



Cabinet Economic Policy Committee

Minute of Decision

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Northland Corridor Section 1 Public Private Partnership: Outcome of the Procurement Process

Portfolios **Finance / Transport**

On 1 July 2026, the Cabinet Economic Policy Committee:

Background

- 1 **noted** that in March 2025, Cabinet:
 - 1.1 agreed that the New Zealand Transport Agency (NZTA) may continue to pursue the procurement of the Warkworth to Te Hana section of the Northland Corridor (the Project) through a Public Private Partnership (PPP);
 - 1.2 invited the Minister of Finance and the Minister of Transport (the Ministers) to report back prior to Financial Close on the value for money proposition, any Crown capital commitment or underwrite of the Project, and the borrowing limit under section 160(1)(b) of the Crown Entities Act 2004;
- [CAB-25-MIN-0054]

Outcome of procurement process

- 2 **noted** that on 21 May 2026, NZTA selected Northway as the Preferred Respondent (the Contractor) following a competitive PPP procurement process to deliver the Project;
- 3 **noted** that the total Project cost is estimated at \$3.649 billion (NPV), which is lower than the Public Sector Comparator of \$3.9 billion;
- 4 **noted** that NZTA is satisfied that the negotiated outcome with the Contractor, and procurement through the PPP model, represents value for money and will deliver better outcomes relative to conventional public sector procurement;
- 5 **noted** that on 23 June 2026, the NZTA Board approved the Project to advance to Financial Close, and recommended that Cabinet approve the Project;
- 6 **noted** that the final cost of the Project will depend on the price of the PPP contract at Financial Close, which will vary depending on the final market interest rate (and settlement of any remaining minor contractual terms), but that any change is not expected to be material;
- 7 **approved** the Approval to Deliver template, attached as Appendix 3 to the paper under ECO-26-SUB-0122;

- 8 **agreed** to NZTA taking all required steps to progress to Financial Close, including signing the Project Agreement and any other arrangements required to give full effect to the Project Agreement, with the Contractor;

Financial approvals

- 9 **noted** that in August 2025, Cabinet agreed to provide NZTA with a 10-year Crown loan of \$1.6 billion, for the purpose of NZTA providing a Crown Capital Contribution to the Project, and authorised the Ministers (acting jointly) to determine the final terms of the loan for execution before Financial Close [CAB-25-MIN-0271];
- 10 **noted** that the Minister of Finance considers that the Crown loan to NZTA is expedient in the public interest pursuant to section 65L of the Public Finance Act 1989;
- 11 **noted** that this loan has now been approved and executed by the Crown and NZTA, with the first drawdown forecast in FY2029, subject to Cabinet approval of the Project;
- 12 **noted** that the Ministers intend to give approval, under sections 160(1)(b) and 162 of the Crown Entities Act, for NZTA to borrow up to \$2.7 billion, forecast to peak in 2034, representing the liability of future Unitary Charges under the PPP contract;

Legislative approvals

- 13 **noted** that the Ministers intend to provide the following legislative approvals to enable NZTA to reach Financial Close on the Project on or around 31 July 2026:
- 13.1 the Minister of Finance approving the Crown (through New Zealand Debt Management) entering into a construction phase interest rate swap with NZTA, under section 65G of the Public Finance Act;
 - 13.2 the Minister of Finance and the Minister of Transport approving NZTA entering into the construction phase interest rate swap with New Zealand Debt Management, in accordance with sections 160(1)(b) and 164 of the Crown Entities Act;
 - 13.3 the Minister of Transport approving NZTA to delegate powers and functions from NZTA to the Contractor to construct and operate the Project under section 61(1) of the Land Transport Management Act 2003 and section 73(1)(d) of the Crown Entities Act, and approval for the Contractor to sub-delegate those powers and functions to sub-contractors of the Contractor for the purposes of the Project Agreement (subject to obtaining the prior approval of NZTA or the NZTA Board (as applicable) for any such sub-delegation), under section 61(3) of the Land Transport Management Act and section 74(1)(b) of the Crown Entities Act;
 - 13.4 the Minister of Transport approving NZTA to grant a lease to the Contractor over the Project area to enable it to construct and operate the Project, under section 63(1) of the Land Transport Management Act;
 - 13.5 the Minister of Finance providing an indemnity, on behalf of the Crown, in favour of NZTA, for certain liabilities under the Project Agreement, under section 65ZD of the Public Finance Act;
 - 13.6 the Minister of Finance and the Minister of Transport approving NZTA providing an indemnity to the network utility operators (Channel Terminal Services Limited and First Gas Limited), in accordance with sections 160(1)(b) and 163 of the Crown Entities Act;

Other matters

- 14 **noted** that NZTA intends to reach Financial Close for the Project with the Contractor on or around 31 July 2026;
- 15 **noted** that tolling on the Northland Corridor Section 1 is being considered separately, and that NZTA will provide advice on a potential tolling scheme to the Minister of Transport in due course;
- 16 **authorised** the Ministers to make other technical decisions that may arise in the lead up to Financial Close (noting that no such decisions are currently expected to be required outside of the legislative approvals outlined in the paper under ECO-26-SUB-0122).

Rachel Clarke
Committee Secretary

Present:

Hon David Seymour
Rt Hon Winston Peters
Hon Nicola Willis (Chair)
Hon Chris Bishop
Hon Shane Jones
Hon Erica Stanford
Hon Louise Upston
Hon Tama Potaka
Hon Simon Watts
Hon Chris Penk
Hon Andrew Hoggard
Hon Mark Patterson
Hon James Meager
Hon Scott Simpson
Hon Cameron Brewer
Simon Court MP

Officials present from:

Office of Hon Chris Bishop
The Treasury
Ministry of Cities, Environment, Regions and Transport
New Zealand Transport Agency
Officials Committee for ECO