	CCPOE	5.0
Mobile Tactical Radios	MTCS	46.8
Special Forces electronic warfare refresh	NZSOF EW	3.5
Contingency	Contingency	6.8
Total		106.0

Note: contingency is held within the appropriation baseline and not subject to drawdown approvals.

incrementally introduced programme, an overarching Capability Integration Approach had been developed.

In July 2021 NEA transitioned to a Defence led programme under the Ministry of Defence and

the remaining C4 Project workstreams – CUBS, CCPOE and MTCS – established as three separate projects.

They remain funded under the appropriations approved by Government under the Tranche One and Two funding decisions in 2015 and 2019.

The equipment and systems being acquired need to be integrated within the Programme to deliver specific capabilities as well as new capability from other projects; and legacy systems and platforms.

Status of the Capability Integration Plan

Within the Capability Integration Approach, plans have been developed and implemented for integrating the new capability into service,

with a range of acceptance testing and evaluation activities having been completed (eg Exercise FOXHOUND in 2021, Exercise Red Kukri in 2024) and plans for the operational testing and evaluation to continue across the work streams.

The refreshed Programme Business Case approved in 2025 noted that each project will review and refresh its Capability Integration Plan and outline tasks, timelines and activities to transition capabilities into service with Army. It also noted that there is no requirement for Interim Operational Release, Operational Testing and Evaluation, or Operational Release for additional baseline capabilities that are already in service with Army.

OPERATIONAL CAPABILITY

Progress towards Delivery of Capability and Operational Requirements

Operational Requirements	Requirement likely to be met	Explanation
Common Universal Bearer Systems wide-band satellite communications Interim Operational Capability	Yes	Delivery of strategic and ruggedised communication access nodes
Common Universal Bearer Systems wide-band satellite communications Final Operational Capability	Yes	
Mobile Tactical Command Systems Interim Operational Capability	Yes	Includes delivery of core radios, peripherals and ancillaries, developments of their network and physical integration (mounted and dismounted), including other niche radio systems.
Benefits realisation is tracked at Programme level, with 50% of benefits forecast to be achieved in 2026 when C4 is expected to achieve OR.		

DURING THE 2024/25 YEAR

In 2024/25, the Programme focused on working with Army to ensure the capability being delivered is operationally effective, integrated as a C4 battlefield framework and on training users.

Exercise Black Sabre, held in 2024 in the South Island, was the first live field firing exercise of

the NEA Mobile Tactical Command System equipment. It was used to track soldiers undertaking training and meant Commanders of all levels were able to track friendly forces with 'blue dots'. Following this work continued.

CUBS continued its capability integration work, including training and working with the MTCS project on common areas.

The CCPOE project completed delivery of tranche 1 equipment to main distribution points, generator training was completed, and purchase of additional equipment was underway.

Interim Operational Release had commenced by all C4 Projects by the milestone date of 30 September 2024.

DEVELOPMENTS POST 30 JUNE 2025

- On 25 September 2025 the Minister of Defence, Hon Judith Collins KC, announced an investment of \$104 million to purchase a suite of military grade radio systems for Army personnel, along with deployable network infrastructure such as ground-based satellite technologies and servers.

See page 78 for the Budget and Expenditure information for NEA Tranches 1 and 2.

NETWORK ENABLED ARMY ISR – RECONNAISSANCE AND SURVEILLANCE

The Purpose of this Project

Reconnaissance and surveillance capabilities enable the collection of information that can be processed into intelligence and used to support decision-making by the New Zealand Army.

This project is delivering reconnaissance and surveillance (R&S) collection capabilities; unmanned aircraft and remotely piloted systems, along with remote ground sensors and associated through-life support, including maintenance, technical and operational support, upgrades and training.

The NEA Programme's Tranche Two Single Stage Business Case in 2019 included the case for investment in R&S capability, with the decision to release funding to be made by the Minister of Defence. Following approval of the subsequent Project Implementation Business Case in 2021, the project was able to proceed to the delivery phase.

Defence went to the market in 2022 seeking capabilities as part of the NEA Programme's ISR project.

Capability Requirements

Tranche One funding has been laying the foundations for the Network Enabled Army, through investment in such systems as the communications network that is supporting the Army's operational capability.

Under Tranche Two, available networked capability is being extended with the addition of complementary sensor systems, and intelligence gathering and processing capabilities. Under the R&S project, unmanned aerial and remotely piloted systems are being acquired, along with ground sensors.

Aerial systems are in use already within the NZDF, and this project is delivering new equipment to a range of force elements (ie company, platoon, regiment). In May 2022 the

project sought proposals from industry in relation to a range of systems:

- Fixed wing (or hybrid) unmanned aircraft system (UAS)
- Nano remotely piloted aircraft system (RPAS)
- Micro RPAS, and
- Remote ground sensors.

These types of systems improve the ability to undertake reconnaissance and obtain timely and accurate information on local conditions when they are not otherwise available. The ability to see what is happening on the ground is an important tool to ensure accurate assessment of the risks of a situation, particularly useful in humanitarian and disaster relief response and search and rescue situations.

Capability Definition Phase

Capability and operational requirements

Prior to seeking release of the funding for this project in 2021, the investment rationale defined under the wider NEA Programme was revisited and reaffirmed.

User requirements for R&S capability were identified and refined as part of the definition phase.

Users would need to have the ability to operate effectively, competently and legally in an authorised environment. Along with this, users would need the ability to collect information, supported by both infrastructure and logistical support, and to analyse, manage and use the information. A combination of equipment and personnel is key to ensuring these high level requirements could be achieved.

R&S capabilities are fast moving and dynamic areas of technology with new equipment and systems being introduced continuously. The aim of the procurement process is to identify proven systems, that have demonstrated effectiveness with partner nations, and that demonstrate they are likely to deliver solutions.

With the need to identify providers who could back up any claims for what they and their

systems could deliver, information was developed for the market as part of the Request for Proposal documentation, saying suppliers would:

- have to demonstrate that both the capacity and capability to deliver and provide support, from design through to disposal
- have proven experience of delivering to military customers
- have the ability to deliver the equipment and associated training, and deliver ongoing maintenance and support
- where required, integrate the equipment they supply into the NEA C4 environment
- where conducting integration activities – including hardware, software and data – potentially need to be able to access, and handle and operate, items governed by the United States International Traffic in Arms Regulations (ITAR), and specifically United States Controlled Cryptographic Items (US CCIs), or equivalent. Proposals should demonstrate the Respondent's ability to be granted all authorisations, permissions or certifications to allow access to ITAR controlled and US CCI items, or equivalent.

With the large volume of options available through the market, Ministry of Defence criteria for preferred solutions were applied to help ensure any capability meets user requirements, and reduce and manage project risk. These include:

- Any capability should be non-development; existing and proven technology. New/leading edge systems may be unproven and come with associated costs for development, testing and certification.
- Interoperability of the new capabilities with other Government agencies and security partners is a key consideration, and solutions that are in service with partners and allies would ensure commonality of systems, training and support. As with other projects – such as the delivery of the P-8A Poseidon fleet – an established user community is recognised as providing

opportunities to leverage industry support and technological upgrade programmes. Interoperability would include the ability of any providers and maintainers of these capabilities to work with ITAR and USCCI requirements.

- Any solution should be able to be integrated with the NEA delivered systems, and should have broad utility; designed to be quickly and easily reconfigured to meet a number of roles. A proven track record, over an extended period of time, and guaranteed supply lines and logistical support also form part of the key criteria.

There are general military requirements, such as the need for equipment to be rugged and versatile as R&S systems will function in multiple conditions, be transported to wherever they are needed, and will be required to function on the move in both tactical and operational vehicles. All components need to be easily transited through both commercial and military air movements.

Appropriate technology is needed to address military environmental requirements (eg heat, dust, shocks, etc.). This includes appropriate "life of type" – how long the equipment is expected to operate before it should be replaced – and replacement periods, along with maintenance and support plans.

Equipment and systems need to be "power-agnostic" as well; able to operate on DC and AC power sources and optimised for efficient power consumption.

Military equipment like this may also need to comply with standards, rules and requirements while in use, these include Civil Aviation Rules, the New Zealand Information Security Manual published by the GCSB, and NATO standards relating to imagery format and standards.

Alongside this, any capability needs to be acceptable to coalition partners, multi-nation civilian personnel from host nations and other government agencies, and be able to be operated by users across a range of security classifications.

How Defence considered through-life costs

Assumptions in relation to whole of life costs were made using costing models that considered elements from acquisition to through-life support. Information was sought from respondents to the Request for Proposals in relation to options and costs for through-life support of capability. At the time of writing, the procurement process is still underway.

History of Cost Estimates in the Capability Definition phase

Costs for the R&S component of the NEA Programme were considered under the Tranche Two Single Stage Business Case.

Indicative costs for R&S were determined through a process of selecting 'reference systems' – ones that have been used by the NZ Army, and ones raised in responses to an open market Request for Information conducted in September 2019.

Several sets of systems (ie UAS and/or RPAS and ground sensors and associated equipment) were selected and costed to assess and provide an indicated of how much capability could be delivered within the available funding.

Acquisition phase

Cabinet approved the Tranche Two Single Stage Business Case for the NEA Programme in July 2019. This included funds to deliver the Reconnaissance and Surveillance capability once the PIBC was approved. In November 2021 the Project Implementation Business Case (PIBC) was approved by the Minister of Defence. This enabled the draw down of capital funding to introduce new deployable capability to the Army and its specialist training schools. Schedule/Timeframe Progress.

A Request for Proposals for the supply of reconnaissance and surveillance capabilities was released to the market on 31 May 2022, seeking uncrewed aircraft systems and Remote Ground Sensors, through life support, including maintenance, technical and operational support, planned upgrades and training. Vendors were advised that proven, interoperable capabilities used by New Zealand's international partners were sought, noting that military-off-the-shelf equipment was required rather than bespoke designs. The award announcement was made on 16 October 2022 with Quantum Systems Inc, Criterion Solutions Pty Ltd and EPE New Zealand Ltd. The capabilities were due for delivery in 2024.

Following approval of the Programme Business Case in 2025 the project schedule was re-baselined.

NEA ISR R&S Capability Integration

As part of the RFP process, respondents were asked to provide details on how they would conduct the integration process in relation to the capabilities they were proposing. It was not a pre-condition or requirement for a proposal to be considered, with the intention of workshops being held for shortlisted respondents.

It was intended to help identify an effective solution for the new R&S capabilities, including who would be responsible for conducting the integration process with the NEA communication network and Battle Management System.

Integrated Logistics Support Plans are being developed for each capability. These are the

basis for implementing the support system for the R&S capability through its operational life. They are a living document and are updated as delivery and release of capability progresses, and more information becomes available.

DURING THE 2024/25 YEAR

Acceptance Testing and Evaluation for the Nano UAS was completed in October 2024. This was the last of the four equipment types to complete AT&E.

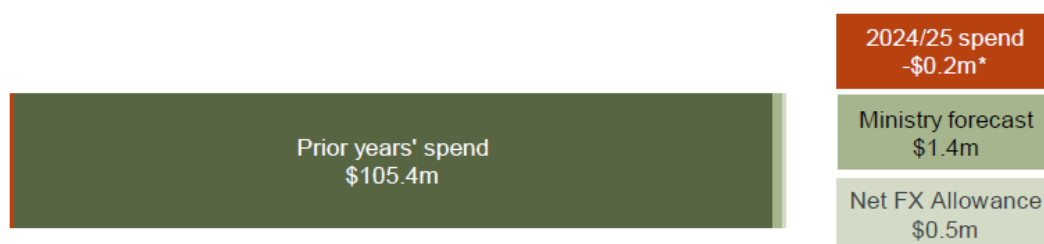
The delivery phase continued with Train the Trainer activities for the Nano UAS in early 2025. Train the Trainer activities had taken place for the Small and Micro UAS along with the Remote Ground Sensors in 2024.

DEVELOPMENTS POST 30 JUNE 2025

- No substantial updates to report.

NEA TRANCHE 1 AND 2 BUDGET AND EXPENDITURE

NEA C4, Tranche 1



Consolidated Approved Project Budget: \$107.3m

*Negative expenditure for NEA C4 Tranche 1 in the 2024/25 financial year arises from refunds of unutilised funding advanced under the United States FMS program.

At 30 June 2025 project costs for NEA C4, Tranche 1 were:

		Ministry \$000	NZDF \$000	Consolidated project \$000
Budget	Current approved project budget	107,253	-	107,253
	Allowance for foreign exchange movements	1,253	-	1,253
	Original approved project budget	106,000	-	106,000
Forecast	Forecast total project cost	106,677	-	106,677
	Effect of foreign exchange movements	707	-	707
	Forecast cost using hedged rates	105,970	-	105,970
	Forecast project variance	30	-	30

NEA Tranche 2 – C4 and ISR



At 30 June 2025 project costs for NEA Tranche 2 – C4 and ISR were:

		Ministry \$000	NZDF \$000	Consolidated project \$000
Budget	Current approved project budget	109,762	-	109,762
	Allowance for foreign exchange movements	3,281	-	3,281
	Original approved project budget	106,481	-	106,481
Forecast	Forecast total project cost	107,773	-	107,773
	Effect of foreign exchange movements	2,391	-	2,391
	Forecast cost using hedged rates	105,382	-	105,382
	Forecast project variance	1,099	-	1,099

NEA BUSHMASTER COMMUNICATIONS PROJECT²⁴

The Bushmaster 5.5 vehicles are armoured to provide protection for troops who are being transported around operational areas. The vehicles are designed to protect those inside from Improvised Explosive Devices.

This Project will integrate contemporary radio systems and equipment to enable secure communications and battlefield position reporting. This will enable Army to interoperate in a secure fashion with our partners, increasing the operational utility of the PV-M platform and reducing risk to deployed New Zealand personnel.

A modern, integrated communications system in the vehicles will help to ensure the area of operations is able to be seen and monitored, enable orders to be given and received, and reporting made to commanders, along with coordination with other vehicles and individual soldiers. Delivery of this project will provide the New Zealand Army with the full Bushmaster capability. The communication and situational awareness provided by real-time digital maps and radios will increase the safety of people operating in and around the vehicles.

In 2020, when the purchase of the Bushmasters was approved, the new communications and digital systems being provided under NEA had not been designed. Bushmasters were selected in part because of their ability to incorporate new systems.

Bushmaster Communications Funding

In 2022 a Request for Information was released to the market seeking information on the potential supply and integration of C4 suites of capability into the Bushmaster fleet.

The responses formed the basis for the options, costing, and schedule presented in the Project

Implementation Business Case (PIBC), which was approved in August 2023. Several options were presented in the PIBC and Network Enabled Communications was chosen as the preferred option.

The PIBC noted the option would fully equip all variants and allow the vehicles to support two motorised infantry companies, including headquarters and supporting elements. The full range of Battle Management System features would greatly increase the Bushmasters' effectiveness and that of the Army as a whole.

Defence undertook an options analysis to determine the best value-for-money solution. Criteria from both the Protected Mobility Capability Project (the project delivering the Bushmaster vehicles), and the NEA Programme were used in evaluating the options to ensure that the chosen option delivered a complete Bushmaster capability and contributed to the transformation of the Army into a modern, networked force.

A tagged contingency of \$58 million was established for the communications project as part of Budget 23, covering technical work, procuring radios with a long lead time, remaining equipment, design and installation costs, and project costs.

ACQUISITION PHASE

The Bushmaster vehicles were delivered to New Zealand in batches during 2023, and the NZDF equipped ten of the initial batch of vehicles with radios to enable driver training and undertake vehicle testing so the contract could be closed with the vehicle's supplier.

In September 2023 a Request for Proposals (RFP) was issued for the role of Prime System Integrator. Following the closure of the RFP in December 2023, the project commenced reviewing and evaluating the responses.

NEA C4 Integration into the Bushmaster:

Any military vehicle used on operations requires a communications system to disseminate orders, report threats, and coordinate between vehicles, individual soldiers, and headquarters.

²⁴ This project is also known as NEA Bushmaster C4 Integration.

Two phases to the project were identified. The first involved initial installation of radios for training, exercises and potential deployments.

The second phase will deliver the full communications capability, including radios and devices that provide access to the Battle Management System that displays friendly force locations and reported threats.

NEA had completed design of a network architecture for the Army as part of earlier tranches of the Programme, with the communications systems in the Bushmasters forming part of this network so that the vehicles could work seamlessly within it.

DURING THE 2024/25 YEAR

Approval to Deliver documentation was being prepared ahead of submission to Cabinet.²⁵ The costs in the PIBC, approved in 2023, had been based on industry responses to the Request for Information (RFI). The RFI was released with high-level system requirements that were appropriate for an initial approach to market.

The Subsequent Request for Proposal process identified that installing communications on the Bushmasters would cost more than expected. Approximately 75% of the increased cost was driven by changes due to a better understanding of system requirements, increased integration and project management costs, and the effect of higher than anticipated general and military inflation.

Defence reviewed and considered five options for delivering the capability. The option that was closest to that originally approved by Cabinet in 2023 was selected as it was considered to meet all investment objectives and critical success factors. Only one other option was considered to have the ability to deliver a similar outcome, but with significant delivery delays. Other options

were assessed as not meeting investment objectives or critical success factors.

DEVELOPMENTS POST 30 JUNE 2025

- The Approval to Deliver was confirmed by Cabinet in November 2025. This updated the preferred option for the Bushmaster Communications Project, with re-baselined funding and schedule.
- On 12 December 2025 the contract – for supply and integration of Command, Control, Communications and Computing solutions – was awarded to Luminact Pty Ltd – Australia. The capabilities are due for delivery in 2028.

²⁵ Approval to Deliver replaces Project Implementation Business Case documents.

BUSHMASTER COMMUNICATIONS PROJECT BUDGET AND EXPENDITURE



Consolidated Approved Project Budget: \$27.7m

At 30 June 2025 NEA Bushmaster C4 Integration project costs were:

		Ministry \$000	NZDF \$000	Consolidated project \$000
Budget	Current approved project budget	27,700	-	27,700
	Allowance for foreign exchange movements	-	-	-
	Original approved project budget	27,700	-	27,700
Forecast	Forecast total project cost	26,917	-	26,917
	Effect of foreign exchange movements	(5)	-	(5)
	Forecast cost using hedged rates	26,922	-	26,922
	Forecast project variance	778	-	778

PROTECTED MOBILITY CAPABILITY PROJECT

New Zealand's personnel need to be transported quickly and safely using vehicles that provide appropriate protection. This project is replacing the NZDF's main armoured and non-armoured operational land vehicle fleets.

THE PURPOSE OF THIS PROJECT

New Zealand's service men and women undertake a range of missions, from population protection and support, through to pro-active peacekeeping, and they do so in a range of environments.

Operational mobility is essential for the New Zealand Defence Force. While ships and aircraft provide the lift to get our personnel into theatre, our personnel once on the ground often operate 'dismounted' in that they are usually not tied to specific platforms.

The core of our operational capability is people and mobility allows us to move our people – and the equipment they need to conduct operations efficiently and rapidly – where and when needed.

It is a priority that people can be transported quickly and safely using vehicles that provide appropriate protection. A range of vehicles provide this protected mobility that is essential to operational capability. The range varies from lightweight and highly mobile vehicles, to the armoured LAV combat vehicles.

The need for these vehicles is demonstrated through their use over the past two decades, from providing support following earthquakes, atmospheric events like cyclones or atmospheric rivers, and other natural events in New Zealand and our region of the Pacific, to providing

backup to the New Zealand Police in high risk situations, through to population protection and peacekeeping missions around the world.

The Protected Mobility Capability Project (PMCP) Detailed Business Case approved by Cabinet in April 2019 set out a comprehensive plan to upgrade and replace the NZDF's protected mobility over time through a range of complementary procurements. Capabilities were prioritised, and as each major procurement was finalised, a Project Implementation Business Case would be brought to Cabinet.

Cabinet's decision included:

- procurement of high mobility light vehicles²⁶, and for trials, evaluations and risk reduction activities to be undertaken that would help to inform future decisions in relation to other Protected Mobility vehicles and systems.
- the Secretary of Defence would enter negotiations for up to 43 Protected Vehicle Mediums (PV-M), with final Cabinet approval for this procurement to be sought following completion of a Project Implementation Business Case (PIBC).

In 2020 the PIBC was approved and the decision made to acquire the Bushmaster fleet.

To date the project has delivered the high-mobility, light vehicles (Polaris MRZR) and the Bushmaster fleet to replace the armoured Pinzgauer vehicles.

In this report: Along with an update of the PV-M workstream, following the approval of the Utility Vehicles PIBC in 2024, a new workstream has been added to this section of the Major Projects Report.

²⁶ This workstream delivered highly mobile, lightweight vehicles that can be easily deployed and operated in rugged terrain. Assessed as a low risk project, it is not included in detail within the *Major Projects Report*.

The five investment objectives for PMCP overall (of which PV-M procurement is a subset) are summarised below:

- The Defence Force has a strategically mobile and tactically agile Protected Mobility Capability
- The Defence Force has a Protected Mobility Capability with survivability relevant to contemporary and emerging threats
- The Defence Force has a Protected Mobility Capability that enables the ability to defeat adversaries
- The Defence Force's Protected Mobility Capability enables interoperability with partner nations
- Risks posed by the age and technical obsolescence in the existing Protected Mobility Capability are mitigated.

CAPABILITY REQUIREMENTS

A number of requirements were identified as necessary to support the policy objectives of the PMCP. These include:

Strategically mobile and tactically agile capability: able to operate in a range of environments, improving the ability to offer the

range of military response options required by Government.

Enables the ability to defeat adversaries: through the vehicles themselves and their ability to position and support soldiers.

Interoperability: ensuring common platforms and parts are used by at least one of our major partners.

Improved survivability: with survivability relevant to contemporary and emerging threats, the ability to defeat adversaries.

Improved reliability: with contemporary levels of maintenance, support and operational capability, thereby improving overall reliability.

CAPABILITY DEFINITION PHASE

How Defence identified and assessed operational requirements

In addition to capability requirements, the following general key user requirements were being considered at the time the Detailed Business Case was approved. Each category of vehicle will have its own set of specific high level user requirements that is relevant to the vehicle type.

Communicate with Defined Force Elements: the user shall be able to communicate with



NZDF tactical and operational networks.

Defined levels of Situational Awareness: visual, aural, electro-optic and infrared sensors to be considered.

Defined Standards of Protection: will have defined standards of protection based on the North Atlantic Treaty Organization Standardised Agreements 4569.

Fully Compliant: must be fully compliant with legislation, regulations and standards, and be able to be designated “NZDF Armoured Vehicle” if appropriate.

Safe: the Protected Mobility vehicle must be as safe as far as is reasonably practicable, ensuring it is both safe to drive and operate.

Strategic Mobility: the Protected Mobility Vehicle must be able to achieve defined operational strategic mobility, and consideration must be given to interoperability with Royal New Zealand Navy and Royal New Zealand Air Force movement/transport elements. Amphibious employment factors will also be considered.

Operational Mobility: the Protected Mobility Vehicle must be able to achieve defined operational mobility.

Tactical Mobility: The Protected Mobility Vehicle must be able to achieve defined tactical mobility in the medium – high range. In-service military bridging and tactical and operational recovery are also essential.

Integrated Training Solution: trades affected by Protected Mobility Vehicle will be identified to analyse, design and develop fit for purpose, best practice-blended learning systems for each trade and vehicle type.

Defined Tasks: the Protected Mobility Vehicle must be able to deliver defined tasks eg across command and control, personnel and stores transport, logistic, engineering and evacuation roles.

Firepower: the Protected Mobility Vehicle must be able to deliver defined and scalable levels of firepower.

Interoperability: the Protected Mobility Vehicle must be able to achieve defined levels of interoperability.

Sub-System Integration: the Protected Mobility Vehicle must be able to achieve defined standards of sub-system integration.

Integrated Logistic Support: a costed integrated logistic support solution must be delivered to ensure minimal additional burden will be placed on current NZDF Integrated Logistic Support resources.

BETTER BUSINESS CASE MILESTONES

2015	
8 December	Project Charter approved by the Secretary of Defence and Chief of Defence Force
2017	
20 March	Indicative Business Case was considered and Cabinet agreed that replacement with new vehicles and a range of vehicles for a flexible capability would best deliver the required benefits. CAB-17-MIN-0098
2019	
15 April	Detailed Business Case (Phase 1): Cabinet authorised the Secretary of Defence to acquire High Mobility Utility Light vehicles ²⁷ and negotiate for up to 43 Protected Vehicles-Medium. CAB-19-MIN-0171
2020	
22 June	Protected Vehicle – Medium (PV-M): Project Implementation Business Case: Cabinet approved the procurement of PV-M and authorised the Secretary of Defence to sign a contract with Thales Australia for the procurement of 43 Bushmaster armoured vehicles. ²⁸ CAB-20-MIN-0296

2024	
11 November	Utility Vehicles Project Implementation Business Case Cabinet authorised the Secretary of Defence to commit and approve expenditure for the first tranche of utility vehicles. CAB-24-MIN-0435

²⁷ In addition to trials and risk reduction work to support future Protected Mobility procurements.

²⁸ In addition to training systems, other support equipment, infrastructure and other components.

PROTECTED VEHICLE – MEDIUM – BUSHMASTERS

In 2019, when the PMCP Detailed Business Case was approved, land mobility policy centred on the Light Armoured Vehicles (LAV) that provide firepower, manoeuvrability and protection for ground forces.

The LAV is a high-performance combat vehicle that provides reconnaissance, fire support through its turret mounted weapons, and capacity for additional personnel transport in addition to its crew.

PMCP was established to consider how and to what extent this capability might be replaced, modernised or integrated with other forms of protected mobility.

That DBC focused on phase one of the Project – replacing the Pinzgauer and operational Unimog vehicles, with a following phase to focus on the upgrade or replacement of the Light Armoured Vehicle (LAV).

PV-M is replacing the armoured Pinzgauers with the Australian manufactured Bushmaster, which has seen extensive operational service with the Australian Defence Force (ADF) and other militaries, including New Zealand. The Ministry of Defence had previously acquired an earlier variant of the Bushmaster, under the Special Operations Vehicles Project²⁹, for use by our own Special Operations Forces.

A contract was signed on 4 September 2020 by the Secretary of Defence with Thales Australia Limited to deliver 43 Bushmaster NZ5.5 (PV-Medium) vehicles, along with spares, ancillaries, and a training package. The NZ5.5 configuration is an improved build specification for New Zealand, incorporating improvements

based on experience and to meet future requirements of the ADF and others.

Five variants of the Bushmaster NZ5.5 have been delivered in 2023: Troop Carrier, Command and Control, Ambulance, Logistic Support and Maintenance Support.

How Defence analysed the requirements options in the Capability Definition phase

Specific high level user requirements for the PV-M were considered including requirements for both weight and volume.

Following a Request for Information process, Defence had briefings and presentations from suppliers. A wide variety of PV-M vehicles is offered by different manufacturers, however many of these vehicles were not considered suitable for New Zealand as they were unproven, built to different standards, and did not meet our basic requirements for capacity, protection and performance. Candidate vehicles were assessed against the approved high level user requirements (which set out functional standards) and the project principles that were set out in earlier business cases and are summarised below:

- Non developmental
- Interoperable
- Broad utility
- Proven track record
- Maintenance and support arrangements.

The PV-M vehicles that met the criteria were:

- Thales Bushmaster
- KMW Dingo 2HD
- General Dynamics European Land Systems (GDLS) Eagle 6x6.

These vehicles had similar technical specification and performance, but when assessed against the Critical Success Factors of strategic fit, market capability, affordability, efficiency, and achievability, the Thales Bushmaster emerged as the most suitable PV-M for New Zealand. The Bushmaster had been in widespread service with Australia for many

²⁹ The Special Operations Vehicles project was included in *Major Projects Report* editions for the years ended 30 June 2017 and 2018.

years, and a small fleet had entered service in New Zealand with the Special Operations Forces (NZSOF). At the time, it has been exposed to well over 50 blast events – without a fatality. It was a very successful vehicle in service and had saved lives.

By contrast, neither the Dingo nor Eagle 6x6 had seen operational service. Their actual state of development, technology maturity and performance was not as well understood as Bushmaster. This added a small risk element, although both manufacturers have good reputations.

Using the same vehicle as Australia means that personnel from both countries know how each other's vehicles operate and what their advantages and limitations are. Support can potentially be shared. Australian experience can be leveraged, and the work Australia is doing on the integration of ancillaries and future potential upgrades (which are an inevitable feature of modern equipment) can be utilised. The vehicle manufacturer is regionally close to New Zealand.

How Defence considered interoperability

Interoperability is a major consideration for PMCP and a critical factor in considering options for the PV-M procurement. While New Zealand does have the capacity to operate alone, in general we operate alongside partners on operational deployments. Vehicles – as with other capability – that are the same or similar to those used by our partners ensures that supply and support chains can be leveraged, and support personnel can more easily work on different partners' equipment. In the case of vehicles, it also means that the characteristics and capabilities of the vehicles are better understood, personnel will have a more in-depth understanding of how to use them, and basic tasks can be simplified.

How Defence considered through-life costs and issues

To maintain the PV-M throughout its life, planning is in place to manage obsolescence and required upgrades.

A through-life support contract will ensure support for the management of obsolescence.

Schedule of Capability Definition Phase

Dates	Duration	Note
8 December 2015 to 22 June 2020	55 months	Approval of Project Charter to approval of PV-M Implementation Business Case by Cabinet.

ACQUISITION PHASE

How Defence decided to acquire the Capability Solution

Under the Government's procurement rules at the time (specifically Rule 12.3m), military and essential security interests can be considered for an 'opt-out procurement', and therefore Defence could proceed with a preferred vehicle solution. In practice, there was a contestable supply for Bushmaster:

- new build direct from Thales
- refurbished, from Thales
- used refurbished, with vehicles purchased from the Australian Defence Force.

These options were tested against the Critical Success Factors of strategic fit, market capacity, affordability, efficiency and achievability. The table following outlines the assessment against these factors.

Critical Success Factor	New build	Refurbished
Strategic fit	Meets	Meets with risk
Market capacity and capability	Meets	Meets with risk
Affordability	Meets	Partially meets
Efficiency	Meets	Meets with risk

Achievability	Meets	Partially meets
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Whole of life costs were calculated for both new and refurbished vehicles, with a 30-year future life comparison used for both options. Acquiring new vehicles incurs a high initial cost, but the need to refurbish, alter and upgrade the used vehicles meant the whole of life cost of new vehicles would be lower.

Along with this, the new build has improved features that were considered a better fit for New Zealand's current and future needs, there was less risk with the new build, and overall awareness of the work required was known in advance. The new vehicle option was considered to be more efficient in both operation and support.

It was determined that procuring newly built Bushmasters was the best option. Thales proposed a variation (NZ5.5) of the earlier configuration of the vehicle, which would include a range of new specifications:

- up to 2.5 tonne additional payload
- anti-lock braking system
- no spare wheel, which improves the shape of the armoured hull (the use of run-flat tyres means a spare is not needed on the vehicle

- side doors in the front of the vehicles, which improves flexibility for interior layout and improves escape paths
- larger rear door allowing faster access and egress, and the ability to carry bulkier cargo
- the ability to incorporate new technology electronic wiring/computing systems, to better support equipment, such as that being delivered by the Network Enabled Army Programme
- and minor difference between each of the five variants of the NZ5.5 Bushmaster that are being delivered to New Zealand, and which can be incorporated on the production line.

On 22 June 2020, Cabinet authorised the Secretary of Defence to sign a contract with Thales Australia for the procurement of 43 Bushmaster armoured vehicles, training systems, other support equipment, and goods and services as required. The contract was entered into on 4 September 2020.

Contract Status (at 30 June 2025):

Prime contractor	Thales (Australia)
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SCHEDULE/TIMEFRAME PROGRESS

	Estimate at Approval to Commit	Actual	Variation (months)
Vehicle delivery commences	November 2022	28 April 2023	5

History of variations to schedule

Date of variation	Variation (months)	Explanation
28 March 2023	5	Initial delivery of vehicles was affected by a range of factors, including the effect of the COVID-19 pandemic on international supply chains and some technical issues.

PV-M CAPABILITY INTEGRATION PHASE

Description of Capability Integration Phase

The Capability Integration Plan (CIP) for the PV-M was approved in December 2019. The plan was developed as a living document to ensure the full benefits of the vehicle's capabilities are realised by the NZDF.

The plan identifies the major areas of planning and coordination that are required to deliver all elements of the capability, such as the Operational Test and Evaluation process, ensuring operational release takes place as needed and appropriate. Examples of areas of focus within the CIP include:

Infrastructure: use of existing infrastructure and construction of new facilities are considered in infrastructure planning.

Training: ensuring that initial individual training can begin once the first vehicles are accepted and the project has a clear directive to plan any collective training activities to align with existing scheduled exercises as much as possible. The plan includes the design of vehicle operator, instructor and maintainer modules.

Landworthiness: PV-M will be introduced using the NZDF's landworthiness process which ensures vehicles are safe to operate and capable of delivering the defined effects.

Schedule of Capability Integration

	Estimate at Approval to Commit	At 30 June 2025 (Forecast/Actual)	Variance (months)
Delivery Phase			
Interim Operational Release commences	July 2023	March 2025 (Actual)	20
In Service			
Operational Release commences	September 2024	TBC	TBC
Schedule variance note: At 30 June 2025 the Network Enabled Army Bushmaster Communications Project³⁰ was awaiting confirmation of the schedule. This is a dependency for the PV-M Operational Release date. The Ministry of Defence released a Request for Proposal to the Government Electronic Tender Service in September 2023 asking industry for proposals for the design, build and installation into the new Bushmaster fleet of state-of-the-art communications and digital systems. This project is managed under the Network Enabled Army Programme. Benefits for PV-M projects: these are assessed as part of the whole PMCP project. During the year the Benefits Realisation Plan for the wider project was reviewed and as at 30 June the PMCP project was forecasting full delivery of benefits to occur in 2034.			

³⁰ See page 79 for information about this project.

DURING THE 2024/25 YEAR

Interim Operational Release was achieved in March 2025. This was the point at which vehicles were considered safe to operate and able to be operated safely as a result of the ongoing training and integration process.

Part of the fleet had also been equipped with radio communications.

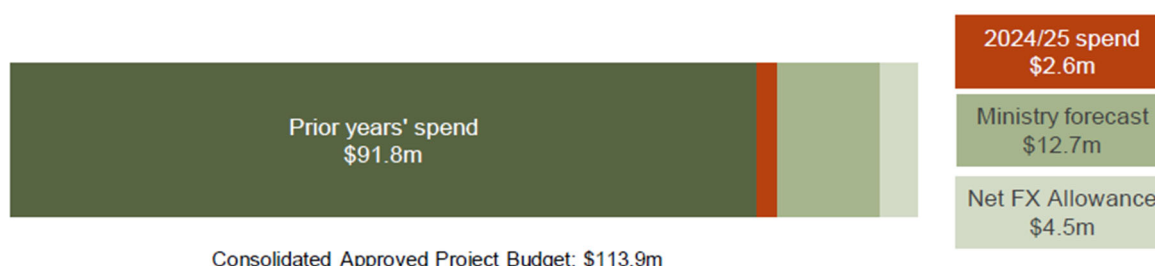
Achievement of IOR supported the Army's participation in Exercise TALISMAN SABRE 25.

A review of the PMCP Project's Benefits Realisation Plan took place during the year and was approved in March 2025.

DEVELOPMENTS POST 30 JUNE 2025

- Preparations to support Bushmaster introduction into service continued.
- Vehicles were prepared and shipped to Australia to support communications prototyping.
- The Vehicle Operator course was completed.

PROTECTED VEHICLES – MEDIUM (BUSHMASTER) PROJECT BUDGET AND EXPENDITURE



At 30 June 2025 project costs for Protected Vehicles – Medium: Bushmaster NZ5.5 vehicles were:

		Ministry \$000	NZDF \$000	Consolidated project \$000
Budget	Current approved project budget	113,868	-	113,868
	Allowance for foreign exchange movements	6,995	-	6,995
	Original approved project budget	106,873	-	106,873
Forecast	Forecast total project cost	107,085	-	107,085
	Effect of foreign exchange movements	2,517	-	2,517
	Forecast cost using hedged rates	104,568	-	104,568
	Forecast project variance	2,305	-	2,305

UTILITY VEHICLES

In 2024 the Government approved funding to replace the New Zealand Defence Force's unarmoured Pinzgauers and operational Unimogs with new utility vehicles.

Utility vehicles transport personnel and equipment across all types of operations. They provide a platform for specialist capabilities such as medical evacuation, maintenance and repair, and command, control and communications functions. For example, in humanitarian assistance and disaster relief (HADR), and Stability and Support Operations (SASO), the NZDF will deploy utility vehicles across areas of operation as needed, transporting personnel and equipment to and from the area.

Vehicles acquired through this project will replace part of the current "workhorse" fleet of Pinzgauers and Unimogs, which are past their useful life. In 2024/25, some vehicles remain serviceable, however spare parts are no longer available, so the NZDF's unserviceable vehicles are being cannibalised to source parts as needed.

While the whole fleet is not being replaced, this investment begins the replacement of the current Utility Vehicles by addressing immediate obsolescence issues. The business case was based on acquiring at least 60 general service utility vehicles to ensure the NZDF can continue to undertake regional deployments and support domestic tasks such as HADR. These deployments are the most common for the Army.

Capability Requirements

Operational Utility Vehicles are used across all types of operations, moving equipment and personnel where they are needed within, and to and from, areas of operation. These utility vehicles will also support the RNZAF by providing a deployable mobile communications capability to support aircraft operations.

They are designed, as well, to operate in remote environments and for extended periods of time.

The vehicles need to be able to be fitted with additional military equipment and have the ability for maintenance to be done without external assistance while on operations.

Robust and versatile vehicles are needed, as demonstrated in the NZDF's deployment of Operational Utility Vehicles in response to the effects of Cyclone Gabrielle in February 2023. They were able to provide transport links and supplies to areas where other vehicles were unable to gain access.

The Government was advised that with the legacy unarmoured Pinzgauer vehicles continuing to be serviceable³¹, in the near term they will be able to be used alongside the new vehicles, providing the Government with the ability to meet core domestic and Pacific priorities through SASO deployments and domestic and regional HADR.

In the medium to long term, the ability to undertake larger and longer deployments, in higher threat situations, will require further tranches of utility vehicles.

Acquisition phase

A Request for Proposals (RFP) was released to the market in November 2022 to find the preferred supplier for Utility Vehicles – Medium and Utility Vehicles – Light (UV-M/L) along with associated spares, contract data, services, training and other items.

The market was advised that, where possible, commercial or military off-the-shelf³² vehicles were being sought that could ford salt water for beach landings and tolerate a range of climatic conditions.

Two weight categories were sought:

- UV-L: less than six tonnes Gross Vehicle Mass to enable their use on New Zealand

³¹ At the point the investment decision was made.

³² Military off the shelf is defined as products developed for military use with no NZ Defence influence on the initial design.

roads by personnel with a Class 1 driver's licence.

- UV-M variant: higher payload requirements and likely to be heavier than six tonnes.

The RFP noted that it would be ideal for the UV-L and UV-M options to be based on a single family of vehicles to offer commonality of training, parts and support.

Five responses were received and evaluated by a series of working groups. Due diligence was carried out on two respondents to clarify their responses and ensure risks were managed.

Of the two, UROVESA was subsequently chosen as the preferred supplier and the recommendation made to the Government.

UROVESA is a supplier to the Spanish military and has extensive international experience, including sales to the Singaporean Armed Forces and a contract with the United Kingdom Ministry of Defence.

The total budget approved for the project was \$100 million, covering the contract with the supplier as well as ancillary procurement of communications and computing equipment, additional project management costs and introduction into service. The tender was awarded to URO Vehículos Especiales, S.A. (UROVESA) and a contract signed in November 2024 for at least 60 vehicles, along with other deliverables including operator and maintenance training, support and technical services.

Contract status at 30 June 2025

Prime contractor	UROVESA
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SCHEDULE/TIMEFRAME PROGRESS

Tranche One governance milestones for this stage of the Operational Utility Vehicle workstream were approved as part of the Project Implementation Business Case.

	Initial Estimate (11 November 2024)	At 30 June 2025 (Forecast/Actual)	Variance (months)
Delivery Phase			
Approval to Commit and Contract Execution	November 2024	November 2024 (Actual)	0
Verify Deliverables and Accept	2027	2027 (Forecast)	-
Acceptance of Interim Operational Release ³³	2028	2028 (Forecast)	-
In service			
Acceptance of Operational Release	2029	2029 (Forecast)	-

PMCP Benefits Realisation Plan is tracked at the Programme level.

³³ The stage at which the capability system is environmentally compliant, is as safe as is reasonably practicable, and is legally compliant to operate in New Zealand. At that stage, the materiel and supporting systems can be released to Senior Users for OT&E activities.

UTILITIES CAPABILITY INTEGRATION

Capability Integration Plans (CIP) identify and schedule the Capability Integration (CI) tasks that are necessary to prepare the NZ Army, in the case of this project, to operate and support the new Utility capability effectively during the Delivery and In-service phases. The CIP should provide a single point of view on all aspects of the project CI.

The CIP is the overarching document that records how the transition from Capability Definition, through Capability Delivery and then into In-Service is planned to occur.

This plan, which is a living document to accommodate the phased replacement of the Operational Utility vehicle fleet, was developed in 2024 and 2025, and is the source of information on the CI structure tailored to project's scale and needs.

The current draft includes details of training design and implementation, storage and infrastructure requirements, equipment and logistics matters, along with safety considerations, whether there is a need for temporary operating permits prior to Interim Operational Release, and details of where responsibilities lie for the tasks involved in integrating the UVs into operational service,

As with other projects, the CIP will be updated throughout the project, as significant events occur or milestones are achieved.

DURING THE 2024/25 YEAR

The Project Implementation Business Case (PIBC) was finalised and submitted for the Government's consideration, with Cabinet approving the PIBC in November 2024.

A contract was signed that month with Spanish military vehicle manufacturer UROVESA, under which Defence will take delivery of at least 60 new VAMTAC ST5 light (20 vehicles) and CK3 medium sized (40) unarmoured utility vehicles from 2027.

The contract included design, construction, modifications, integration, engineering, outfitting, testing and delivery. UROVESA is also providing training and training materials, and contract engineering technical services.

Design work commenced during the year and the preliminary design review commenced in Spain on 30 June 2025.

DEVELOPMENTS POST 30 JUNE

- No substantial updates to report.

UTILITIES PROJECT BUDGET AND EXPENDITURE



* A non-cash technical adjustment will be sought at a future baseline update to increase the approved budget reflecting the effect of hedged foreign exchange movements.

At 30 June 2025 project costs for PMCP – Utility Vehicles were:

		Ministry \$000	NZDF \$000	Consolidated project \$000
Budget	Current approved project budget	102,697	-	102,697
	Allowance for foreign exchange movements	-	-	-
	Original approved project budget	102,697	-	102,697
Forecast	Forecast total project cost	104,566	-	104,566
	Effect of foreign exchange movements	2,596	-	2,596
	Forecast cost using hedged rates	101,970	-	101,970
	Forecast project variance	727	-	727

EXPLANATION OF TERMS

BETTER BUSINESS CASES:

Project Charter: Defence project initiation is guided by the Defence White Paper 2010 and the 2011 Defence Capability Plan. Projects commence following notification to the Minister of Defence and approval of a project charter by the Capability Management Board.

Approval of Indicative Business Case (IBC): Attained when Cabinet agrees to the strategic context for an investment and agrees to progress a short list of capability options to the Detailed Business Case stage.

Approval of Detailed Business Case (DBC): Attained when Cabinet agrees to a refined capability requirement and authorises Defence to commence formal engagement with industry (through a request for proposal or request for tender) on a preferred capability option.

Approval of Project implementation Business Case (PIBC): Attained when Cabinet agrees that Defence can conclude a contract based on the preferred supplier, the negotiated services, the maximum funding level and the arrangement to manage the project and the ongoing delivery of services.

Approval to Deliver (ATD): In July 2025 the Better Business Case and Gateway frameworks were updated and the Treasury rebranded the Implementation Business Case (PIBC) as the Approval to Deliver (ATD). This aims to avoid unnecessary effort and cost, and clarify the ATD stage's intent is to provide only the information necessary to support an investment decision to enter into commercial contracts with the preferred supplier(s) to deliver (or implement) the project and enable funding draw-down.

GOVERNMENT APPROVAL MILESTONES

Project Initiation: Occurs once a capability requirement has been identified by Defence and a broad assessment of the options for meeting the capability requirement has been authorised by the Chief Executives and noted by the Minister of Defence.

Approval to Initiate: Attained when Cabinet agrees to the project's inclusion on the capital acquisition plan and authorise Defence to engage with industry to refine its initial assessment with more accurate information.

Approval to Commence: Attained when Cabinet agrees to the refined capability requirement and authorises the Ministry of Defence to commence a formal tender and tender evaluation process.

Approval to Negotiate: Attained when Cabinet agrees to the selection of a preferred tender, specifies funding limits, and authorises the Ministry of Defence to enter into contract negotiations.

Approval to Commit: Attained when Cabinet agrees to the final contract and authorises the Ministry of Defence to sign the contract and commit funding.

PROJECT PHASES

The capability definition phase: During the capability definition phase, capability and operational requirements are assessed and refined. Stakeholder needs are considered. Scenarios may be used to identify requirements. Hypothetical options which include a rough order of costs are used to analyse affordability and evaluate requirements. A capability requirement is a description of the ability needed to achieve the policy objective. An operational requirement is a description of a component of what is required to complete a task. Options analysis in the capability definition phase is used as a tool to compare, assess, and evaluate capability and operational requirements. Options analysis in the acquisition stage identifies the best

procurement solution to deliver the capabilities required.

The delivery (acquisition) phase: procures the capability solution. Deeper analysis of requirements and options may be required once defence industry is engaged. Included in this stage are processes for tendering, contract negotiation and acceptance of what will be delivered.

The capability integration phase: develops the force elements required to generate NZDF outputs at a specific level of capability. Part of this stage is the operational test and evaluation process, which demonstrates the capability has met specific standards of safety and is operationally effective in accordance with the suite of operational concept documentation.

In Service Phase: once Interim Operational Release has been achieved the capability moves from being in delivery to being in service. This phase ensures the capability is fully integrated, supportable and sustained throughout its service life.

COMMONLY USED TERMS

- **Capability:** in the Defence Capability Management System this refers to not only equipment, but also the people who operate it, their training, technical systems, and management and support structures. These components make up the PRICIE construct which is used by Defence to determine the fundamental inputs to capability. (See below.)
- **Capability Integration Plans:** Capability Integration Plans (CIP) are single cohesive plans that pull together all of the planning and activities that need to be undertaken by the project, the owners of the capability and those who are working with Defence to ensure the capability is integrated. These groups work from and contribute to this plan and each CIP is a living document that is updated regularly.
- **Integrated Project Team:** A team comprised of personnel from both the

Ministry of Defence and NZDF, with professional project specialists and subject matter experts. It is led by a dedicated resource (IPT leader). The team is based on the project's requirements at any given point in the life cycle to define, develop and deliver a supportable capability, and is closely aligned to the requirements of the project life cycle.

- **Interim Operational Release/Initial Operational Capability:** the point at which the inherent capability is understood so that it can be most effectively employed on operations.
- **Interoperable:** the ability of military forces to work alongside civil agencies and other nations' militaries through having compatible doctrine, equipment and training, as well as the compatibility of communications and command and control systems.
- **Multi-Criteria Decision Analysis (MCDA):** an analytical method that compares options using weighted benefit, risk and cost criteria. It is used for prioritisation and options analysis, particularly in support of business cases.
- **Operational Release/Full Operational Capability:** the point at which the capability system has proven to be effective, safe and suitable for its intended roles and, in all respects, is ready for operational service.
- **PRICIE:** an acronym for the elements used to determine the fundamental inputs to capability: Personnel; Research and Development; Infrastructure and Organisation; Concepts and Collective Training; Information Technology; Equipment, Logistics and Resources.
- **Request for Information (RFI):** this is a market research tool and does not initiate a procurement process. RFIs are used to solicit feedback from industry with respect to subject matter described in an RFI and are not used to select or shortlist suppliers. Respondents' information is used to inform Defence of current market information and

to help in the continued development of user requirements in respect of Defence's general procurement needs.

OTHER TERMS

- Design life: an indicative date at which time significant investment would be expected if the service life of a capability is to be extended. Even with additional investment operational availability will likely reduce to account for higher maintenance and repair needs.
- Rotables: aircraft parts or components that are able to be rebuilt or overhauled (in-house or by a vendor) and put back in stock to use again. Rotables are basically the opposite of expendable or throw-away parts.



Te Kāwanatanga o Aotearoa
New Zealand Government