

An aerial photograph of a coastal road, likely in New Zealand, showing a paved road with yellow lane markings curving along a green, vegetated shoreline. The road is bordered by a concrete guardrail. To the left of the road is a sandy beach and the ocean. The water is a deep blue-green color. The sky is not visible.

Russell
McLeagh

Infrastructure investment in New Zealand

What's on the horizon?

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Contents

01. Private capital investment in infrastructure: A market update
02. New guidelines for market-led proposals
03. Reform of New Zealand's overseas investment regime
04. Prioritising infrastructure under the Fast-track Approvals Act
05. Enabling infrastructure: Modernising the Public Works Act
06. Update on public-private partnerships
07. Update on regional deals

Infrastructure investment in New Zealand

What's on the horizon?

New Zealand's infrastructure sector is evolving rapidly. New frameworks are emerging to attract private investment and encourage market-led initiatives. Streamlined consenting, public-private partnerships (PPPs) and regional deals will reshape how many projects move forward.

Infrastructure is at the top of the political agenda, as the Government reacts to the significant "infrastructure deficit" that has emerged over a period of many years. This issue is not unique to New Zealand – it reflects a global trend, with countries worldwide grappling with similar investment shortfalls, whilst at the same time tackling cost of living issues alongside economic and geopolitical uncertainties.

In this report, we examine key factors and trends shaping infrastructure investment in New Zealand today. We start with a market update on private capital fundraising and investment trends in the sector.

Regulatory reforms are set to play a critical role in speeding up project development and easing the pathway for investment. We explore the proposed reforms to New Zealand's overseas investment regime, which are expected to better facilitate overseas investment in the sector. Investors are also taking interest in the new guidelines for market-led proposals, which are summarised in this report.

We summarise the new Funding and Financing Framework and the National Infrastructure Funding and Financing Agency (NIFFCo), established as part of a broader sector reorganisation by the Government. The updated PPP framework is also examined, ahead of expected updates to the standard form project agreement due later this year.

We also take a closer look at the new fast-track consenting process and anticipated changes to the Public Works Act. And we review the city and regional deals framework, which are slated to better coordinate capital investment and enable regions to better plan for the delivery of their infrastructure priorities.

Significant reforms are on the horizon and policy decisions are being announced on a seemingly regular basis. Russell McVeagh is watching these developments closely – please get in touch if you would like any further information or to discuss this report in more detail.



Michael Loan
Partner and Head
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01.

Private capital investment in infrastructure: A market update

The New Zealand Government has a clear goal of facilitating more private sector investment into infrastructure. In this context, understanding drivers and trends affecting the deployment of capital into infrastructure is critical to assessing the opportunity presented by private capital.

This section explores recent trends in global infrastructure fundraising and investment activity.

Global fundraising and investment trends

Global private infrastructure fundraising fell significantly over the past two years. 2024 represented the first time that fundraising dipped below US\$100 billion since 2015.¹ This reflects a range of pressures and uncertainties in the broader economic environment in recent years, including higher inflation, elevated financing costs and geopolitical uncertainties.

Nevertheless, commentators note that investment activity in infrastructure in the past couple of years has not been affected nearly as much as private equity. Further, a broader range of investors are

becoming interested in infrastructure, with some private equity funds also pursuing infrastructure-style opportunities alongside traditional infrastructure investors.

The increasing focus on the infrastructure asset class is global. One large investment bank recently described a transition of their core advisory business from “private equity” coverage to “private capital” coverage, reflecting the broader range of opportunities to deploy capital that investors are now demanding.

Near-term opportunities in core infrastructure will be punctuated by the return of PPPs to the New Zealand market.

Drivers of investment activity

There are certain core attributes of infrastructure investments that attract relevant private sector investors. They are generally viewed as delivering long-term, stable cash flows with a lower risk profile than many other asset classes. Further, they often provide inflation-linked revenue streams, which is an important consideration for many investors.

Digitalisation and the energy transition are driving significant opportunities for investment globally, and these themes are also prevalent in New Zealand. Interest in data centres is increasing, driven by cloud computing and advancements in AI. And there has been a marked increase in the development of renewable energy

generation projects in New Zealand in recent years, driven by expected demand-growth for electricity. This activity is flowing through into significant capital requirements for investment in transmission and distribution networks.

Near-term opportunities in core infrastructure will be punctuated by the return of PPPs to the New Zealand market. The first section of the significant Northland corridor roading project, which is expected to proceed to the request for proposals (RFP) stage in 2025, is a focus for various PPP investors looking at New Zealand. A Christchurch Men’s Prison PPP is also expected to reach RFP stage later this year.

1. Infrastructure Investor’s Fundraising Report FY 2024

Supporting increased private investment in New Zealand infrastructure

Achieving a regulatory environment that facilitates the Government's desired increase in private sector investment will be critical. On this front, the proposed reforms of New Zealand's overseas investment regulations are highly relevant, both to increasing certainty for overseas capital and to increasing the speed of deployment (see [Reform of New Zealand's overseas investment regime](#)).

In the fiscally constrained environment seen in New Zealand, finding opportunities to unlock and recycle capital held in existing public assets, for investment into new infrastructure assets, will increasingly become a consideration. And as the market matures for private investment in New Zealand infrastructure, opportunities for private investors to recycle (and achieve the most efficient use of) their own capital will increase.

In February 2025, Caisse de dépôt et placement du Québec (CDPQ) completed its NZ\$909 million acquisition of a 50% shareholding in mobile infrastructure provider Connexa. Significant secondary trades such as this can have important "proof of concept" effects for investors and the market more broadly. Not only are such trades a sign of a well-functioning market, but a demonstration of the global expertise and the significant levels of capital that private sector investors can bring to the infrastructure sector.

Whilst the past couple of years were challenging for global infrastructure fundraising, this reflected the economic environment at the time and followed years of record fundraising. For New Zealand, there remains significant capital and appetite amongst private investors to invest in, and bring their global expertise and ideas to, the delivery of new infrastructure assets where the opportunity arises.

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02. New guidelines for market-led proposals

New guidelines for market-led proposals were introduced by the Government in November 2024. This initiative, which is inspired by the success of similar regimes in other countries, reflects the Government's desire to embrace private sector innovation and address New Zealand's infrastructure deficit.

In this section we cover these guidelines in more detail and outline the guiding principles and process for the consideration of unsolicited proposals made to the Government by private sector players. They are broad in scope – applying to unsolicited proposals for building infrastructure, providing goods or services or undertaking major commercial transactions.

"There is no government monopoly on good ideas, so it's imperative we have a clear framework for assessing ideas and engagement from the private sector."

Hon Chris Bishop, Minister for Infrastructure, [2 December 2024](#)

Guiding principles

The guidelines, which form part of the Government's work programme to improve infrastructure funding and financing, provide that each proposal will be assessed against the following three key considerations:

01. Public interest

While each proposal should be broadly consistent with the objectives of the Government and be in the best interests of the Crown, the key measure is whether the proposal is in the best interests of the public. The guidelines outline various questions that may be considered when examining whether the public interest criterion has been satisfied.

02. Exclusivity

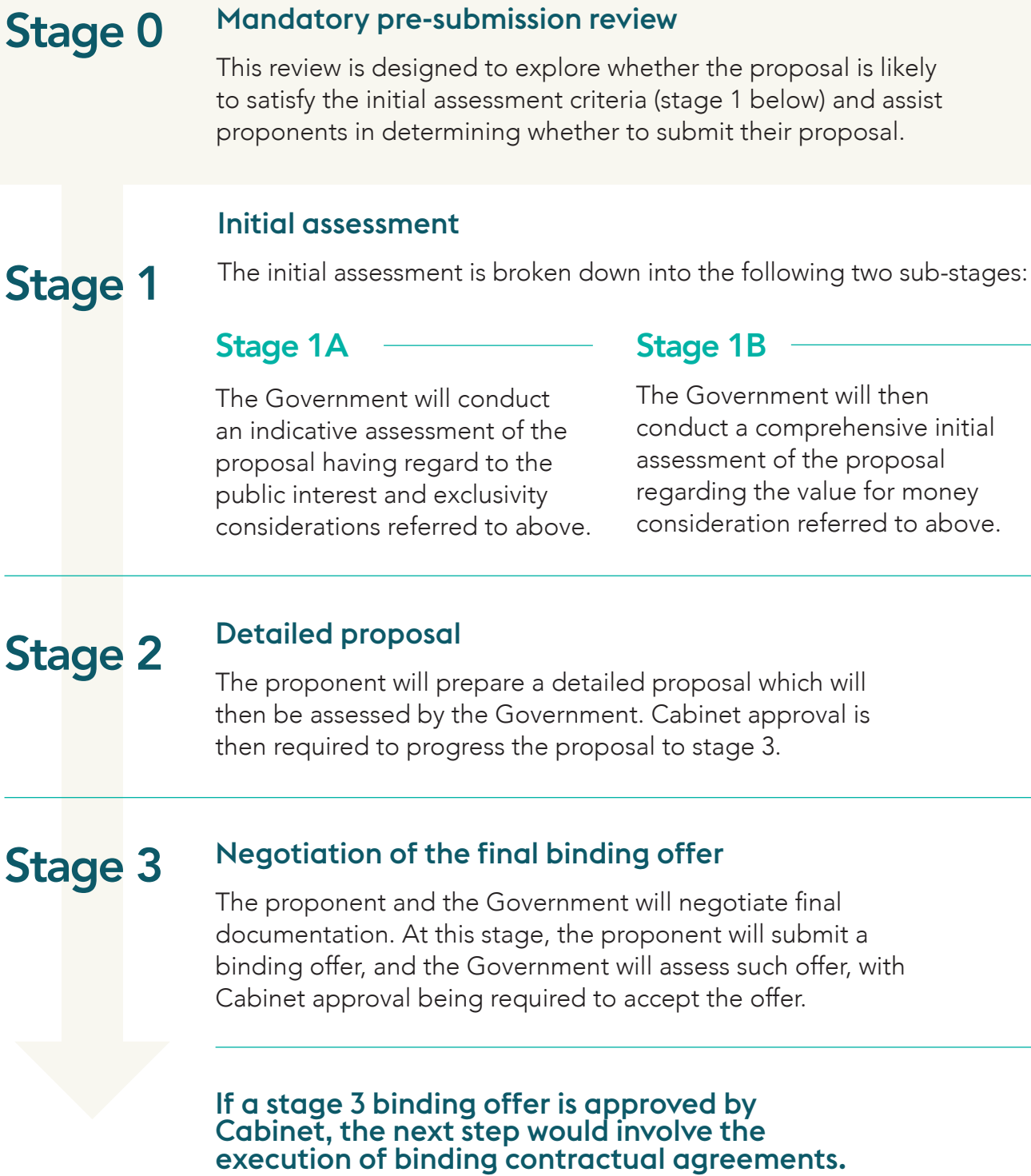
To justify the entry into exclusive negotiations with the Government, as opposed to a competitive tendering process, the proposal must be of a particular nature that the outcome of such proposal can only be achieved by the relevant proponent. The guidelines appear inherently flexible in terms of whether the Government will consider that exclusive negotiations are justified in any particular case. They provide an example list of characteristics (or a combination of characteristics) that a proposal may have to justify an exclusivity arrangement.

03. Value for money

A key principle of Government is to obtain maximum value for money. The proponent will be required to demonstrate that the proposal delivers value for money to the taxpayers of New Zealand, with the value for money assessment considering both quantitative aspects (including the "Benefit Cost Ratio" (BCR) of the proposal, the proponent's expected return on investment and other key assumptions in the proponent's financial model) and qualitative aspects (including the combination of scope, risk allocation and time to complete).

The assessment process

The envisaged assessment process for the consideration of proposals is as follows:



“NIFFCo will provide specialised expertise in public-partnerships (PPPs) and capital markets, building the Crown’s internal capability and ensuring consistency and development of long-term relationships with the market.”

Hon Chris Bishop, Minister for Infrastructure, 1 December 2024

New agencies

The “front-door” for market-led proposals is the newly launched national infrastructure agency National Infrastructure Funding and Financing Limited (NIFFCo). In addition to receiving and evaluating market-led proposals, NIFFCo (which has been repurposed from Crown Infrastructure Partners (CIP), an existing infrastructure entity focused on infrastructure fund administration) will have various other functions, including:

- providing expertise in relation to PPPs and capital markets;
- providing financial and commercial support to agencies, in addition to specialised skills, when developing business plans and procuring significant projects that may benefit from the use of a PPP model or private funding;
- introducing overseas investors and lenders to New Zealand’s infrastructure channels; and
- continuing to deliver on CIP’s existing work programmes.

The Government has also introduced a new agency, Invest New Zealand (Invest NZ), which is modelled on similar foreign direct investment agencies in Ireland and Singapore. Invest NZ is designed to “streamline the investment process and provide tailored support to foreign investors, to increase capital investment across critical infrastructure, fostering greater innovation in key sectors and attracting world-class talent to our shores”.

In context

When announcing the new guidelines for market-led proposals, the Government referenced the now cancelled Auckland Light Rail project where two competing proposals were put forward to design, build, own and operate the estimated \$6 billion project. Specifically, the Government referred to the unsolicited proposal put forward in 2018 by NZ Infra, a joint venture between New Zealand Super Fund and CPDQ, and was critical of the Government’s response to such proposal noting the need for New Zealand to positively embrace private sector ideas and solutions to New Zealand’s infrastructure deficit.

Market-led proposals have seen considerable success in other markets, including in Australia (where, by way of example only, the A\$512m Logan Motorway Enhancement Project sponsored by Transurban and the A\$2.9b NorthConnex motorway project sponsored by Transurban, QIC and CPPIB both proceeded in this manner). We expect that the new guidelines, together with the Government’s messaging on the same, will be welcomed by many private sector players looking to invest in infrastructure in New Zealand.



03. Reform of New Zealand's overseas investment regime

The Government is pushing forward with major reforms to New Zealand's Overseas Investment Act 2005 (the Act), with new legislation targeted by the end of 2025. The purpose of the reforms is to speed up decisions and provide more certainty to overseas investors, while at the same time continuing to protect New Zealand's national interests and key sensitive assets.

In this section, we outline key features of the proposed reforms and their implications for New Zealand's infrastructure sector, highlighting potential benefits for investors.

Significant reform is coming

New Zealand has one of the most restrictive foreign direct investment regimes of the OECD. The reforms will make it easier for New Zealand businesses to receive overseas investment, which is viewed by the Government as a key driver of economic growth. The reforms should also bring the New Zealand regime more into line with that of other OECD countries.

A significant change is the commitment to make decisions within 15 days for most investments other than those involving residential land, farmland, and fishing quota.

Some of the features of the proposed reforms include:

Presumption of investment approval

A starting assumption that an investment transaction can proceed unless there are national interest risk factors identified.

Stronger Government intervention powers

Strengthening the Government's ability to intervene on the rare occasion that a transaction is not in the national interest.

Clarifying the Ministerial Directive Letter's role

Providing that one of the Ministerial Directive Letter's functions is to identify any risks or factors that decision-makers need to or should consider when granting consents, imposing conditions or declining transactions on national interest grounds.

Greater decision-making authority for LINZ

Giving Land Information New Zealand (LINZ) more powers to grant consent without involving Ministers.

Recognising economic benefits

Better acknowledging the benefits investment can provide to New Zealand's economy, including having regard to whether a national interest risk may be offset by the benefits of the transaction.

15-day fast-track consenting

A new 15-day fast-track consent process for all investments aside from residential land, farmland and fishing quota, after which the transaction must be either approved or escalated to the responsible minister for a national interest assessment if there are reasonable grounds to consider the transaction may be contrary to the national interest.

Unified national interest test

A consolidation of the existing core tests (investor test, benefit to New Zealand test and the national interest test) into a single modified national interest test to apply to all in scope transactions aside from residential land, farmland and fishing quota.

The proposed 15-day fast-track assessment period is significantly shorter than the current statutory assessment timeframes, and even shorter than the timeframes required by the Minister in the June 2024 [Ministerial Directive Letter](#) where the Government directed that the Overseas Investment Office (OIO) decide 80% of all consent applications within half of the relevant statutory timeframe. A summary of the letter can be found [here](#).

What do the reforms mean for the infrastructure sector?

We have already seen improvements in processing timeframes for OIO consents and exemption applications since the Directive Letter was published in 2024. The reforms, however, are significant and represent the first major overhaul of New Zealand's foreign investment laws in over 20 years. From what we know about the reforms so far, and further the Government's plans to better enable overseas investment, we expect they will provide:

01. More certain outcomes

The change in starting presumption indicates that consent should be granted in the absence of risks to New Zealand's interests, thereby providing more comfort and certainty to overseas investors considering investment in New Zealand infrastructure (including in relation to their undertaking of a future realisation event).

02. Increased scrutiny for "riskier" sectors

Given the shift in focus to risk, sectors considered to be "riskier" to New Zealand's national security (including strategically important infrastructure and information technology assets) will likely face a higher degree of scrutiny (relative to other sectors) and may be subject to a mandatory national interest assessment.

03. A reduced burden on proving benefits and a focus on risk instead

At present, an overseas investor acquiring an interest in sensitive land through a benefit to New Zealand pathway must satisfy the benefit to New Zealand test. The test involves assessing the likely benefits resulting from the proposed acquisition against seven broad categories, as compared to the current position. The shift in focus to risks associated with an investment, and the consolidation of the Act's core tests (except for residential land, farmland and fishing quota), should result in an overall less burdensome regime for overseas investors.

04. A more streamlined process

We expect that the consolidation of the Act's core tests, combined with the fast-track process for all investments aside from residential land, farmland and fishing quota, should result in the consent process becoming more streamlined and easier to navigate.

Next steps

Given the nature of the infrastructure sector, including the significant levels of capital that are often required, and the nature of the land on which many projects are constructed, we expect that the reforms will bring material benefits to investors in the sector.

The Government has been vocal in its plans to focus on New Zealand's infrastructure. The reforms are consistent with that focus and, whilst certain infrastructure investments are likely to remain subject to heightened screenings for national interest considerations, overall the reforms should provide greater confidence to overseas investors and speed up clearance decisions for investment in the sector.



04.

Prioritising infrastructure under the Fast-track Approvals Act

The well-publicised Fast-track Approvals Act is expected to provide a significant opportunity to expedite the delivery of infrastructure projects in Aotearoa New Zealand. In this section, we consider how the Act can benefit infrastructure projects with significant regional or national benefits to achieve consent within a shorter timeframe. We also consider the critical issue of being able to readily access expert panels where a variety of projects will be competing for panels.

It will be crucial for the Government to prioritise the consideration of key infrastructure projects listed in the Act. The Act provides a pathway for infrastructure projects to seek priority so that the “pipeline of major projects” – as Regional Development Minister Shane Jones puts it – will readily be considered and consented to “boost the economy”.²



“The 149 projects selected by the Government present significant investment opportunities, with potential to deliver jobs, growth, and a pipeline of major projects that will boost the economy. These projects span housing, infrastructure, aquaculture, and more, offering diverse opportunities for investors to contribute to New Zealand’s development.”

Hon Shane Jones, Minister for Regional Development, [6 October 2024](#)

Infrastructure projects

The Act is intended to be used by projects that provide significant regional or national benefits and includes two categories - listed and referred projects. Listed projects can proceed directly to an expert consenting panel. 43 of the 149 listed projects are from the infrastructure sector. For those projects not listed, a referral application can be lodged with the Minister for Infrastructure. If accepted for referral, a project is then eligible to use the fast-track process. We expect infrastructure projects will be in a good position to demonstrate significant regional or national benefit. Given the number of listed projects and expected uptake through the referral pathway, there will be significant pressure on resourcing of panels.

New under this Act is a priority pathway for projects that the Minister is satisfied need to be progressed urgently. Priority can be sought by an applicant or the Minister. Priority projects will progress to a panel ahead of other non-priority projects already lodged with the Environment Protection Authority. The priority pathway provides an avenue for the Minister to “fast-track” urgent infrastructure projects, but resourcing of the system is likely to be a potential vulnerability.

2. [Fast-track projects released | Beehive.govt.nz](#)

Key benefits

The Act provides key benefits to infrastructure projects. These include:



High bar to decline

The Act includes a hierarchy of considerations for decision-makers which gives the Act's purpose primacy over principles of the RMA and planning documents. A panel is only able to decline consent where the adverse impacts of a project are sufficiently significant to outweigh the Act's purpose, including after a panel has considered setting conditions in relation to those impacts. Panels considering declining a project must also afford the applicant an opportunity to make changes to a project. These will likely be high bars to declining consent.



Speed of process

Generally, the fast-track process is significantly faster than the standard RMA process (particularly once a Panel has been appointed). This is because of the statutory timeframes the parties are required to meet (which are tight). Other factors that enhance speed and reduce appeal risk include the fact that only a limited group of parties is invited to participate in the process, and hearings are typically not held.



No merits-based appeals

Applicants (and other persons such as a local authority) can only appeal a panel's decision to the High Court on a question of law.

Other benefits for infrastructure include:

Removal of the non-complying activity test

The non-complying test under the RMA requires adverse effects of the activity to be no more than minor or not contrary to the objectives/policies of the relevant plan (the "gateway test"). The removal of this test is a significant benefit to infrastructure projects with non-complying activity status.

Provision for existing infrastructure

The Act is clear that upgrades to existing infrastructure can apply to use the fast-track process.

Ministerial determinations about eligibility of certain activities

The Act now provides a pathway for the Minister to determine that certain activities, which would otherwise be classified as an ineligible activity under the Act, can use the fast-track process. This change will be welcomed by many infrastructure providers who now have the option of seeking a Ministerial determination that an otherwise ineligible activity can use the fast-track process (eg electricity lines in a national reserve).

One-stop shop

In addition to RMA approvals, other approvals including Wildlife Act approvals and archaeological authorities can be sought at the same time.

What's the downside?

Infrastructure projects looking to use the Act face two key risks:



There is likely to be a significant limitation on the number of projects that can use the Act. This stems from challenges in securing enough panel members for all the listed projects, as well as accommodating the many additional projects likely to seek access to the new process. The priority pathway aims to address this issue, alongside a proposed increase in remuneration for panel members, but there is still likely to be a limit to how many projects will realistically be able to use the process and for panels to be stood up in a timely manner.



The Act has been controversial, with significant opposition in some quarters. This is likely to carry through to at least some of the more controversial projects looking to use the Act, which we expect is likely to result in these projects being challenged in the High Court. Applicants will have the ability to mitigate this risk through careful stakeholder management.

While there are significant benefits, the fast-track process does come at a cost - the recently released fees regulations include significant substantive application fees (\$250,000 plus GST) and levies (\$140,000 plus GST).

Key takeaways

The key takeaway is that the Act provides significant benefits for the ease of consenting infrastructure projects in a much faster timeframe. Key benefits of the Act for projects include:

- the decision-making is titled in the applicant's favour, with a high bar for projects to be declined, softening of the key legal tests, and limited parties invited for comment; and
- the Act imposes tight timeframes on decision-makers and no substantive right of appeal, to drive faster outcomes for applicants.

Given the number of projects seeking to use the fast-track process, the key vulnerability is the risk of delays in panels being appointed to consider projects. The priority process is a positive step to address this issue, and we expect key infrastructure projects will be able to demonstrate the need for urgency to receive priority.



05.

Enabling infrastructure: Modernising the Public Works Act

As part of its legislative programme to support the delivery of large-scale infrastructure, the Government intends to introduce legislation amending the Public Works Act 1981 (PWA) in May 2025. The PWA is the key statutory framework through which the Crown and other authorities undertaking public infrastructure projects can acquire private land for those projects and has not been substantively updated since 1988, despite significant changes over time in the infrastructure landscape.

While the PWA inevitably requires a careful balancing of the rights of private property owners with the need for infrastructure the processes draw frequent criticism - acquiring authorities find the process slow, complex and unwieldy, and landowners often experience a drawn-out period of uncertainty and a sense of not having been fully compensated at the end of that process.

The Government has announced a two-stage amendment process: changes to accelerate the acquisition of land needed for specific projects of national significance will be introduced in May 2025, followed by a wider “overhaul” intended to take effect six months later.

This section focuses on the changes and announcements that have been made so far.

From targeted amendments to an overhaul

Initially, the scope of the amending legislation was described as “short and sharp”³, being “targeted amendments focused on improving efficiency, effectiveness, and clarity” regarding the process for the acquisition of land for public works and assessment of compensation. However, recent announcements refer to an “overhaul” and suggest broader ranging changes may be ahead. This will no doubt be welcomed by some commentators who considered the targeted review was a missed opportunity to overhaul the entire Act, referencing the “offer back” provisions in particular.

“The new accelerated objections process will mean we can work through any objections far more quickly. Then we can get on with delivering important infrastructure projects that will help grow our economy so New Zealanders can get ahead.”

Hon Chris Bishop, Minister for Infrastructure, and
Hon Chris Penk, Minister for Land Information, [9 March 2025](#)

Amendments announced so far

The changes announced in early March focus on critical public projects, being roads of national significance or public infrastructure projects listed in the Fast-track Approvals Act 2024.



Streamlined objection process

For these critical public projects, property owners will no longer pursue an objection in the Environment Court, but can object directly to the relevant decision-maker - either the Minister for Land Information or the local authority proposing the works. Rights of judicial review will remain and owners of Māori land will continue to have a right of appeal to the Environment Court. This more streamlined approach aims to reduce delays while maintaining landowner rights.



Enhanced compensation

Two new payment categories will be introduced:

- An “extra incentive” payment of 15% of land value, capped at \$150,000, for landowners who voluntarily sell before a notice of intention is issued.
- A “recognition payment” of 5% of land value, capped at \$92,000 for all landowners whose land is acquired.

3. [Expert panel appointed to review Public Works Act | Beehive.govt.nz](#)

The earlier announcements, likely to be introduced in the second amending bill focus on:



Delegation of land acquisition

Powers to enter into land acquisition agreements will be delegated to government agencies like the NZ Transport Agency (Waka Kotahi) rather than requiring approval from the Minister for Land Information. Responsibility for compulsory acquisition will remain with the Minister. Similarly, Transpower (a State-Owned Enterprise) will be given new powers to use the PWA to acquire land by agreement.



Infrastructure relocation

Broadening the scope of acquisitions will allow both Government and local authorities to acquire land for the relocation of other infrastructure where the need to do so is caused by that authority's public work.



Refinement of the Environment Court's role

Changes will be made to clarify the factors the Environment Court can consider when reviewing objections and eliminate overlaps with the Resource Management Act.



Mandatory mediation for compensation disputes

New processes will require parties involved in compensation disputes to enter mediation before approaching the Land Valuation Tribunal.



Interagency collaboration

Allowances will be made to facilitate cooperation among agencies to coordinate land acquisitions and collaborate on interconnected projects.



Inequities

Provision will be made to address inequities faced by Māori landowners, particularly regarding acquisitions and compensation.

The bottom line

Draft legislation is expected to be introduced in May 2025. Stakeholders and the public will have an opportunity to provide feedback during the select committee process.



The coming 12 months look set to be the most active period for public-private partnership (PPP) transactions in New Zealand for some years. The 100km Northland Corridor motorway extension has already been announced, and it is expected that other PPP projects will be announced during 2025 and 2026 as the country gets underway with new projects under the updated PPP model.

This section provides an overview of PPPs, updates on the evolving framework for private investment in infrastructure - including the new Funding and Financing Framework and the creation of the National Infrastructure Funding and Financing agency (NIFFCo) as part of the Government's sector reorganisation - and a summary of the Government's framework for PPPs published last November, which sets out updates to the PPP model as the blueprint for future transactions.

Background to PPPs

In a PPP, the Government enters into a long-term project agreement with a private sector special purpose entity (SPV) for the delivery of a service, where provision of the service requires the construction of a new asset or enhancement of an existing asset. The SPV is responsible for delivering the design, works and services required under the project agreement and subcontracts its obligations to specialist subcontractors. The SPV raises equity and debt investment to fund the construction phase and, upon service commencement being achieved, receives a periodic payment from the Government for provision of the services. The Crown retains full legal ownership of the asset.

Framework for private investment in infrastructure

The Government announced a new Funding and Financing Framework for infrastructure in December 2024. The objectives of the Framework are to broaden the funding base for investments and utilise private capital, where efficient, and to apply commercial disciplines to the Crown’s approach to the provision of public capital.

The Framework sets out the following key principles:

Crown funding and financing should only be sought when all other sources have been exhausted.	Crown capital should be provided on the basis that it is recycled as soon as practical.
Crown capital should be deployed in optimal form.	The Crown should actively manage the financial risks associated with its investments.

The first principle is particularly relevant for PPPs and the Framework elaborates that, with the Crown having finite funding sources and multiple competing investments, the aim is to maximise non-Crown revenue sources and attract private investment in delivering public infrastructure and services where such partnerships provide good value for money. Good value involves the pricing and terms aligning with the risks transferred and non-financial benefits brought by private sector investors and financiers.

The Framework’s objectives and principles come together in the decision-making process set out in the Framework, which involves the following stages:

01. Assessing a project’s standalone funding and financing potential (which could involve a beneficiary pays and/ or private financing model) before using Crown funding.	02. Developing the optimal solution to resolve any funding or financing gap, including the structure of any Crown funding.	03. Actively managing the Crown’s investments, including consideration of long-term implications and carrying out regular reviews.
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Treasury

In addition, Treasury led work on a reform of the infrastructure system in 2024. Responsibility for matters affecting infrastructure delivery, including PPPs, is now allocated as follows:

- Treasury remains the primary advisor and leads advice on the funding and financing of infrastructure, including PPP policy;
- the Infrastructure Commission is an advisor to the Government on infrastructure with a focus on long-term planning, which includes advising on project delivery and managing the National Infrastructure Plan and Infrastructure Pipeline, which will include PPPs (see [Update on regional deals](#));
- NIFFCo, which is the Government’s shopfront for public infrastructure and the centre of expertise for funding and financing, will provide specialist expertise on PPPs and support Government agencies through procurement under the PPP model; and
- Crown Infrastructure Delivery will provide project delivery services to Crown organisations.

The updated PPP model

In anticipation of new PPPs being announced, the Government has been working on updates to the PPP model, which was last updated in the 2010s. The updates are intended to reflect learnings from earlier PPPs and recent international experience.

Last year, Infrastructure New Zealand (INZ) established a working group comprised of experts across the infrastructure sector to help to update and refine the PPP model for delivering infrastructure projects in New Zealand. INZ’s paper [Developing and Refining the Public Private Partnership Model and other Infrastructure Financing Tools in New Zealand](#) promotes updated models for both large-scale, nationally significant infrastructure and smaller scale community infrastructure. It emphasised:

- the need for funding and delivery structures that encourage industry, government and financiers to work collaboratively on new projects; and
- the need to have flexible solutions that can be tailored for different types of projects.

The Government released its new PPP Framework in November 2024, describing it as a blueprint for future transactions. It includes forewords from the National, ACT and Labour parties and shows some cross-party support for delivering new infrastructure through PPPs.

The Framework is a great step towards launching new PPPs. It emphasises the benefits of PPPs, including:

- focus on specification and performance of service outcomes;
- integration of service and asset design solutions, focused on whole of life optimisation;
- better risk management through appropriate allocation;
- a long-term contract providing greater certainty to the public sector; and
- strong availability and performance incentives.

The main policy updates are:

01.

Availability model

PPPs will remain primarily focused on transferring availability and performance risk (not revenue generation risk) to the private sector. The Government remains open to considering third-party revenue streams to contribute towards project costs.

02.

Crown capital contributions

The existing PPPs have been fully project financed. The Crown may consider making capital contributions to PPPs on a project-specific basis to cover some of the project costs if that would be an efficient use of capital and provided that the PPP still has the right incentives.

03.

Value for money

There are some updates to how the Government assesses whether a PPP solution offers value for money.



When is the PPP model appropriate?

The PPP model is most likely to be used where, among other things:

- the project is of sufficient scale or complexity that it would benefit from the model;
- the nature of the asset is specific, and the Crown should retain ownership (so other delivery approaches such as leasing are not appropriate); and
- the PPP provider will be able to realise risk management and cost optimisation efficiencies such that it is likely to outperform the non-PPP counterfactual.

Key areas of the PPP Framework

The Framework covers three main areas:

- ✓ **Policy updates**
- ✓ **Model and contract suite updates**
- ✓ **Process updates**

Further updates

The model and contract suite updates involve preparing a revised form of the standard form project agreement for PPPs. The updated standard form has not been released yet but the key features are likely to be:

- some refinements and adaptations to the existing standard form rather than a fundamental re-write;
- a focus on some adjustments to risk allocation so that project risks are borne by the party best able to manage them. This might involve the Government taking on, or sharing, some risks (such as consenting or ground risk) where it makes sense to do so;
- adding a framework for expansions or augmentations of projects to enable them to be brought within the existing PPP;
- consideration of the role of the SPV and its equity investors in the model; and
- a refresh of some of the general provisions.

The process updates are proposed changes to the procurement process which are designed to enhance collaboration and de-risk project outcomes. These are likely to include:

- periodic validation and updating of the Affordability Threshold to ensure that it reflects realistic costs;
- more collaboration during procurement and an interactive tender process;
- efforts to ensure that government agencies are properly resourced to manage PPP procurement and the PPP lifecycle; and
- reimbursement of some bid costs for unsuccessful bidders to encourage participation in the competitive process.

Final thoughts

It looks like it will be an exciting time ahead for PPPs. The Government has put considerable work into both the approach to the delivery, funding and financing of large-scale public infrastructure (as demonstrated by the Funding and Financing Framework and the review of responsibilities across Government, including the establishment of NIFFCo) and updating the PPP model ahead of procuring the first new PPPs.



07.

Update on regional deals

The Government released a strategic framework for regional deals in August 2024. The framework sets out the objectives, principles, structure and criteria for regional deals.

In November 2024, the Government reiterated its commitment to regional deals and confirmed that it intends to complete its first regional deal by the end of 2025 and to complete a further two regional deals by October 2026.

The Government invited councils to propose regional deals, intending to select the first three regional deals to be progressed later this year. Proposals from councils must provide an outline of drivers of economic growth, what the region will do to unlock growth, and what assistance the region needs from the Government.

What is a regional deal?

The core parties to a regional deal are central and local government but there will also be opportunities for the private sector and iwi to participate.

There is no single definition for a regional deal. It is best described as a partnership between central and local government to advance a joint vision focused on the following priority objectives:

- economic growth;
- delivering connected and resilient infrastructure; and
- improving the supply of affordable and quality housing.

The framework sets out some guiding principles for regional deals, which are:

- ✓ Partnership
- ✓ Adaptability
- ✓ Certainty of decision-making, funding and financing
- ✓ Ensuring resilient and sustainable cities and regions

In addition to the guiding principles, regional deals must also share some foundational components:

- ✓ A defined economic/geographic area
- ✓ A 10-year strategic plan with clear objectives sought and actions required
- ✓ Decision-making arrangements, delivery timeframes and accountabilities
- ✓ The capital and operational investments required
- ✓ Performance metrics with monitoring and reporting requirements
- ✓ Regulatory and institutional settings to support a deal

The Government expects that regional deals will create systemic change by:

- enabling competition for growth between regions;
- promoting the best use of planning processes for growth;
- ensuring the right incentives drive growth, including unlocking new revenues; and
- certainty over investment pipelines.

What might a regional deal look like?

A regional deal should focus on how the following tools might be used to achieve the objectives:

- funding and financing tools;
- regulatory relief mechanisms;
- efficient and innovative use of funding, financing and planning mechanisms; and
- improved central government coordination.

The framework suggests that the “deal” aspect of regional deals could involve the following options:

- cross-agency commitments to support agreed projects and investment pipelines, with coordination of capital commitments for funding transport, schools, hospitals and other infrastructure;
- enabling new user charges, value capture, targeted rates, tolling and congestion charging and enhancements to the Infrastructure Funding and Financing Act 2020;
- reallocation of existing government funding;
- enhanced Going for Housing Growth payments, such as a share of GST for councils;
- sector specific commitments, such as sharing royalties generated from mining or other forms of regional economic development; and
- specific legislative changes.

Infrastructure Funding and Financing Act

The Government has recently announced reforms to the Infrastructure Funding and Financing Act 2020 (IFFA), which will be set out in legislation to be introduced by September 2025.

The IFFA model involves setting up a special purpose entity (SPV) to finance eligible infrastructure, with the debt being serviced by a levy on properties that benefit from the infrastructure.

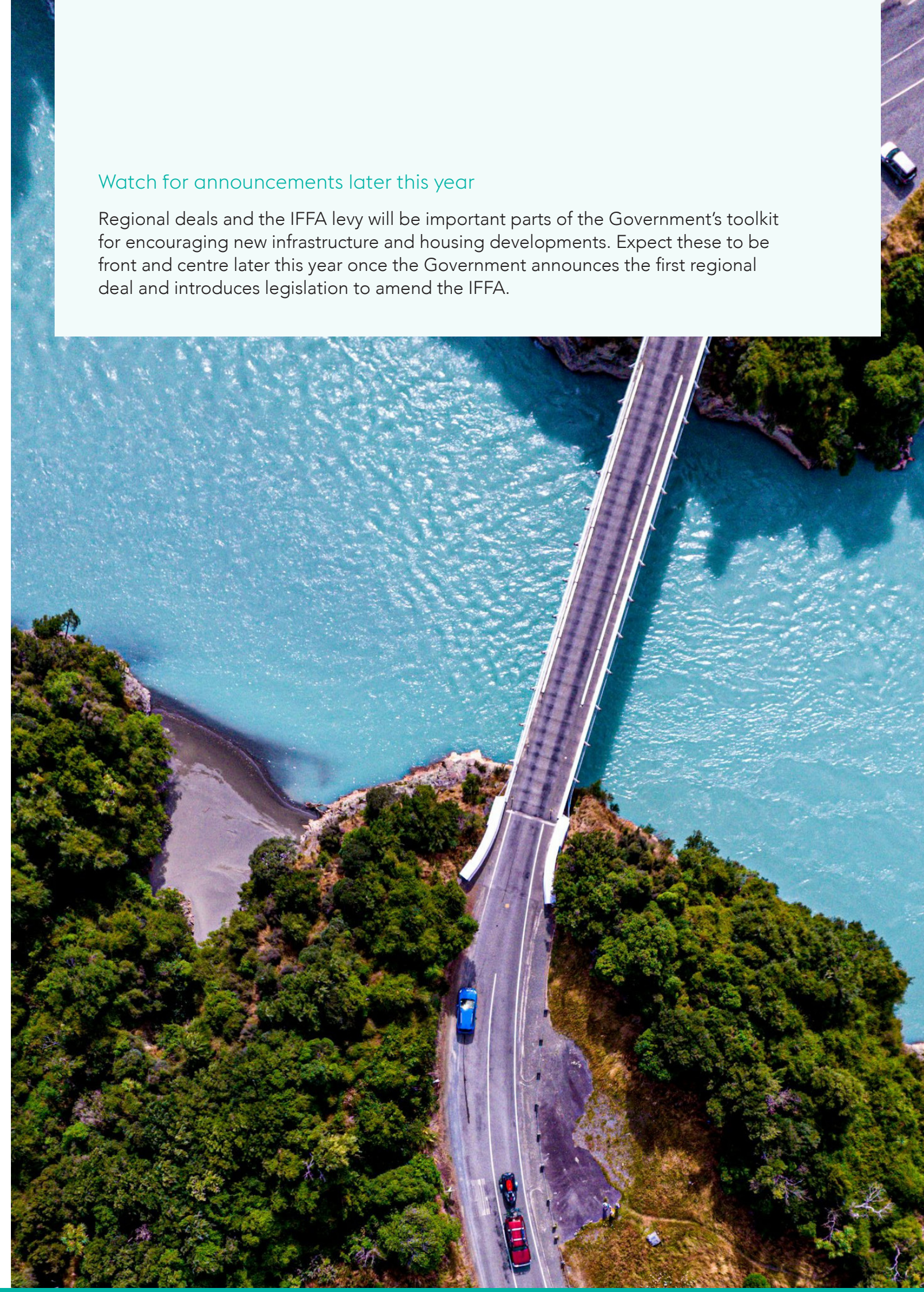
The IFFA model has been used for two transactions as of the date of this report. The Government is looking to enhance the IFFA model to expand its use. The changes are likely to include:

- extending access to other users, such as the NZTA;
- streamlining the process for establishing a new levy;
- supporting developer-led proposals by requiring councils to endorse a levy where statutory requirements are met;
- allowing a levy to be used to finance infrastructure built up to two years before the levy is proposed; and
- enabling a levy to be used to finance development contributions.

These should be positive changes to improve uptake of the IFFA model, including as part of regional deals.

Watch for announcements later this year

Regional deals and the IFFA levy will be important parts of the Government’s toolkit for encouraging new infrastructure and housing developments. Expect these to be front and centre later this year once the Government announces the first regional deal and introduces legislation to amend the IFFA.



Infrastructure investment in New Zealand

What's on the horizon?

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