Northland Corridor Section 1 PPP: Warkworth to Te Hana Approval to Deliver (ATD)

New Zealand Transport Agency

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1.1 New Zealand Transport Agency Northland Corridor Section 1 PPP: Warkworth to Te Hana

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1.2 New Zealand Transport Agency Northland Corridor Section 1 PPP: Warkworth to Te Hana Approval to Deliver

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Role	Name	Review Status
Programme Director	Derek Robertson	Complete

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Role	Name	Sign-off Date
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Approval to Deliver Summary

This Approval to Deliver (ATD) provides information to support Cabinet's decision to approve NZ Transport Agency Waka Kotahi (NZTA) entering into a Public Private Partnership (PPP) contract with the Northway consortium for the Northland Corridor Section 1 PPP: Warkworth to Te Hana (the Project), a Road of National Significance.

The Project is a new offline 26km four-lane motorway, including a one-kilometre twin-bore tunnel and three interchanges between Warkworth and Te Hana. The investment objective for the entire corridor is to deliver an efficient and reliable connection between Whangārei and Warkworth that provides safe access for people and businesses and supports economic growth.

The Project represents value for money with a Benefit-Cost-Ratio (BCR) of 1.6 including Wider Economic Benefits (WEBS) and 1.4 excluding WEBS, as presented in the March 2025 Investment

Case. There have been no material changes to the Strategic or Economic Cases since that business case.[1]

PPP procurement commenced in March 2025 and has progressed through the Preferred Respondent stage and reached a final negotiated PPP contract. Cabinet approval is required to progress to Financial Close, which is expected on or around 31 July 2026.

The procurement process was highly competitive. Three consortia (Northway, Together North, and Go>North) progressed from the Expressions of Interest (EOI) stage and submitted final Request for Proposal (RFP) responses in November 2025. s 9(2)(i) [redacted]

Following evaluation, two Respondents (Northway and Together North) were shortlisted to progress to the Optimisation Phase, s 9(2)(i) [redacted]

The Northway consortium (Acciona led) was confirmed as the Preferred Respondent (the Contractor) on 21 May 2026. The final total cost of the Project is estimated at $3.649 billion Net Present Value (NPV). This includes Unitary Charge (UC) payments under the PPP contract, NZTA retained costs and risk, and the Crown Capital Contribution (CCC). s 9(2)(i) [redacted]

This cost is below the Public Sector Comparator (PSC) of $3.9 billion, which Cabinet approved in March 2025. This demonstrates that PPP procurement represents value for money compared to conventional public sector procurement models. Overall, NZTA is satisfied the final negotiated solution with the Contractor represents value for money.

A Gateway 3 Review was undertaken 4 – 8 May 2026, which resulted in a positive endorsement of the Project's readiness advance to Financial Close and commence the construction phase (Green/Amber delivery confidence assessment). The Gateway 3 Review included a set of constructive recommendations that NZTA has either actioned or will action early in the construction phase.

The Project Agreement incorporates the $1.6 billion CCC that Cabinet approved in August 2025. s 9(2)(i) [redacted]

The Project Agreement combines a strong performance regime with optimised risk-sharing arrangements. It will hold the Contractor accountable for delivering a quality asset and keeping the road available and performing over the 25-year operational period. Payment is conditional on performance; no UC will be paid until the road is operational. Deductions will apply thereafter for the road being unavailable or for failure to meet contractual Key Performance Indicators (KPIs).

Core construction and whole-of-life risks will sit with the Contractor but, in a refinement from earlier transport PPPs, limited targeted risks s 9(2)(i) [redacted]

Establishing a high-calibre client-side delivery team to partner with the Contactor is integral to the successful delivery of the Project. NZTA has established the delivery team well in advance of

[1] The outcome of the PPP procurement process is consistent with this BCR. The final Project cost is lower than the cost assumed in the March 2025 Investment Case on a comparable basis.

Financial Close, along with the systems and processes to ensure successful delivery of the Project and provide assurance that the investment objectives of the Project will be achieved. Confidence that investment objectives for the Project are being achieved during the construction and operational phases will be evaluated in line with the Benefit Realisation Plan performance measures.

The Strategic Governance Group and Delivery and Performance Oversight Group have been established to provide joint governance oversight of Project implementation as required by the Project Agreement. A Contract Management Manual will provide comprehensive guidance for management of the works provisioning aspects of the Project Agreement. Risk management provisions and assurance arrangements through the transition from procurement to the construction phase are in place. NZTA has a decade long formal partnership with Hōkai Nuku who represent four Iwi and Hapū mana whenua collaborating on the Project – Ngāti Manuhiri, Te Uri o Hau, Ngāti Rango of Kaipara, and Ngāti Whātua. They have participated in the procurement process including contributing their learnings from the previous Pūhoi to Warkworth PPP project. This provides a solid foundation for ongoing partnership in the construction and operational phases. NZTA also engaged a wide group of key stakeholders to participate in the interactive tender phase which helped inform aspects of Northway's proposal and established important connections prior to Financial Close.

Key Project milestones under the Project Agreement are summarised in Table 1.

Table 1: Key contractual milestones

Key contractual milestone	Contractual / estimated date
Financial Close	On or around 31 July 2026
Construction planning, mobilisation, detailed design, and early works commences	August 2026
Main works construction commences	November 2027
CCC payments commence	January 2029
Main works design substantially complete	April 2029
Road opening and commencement of maintenance and operations phase	1 July 2033
Full works completion	1 February 2034
End of maintenance and operations (lease of asset by Contractor ceases and hand back occurs)	June 2058

2 Commercial Case

2.1 Selection of preferred suppliers

Compliance with Government Procurement Rules

The procurement process has been robust and compliant with the Government Procurement Rules and other relevant assurance, probity, and policy requirements and practices, including:

- Treasury PPP Guidance, including consulting with the Treasury on aspects of the PPP procurement process;
- Internal NZTA assurance policies and business case guidance, such as the Monetised benefits and NZTA Cost Estimation Manual (SM014);
- Partnering with National Infrastructure Funding and Financing Limited (NIFFCo) on the PPP procurement process (as set out in Treasury Circular 2024/18), and the commercial design of the CCC; and
- NZTA internal probity processes, including a project Probity Plan and appointment of a Probity Advisor and a Probity Auditor, who have provided oversight throughout the entire procurement process. The Probity Auditor has confirmed there are no outstanding or unmanaged probity issues and that the procurement was well-managed, particularly given the high-profile and fast-paced nature of the project, the volume of conflicts of interest, and the interactive nature of the procurement process. The independent Probity Audit Report is listed in Annex 2.

Approach to the market

As part of developing the March 2025 Investment Case, NZTA engaged extensively with the construction, design, and financing markets across Australasia between August 2024 and February 2025. Following NZTA Board approval in February 2025 and the Government's broader investment summit in March 2025, NZTA received Cabinet approval to commence procurement of the Project as a PPP in March 2025.

In early 2025, several consortia with a mix of New Zealand and international organisations formed in anticipation of the procurement. Four submitted formal expressions of interest. The main engagement with market participants thereafter was through the procurement process. Three Respondents were invited to participate in the RFP at the end of June 2025.

A summary of the key stages of the procurement process commencing in March 2025 is summarised in Table 2 below. The Procurement Plan and the RFP Evaluation Plan are listed in Annex 2 and provide more detail.

Table 2: Procurement process stages involving market participants

Procurement Stage	Date	Summary
Registration of Interest	18 March 2025	
Expression of Interest	26 March 2025	Inviting EOI responses by late April 2025.
Shortlisting for RFP invitation	June 2025	Three Respondents shortlisted: Northway, Go>North, Together North.
Request for Proposals	30 June 2025	Inviting final responses to be submitted by November 2025.
Interactive Tender Process	Throughout RFP	A series of Respondent-led interactive sessions over 22 weeks that enabled Respondents to clarify requirements and seek feedback on interim submissions.

RFP Evaluation	November 2025 – March 2026	Evaluation of Respondents' Proposals.
Shortlisting for Optimisation Phase	March 2026	Resulted in moving from 3 to 2 Respondents in March 2025 to take forward into the Optimisation Phase.
Optimisation Phase	April – May 2026	Further refinement under competitive tension of 2 shortlisted Respondents' responses to inform the Preferred Respondent decision.
Preferred Respondent Decision	21 May	Northway selected as Preferred Respondent.
Preferred Respondent Negotiation Phase	May-June 2026	Final negotiation with the Preferred Respondent in advance of Cabinet approval and Financial Close.
Financial Close	On or around 31 July 2026	

Evaluation of supplier offers

The RFP Evaluation Plan set out the structured, comprehensive framework NZTA followed to assess Respondents' RFP submissions. s 9(2)(i) [redacted]

Qualitative (non-price) evaluation

The qualitative (non-price) evaluation was conducted in accordance with the Procurement Plan and RFP Evaluation Plan, using the Procurement Outcomes and Evaluation Criteria weightings summarised in Figure 1.

s 9(2)(i) [redacted]

s 9(2)(i) [redacted]

Shortlisting two Respondents for the Optimisation Phase

The Evaluation Panel recommended shortlisting two Respondents – Together North s 9(2)(i) [redacted] and Northway s 9(2)(i) [redacted] – to proceed to the Optimisation Phase.

s 9(2)(i) [redacted]

s 9(2)(i) [redacted]

The NZTA Board endorsed the recommendation to shortlist two Respondents and focus on further optimising the two proposals under continued competitive tension.

Optimisation Phase and Preferred Respondent Selection

Consistent with best practice for a procurement process of this nature, the two remaining shortlisted Respondents proceeded to the Optimisation Phase. NZTA subsequently engaged with each Respondent to test price, scope, risk allocation, and delivery confidence on a targeted and more like-for-like basis. s 9(2)(i) [redacted]

This engagement was driven by NZTA and tested the various aspects of the shortlisted responses through Respondent-specific briefing sessions, NZTA issuing shortlisting packs (which included updated contract drafting) and clarification questions, and other targeted set pieces before the Optimised Proposals were received on 1 May 2026.

NZTA's evaluation of the Optimised Proposals was informed by targeted legal, technical, financial, and commercial due diligence. The Optimised Proposals evaluation framework was a comparative assessment anchored to the RFP, the Evaluation Plan and Evaluation Panel report across the three core considerations – quality (in relation to a safe, resilient, and available asset), risk, and price.

s 9(2)(i) [redacted] Overall Northway offered a superior proposal on a value for money basis, and a superior overall balance of price, quality, and risk.

s 9(2)(i) [redacted]

Northway was recommended and approved as the Preferred Respondent.

s 9(2)(i) [redacted]

Bid Cost Reimbursement

As part of commencing the RFP process, NZTA agreed to reimburse up to 80% of bid costs (capped at $40 million) for each of two Respondents that were not selected as the Preferred Respondent. This is a material incentive for Respondents but is a relatively small cost compared to the size of the project, accounting for approximately 1% of the estimated capital cost of the project compared to the 2% limit set in the PPP Guidance. Cabinet noted this amount in March 2025 as part of the decision to progress with procurement.

A Bid Costs Reimbursement Deed sets out the qualifying costs, process, and audit processes Respondents must comply with to receive the reimbursement. The reimbursement is payable from the NLTF after Financial Close. s 9(2)(f)(iv), s 9(2)(i) [redacted]

NZTA's view is that the bid cost reimbursement arrangement successfully achieved its objective of encouraging greater competition during the procurement process, generating high quality proposals, and attracting highly experienced international participation. Furthermore, NZTA will own the intellectual rights to the unsuccessful Respondents' solutions.

2.2 Supplier contract arrangements

Negotiated payment arrangements

The payment arrangements within the Project Agreement follow the standard PPP model, with enhancements and adaptations for specific Project characteristics. There are also additional payment arrangements for the CCC that have not been included in previous New Zealand PPP transactions. Key aspects of the payment arrangements in the Project Agreement are summarised below.

Unitary Charge and the performance regime

Under the Project Agreement, the Contractor will fund the construction phase using private capital over a seven-year design and build period. Once construction is complete, NZTA will pay a Unitary Charge (UC) over the 25-year operating period. This payment covers financing (debt and equity), operations and maintenance, performance adjustments, and insurance and lifecycle costs.

The Performance Regime is the main financial incentive in the Project Agreement to align the Contractor's performance with safe, available, and high-performing delivery over the 25-year operational period. The strongest incentive in Project Agreement is availability: no UC will be paid until construction is completed and the road is opened for operations. From then on, deductions will apply for periods when the road is unavailable based on location, time of day, and lanes affected. Higher penalties will apply during peak traffic periods, and relief will only be available for genuine externally caused closures. Low operational performance across other Key Performance Indicators (KPIs) may also result in deductions under the Project Agreement, including in the areas of:

- Safety hazards;
- Incident response;
- Asset management; and
- Reporting, compliance, communication, and environment obligations.

Cumulative deductions will trigger escalation consequences in the Project Agreement, including enhanced reporting, mandatory improvement programmes, NZTA step-in rights, and possible contract termination.

Equity participants in the Contractor's consortium are also financially incentivised to act efficiently in managing the Project Agreement, including claims management, review procedures, and governance.

Risk-sharing arrangements during the construction period

There are some limited risk-sharing arrangements during the construction period where the Contractor will take risk up to a certain threshold and NZTA will share the risk thereafter. These arrangements are a refinement of the Transmission Gully and Pūhoi to Warkworth models. s 9(2)(i) [redacted]

Crown Capital Contribution during construction period

In August 2025, Cabinet approved a 10-year $1.6 billion CCC to contribute to the construction of the project. NZTA will pay this to the Contractor during the construction period. s 9(2)(i) [redacted]

NZTA has designed the commercial details of how the CCC payments into the Project will function in line with the commercial principles developed with NIFFCo. The CCC payments can only be used on direct Project construction costs, and not indirect Contractor costs. Mechanisms are in place to ensure that risk is appropriately managed throughout the construction phase, including paying the CCC during the back end of the construction phase, starting FY2029, and making the payments on a pro rata basis with the Contractor's private capital subject to the same rigorous conditions and assurance.

Public Private Partnership

The Project Agreement follows the Treasury PPP Guidance Standard Form Agreement (SFA), with enhancements and adaptations for the unique Project characteristics. A summary of these enhancements and adaptations is listed in Annex 2. This approach was consulted on and agreed with the Treasury and NIFFCo over 2025 and 2026.

The Project Agreement has been developed taking into account enhancements and adaptations from the following sources:

- Cabinet's October 2024 PPP Guidance update, where it endorsed updated approach to PPP Guidance and released the New Zealand PPP Framework: A Blueprint for Future Transactions to the market;
- Experience and key learnings from previous New Zealand PPPs, including from the Transmission Gully and the Pūhoi to Warkworth PPPs;
- Key learnings from international PPP experience and best practice;
- Market feedback and engagement provided through the Northland Corridor market engagement process; and
- Project-specific considerations in the context of the Project.

NZTA will provide recommendations to the Treasury for updates to the SFA following Financial Close of the Project.

Negotiated contract type and key clauses

The Project Agreement is a relatively large and complex contract; Annex 3 outlines the key contractual clauses.

Negotiated contract milestones

The products and services in the Project Agreement negotiated with the Contractor are summarised in Table 5 below. Further detail on the Project Agreement clauses is included in Annex 3.

Table 5: Key products and services

Products / services	Key contractual schedules	Contract period
Design and construction of full asset (including road, tunnel, interchanges)	Schedule 10 (Completion Requirements) Schedule 11 (Works Requirements)	7 years
Maintenance and operation services	Schedule 12 (M&O Requirements) Schedule 13 (Performance Regime)	25 years
Asset hand back from Contractor to NZTA under the lease arrangement	Schedule 12 (M&O Requirements) Schedule 19 (Disengagement)	At the completion of the 25-year operational period

The key contract milestones under the Project Agreement are summarised in Table 6 below.

Table 6: Key contract milestones

Key contract milestone	Contractual / estimated date
Financial Close	On or around 31 July 2026
Construction planning, mobilisation, detailed design, and early works commences	August 2026
Main works construction commences	November 2027
CCC payments commence	January 2029
Main works design substantially complete	April 2029
Road opening and commencement of maintenance and operations phase	1 July 2033
Full works completion	1 February 2034
End of maintenance and operations (lease of asset by Contractor ceases and hand back occurs)	June 2058

Negotiated risk allocation

A detailed risk allocation schedule is attached in Annex 4.

3 Financial Case

3.1 Financial analysis and implications of the deal

Financial modelling

The financial modelling used to inform cost estimates and financial analysis for the Project include:

- The Base Case Financial Model from the Contractor that accompanies the Project Agreement that sets out the financial details of the cost of the PPP contract;
- NZTA modelling and forecasting of client-side costs and retained risks.

The top four inputs in the Base Case Financial Model that drive Project costs include the following:

- Construction phase cost estimates;
- Construction phase timeframe estimates (which, if delayed, will add significant cost to the Project);
- Maintenance and operations cost estimates over the 25-year operational phase; and
- Financing costs including the return on private equity and interest rate on private debt.

While these drivers impact on Project costs, the PPP model allocates most of the risk associated with these assumptions to the Contractor, as outlined in Annex 4.

The key aspects of the financial modelling are summarised below. The full list of financial assumptions is included in Annex 5. Detailed financial modelling information is documented in the Base Case Financial Model listed in Annex 2.

Public Sector Comparator test

The Treasury PPP Guidance sets out the quantitative test for the PPP model to demonstrate value for money. This test requires the NPV of the final Project costs at Financial Close to be lower than the Public Sector Comparator (PSC). The PSC is the cost estimate of the Project under an alternative conventional public sector procurement model. The Project PSC was set at $3.9 billion in the March 2025 Investment Case, which the NZTA Board and Cabinet approved in March 2025.

The results of the PSC test are summarised in Table 7 below. The estimated final Project cost is $3.649 billion (NPV), significantly below the PSC and any change to the cost is not expected to be material.[2]

NZTA is satisfied that the negotiated outcome with the Contractor, and procurement through a PPP model, represents value for money and will deliver better outcomes relative to conventional public sector procurement models. NZTA is confident that the negotiated outcome with the Contractor, and procurement through a PPP model, represents value for money and will deliver better outcomes relative to conventional public sector procurement models.

[2] Note that final cost of the project will depend on the final price of the contract at Financial Close that will vary depending on the final market interest rates on the day. The final costs presented in the ATD are an estimate of the final cost of the project at Financial Close. Any change to the cost is not expected to be material.

Table 7: Public Sector Comparator test[3]

Public Sector Comparator test	NPV ($m)
Public Sector Comparator (set by Board and Cabinet in March 2025)	**3,900**
Spend prior to Financial Close	287
s 9(2)(i) [redacted]	
Total Project costs (inc. tail-risk contingency)	**3,649**
PSC test headroom	*251*

Final Project costs

Table 8 below summarises the final nominal whole of life cost estimates for the Project. In summary, the Project costs include three main categories:

- **PPP contract price:** representing the UCs, which s 9(2)(i) [redacted] over the 25-year operational period;
- **Crown Capital Contribution:** representing the $1.6 billion CCC paid by NZTA into the project starting in FY2029 for construction costs on a pro rata basis with private finance; and
- **NZTA retained costs and risks:** representing NZTA client-side costs, s 9(2)(i) [redacted]

Table 8: Investment summary table (whole of life Project costs, $ millions (nominal))

	Capex	Opex	Total
PPP contract (Unitary Charge)			
Service Component	-	1,011	1,011
s 9(2)(i) [redacted]			
Lifecycle Component	493	-	493
s 9(2)(i) [redacted]			
Crown Capital Contribution			
Total CCC	**1,600**		**1,600**
NZTA client-side costs			
Construction phase			
Client side delivery budget - base costs	245	-	245
s 9(2)(i) [redacted]			
Spend prior to Financial Close (FC)	320		320

s 9(2)(i)
[redacted]

Table 9 shows the breakdown of forecast estimated capital and operating Project costs for the NLTF across 3-year NLTP periods and the 25-year operational period.

s 9(2)(i)
[redacted]

Crown loan debt servicing

As part of agreeing for NZTA to fund a CCC into the Project, Cabinet approved a 10-year $1.6 billion Crown loan to NZTA repayable from the NLTF. The loan will be drawn down during the construction phase for NZTA to fund the CCC payment into the Project. While the debt servicing costs are not a direct cost of delivering the Project (and therefore not included in Project costs in the tables above), they do represent a financing cost to the NLTF alongside the other Crown loans that NZTA has. Table 10Table 11 shows the forecast profile of NZTA's drawdown and debt servicing of the Crown loan.

Table 10: Forecast profile of drawdowns and debt serving of the Crown Loan over NLTF periods

	FY28-30	FY31-33	FY34-36	FY37-39	FY40-42	FY43-45	Total
Loan drawdown	s 9(2)(i) [redacted]						**1,600**
Principal repayments	[redacted]						**1,600**
Interest payments	[redacted]						[redacted]
Total debt service cost	[redacted]						[redacted]

Contingencies, funding risk and benchmarking

Appropriate contingencies for the capital and operating costs for the Project are in place to account for risks and uncertainties. This has been applied across key stages of procurement process and in the final cost of the Project.

NZTA cost estimates to inform the procurement process

Extensive design and cost estimation work was completed to inform the March 2025 Investment Case and the resulting AT which drove price tension in the RFP process with the Respondents. This work included:

- A robust reference design based on extensive geotechnical investigations and construction and M&O cost estimation, including benchmarking;

[3] The figures in this table are presented in NPV terms applying a discount rate of 7.2%, consistent with the March 2025 Investment Case.

- A parallel alternative cost estimate to provide challenge and confidence;
- Detailed Quantitative Risk Assessment and Monte Carlo analysis to assess and quantify key projects risks, including earthworks, design scope, P&G, escalation, and delivery timeframes; and
- Adherence to guidance and standards, including the NZTA Cost Estimating Manual (SM014) and the Treasury PPP Policy Guidance.

Contractor cost estimates and contingency

The Contractor used robust processes to inform its pricing for the Project throughout the RFP process. This included extensive planning and optimisation of the design and construction programme and pricing of transferred and shared risks across the Project, set out in Annex 4. A key focus of the RFP process was assessing the robustness of the Contractor's pricing and allowances for risk.

s 9(2)(i) [redacted]

Overall, the PPP model achieves high risk transfer to the Contractor who is incentivised and best placed to manage risk effectively.

NZTA client-side cost and retained risks

As set out in Table 8, NZTA has budgeted for a client-side programme for work to manage the project over the 32-year expected term of the Project Agreement. This approach is discussed further in the Management Case section. s 9(2)(i) [redacted]

Funding sources

As set out in the financial modelling section above, the funding source for the Project is the NLTF. The NLTF will fund the UC payments over 25-year operational phase, the CCC during the construction phase, and NZTA client-side cost and retained risks. The Crown loan associated with the Project will be a source of debt financing to the NLTF for the CCC during the construction phase and loan servicing costs will be paid from the NLTF over the time.

Cabinet approval of the Project and the ATD will enable NZTA to progress the Project to Financial Close (on or around 31 July 2026). Over the course of the construction phase, NLTF funding for client-side costs will commence, and NZTA will draw down on the Crown loan and pay the CCC into the Project starting in FY2029.

The sections below outline the arrangements for interest rate hedging and the Contractor funding of the construction phase under the PPP model.

Interest rate hedging

Under the Project Agreement, NZTA pays the Contractor for the interest costs of the private debt for the Contractor as part of the UC payments. This interest cost is a floating interest rate (based on the prevailing Bank Bill Benchmark Rate plus a margin). To manage this floating interest rate risk during construction, NZTA will enter an intra-Crown Interest Rate Swap (IRS) with the Treasury Debt Management New Zealand team over the construction period. For the operational period, due to commence in FY2034, NZTA will seek further interest rate swaps from New Zealand Debt Management, s 9(2)(i) [redacted]

Cabinet approval of the ATD

Cabinet approval of the Project and the ATD will enable NZTA to progress the Project to Financial Close (on or around 31 July 2026). Over the course of the construction phase, NLTF funding for client-side costs will commence, and NZTA will draw down on the Crown loan and pay the CCC into the Project starting in FY2029.

Impacts on financial statements

The financial impacts to NZTA over the lifespan of the Project include:

- The $1.6 billion CCC paid from the NLTF during the construction period;
- The Unitary Charge paid during the 25-year operational phase; and
- NZTA retained costs and risks including NZTA client-side costs during both the construction and operations period.

From an NZTA balance sheet point of view, these arrangements represent debt on NZTA's balance sheet. This includes:

- **PPP liability:** Representing the present value of the future UCs using the effective interest rate method, and forecast to peak at 2.4 - 2.7 billion in FY 2034; and
- **$1.6 billion CCC loan:** Representing the value of the loan for NZTA forecast to peak at $1.6 billion in FY 2034.

There are no direct revenue projections for the Project, as the Government has not agreed to toll the road.

The asset to be created from the Project is a state highway roading asset that is controlled by NZTA. NZTA retains ownership of the asset which will be maintained and operated by the

Contractor over the duration of the Project. NZTA will retain maintenance obligations at the conclusion of the operational period.

The key direct impacts of the Project on NZTA's operating statements and balance sheet are summarised in Table 12. A qualified accountant has assessed the impacts of this investment on the operating statements and balance sheet.

Table 12: The Project impacts on NZTA's operating statements and balance sheet

	Construction period	Operational period
Asset	An asset (Service Concession Work in Progress (WIP)) is recognised as construction progresses representing the value of construction phase costs. At the end of construction, the asset is recognised at fair value, i.e. the charges that relate to building the asset rather than the maintenance or operational services. Retained NZTA costs directly attributable to construction are also capitalised into the asset, otherwise, they are expensed.	During the operational period, the asset is depreciated over its useful life.
Liability	A Service Concession Liability is built up in line with the Service Concession asset balance, representing the cost / payments of the construction of the asset less any amounts that have been paid to the Contractor. A liability will be recognised for the Crown loan as it is drawn over the construction period.	The service concession liability is progressively unwound over the concession term as unitary charge payments are made, with the capital portion of the unitary charge reducing the liability. The Crown loan is progressively unwound over the term of the loan as payments are made.
Income statement	Retained NZTA costs that do not meet capitalisation criteria are recognised as operating expenses during construction. Eligible borrowing costs are capitalised into the service concession asset during construction.	The finance charge on the service concession liability is recognised as an expense. Service/operating components of the unitary charge are recognised as operating expenses as incurred. Depreciation expense is recognised on the service concession asset (PP&E) over the operating period.

Overall affordability

NZTA is confident that the final cost of the project and the final Project Agreement deliver value for money. The total whole of life Project costs are estimated at $3.649 billion (NPV) and s 9(2)(i) [redacted] ver the expected 32-year term of the contract. This cost represents a significant improvement over the estimated cost in the March 2025 Investment Case, meets the value for money requirements under the PPP Guidance, and can be funded from the NLTF.

The Senior Responsible Owner (SRO) has signified their agreement to the level of funding required. The SRO's letter is attached as Annex 1.

4 Management Case

Project and programme management

Learning from NZTA's experience of previous PPP delivery, the management case in the Warkworth to Te Hana Investment Case emphasised building a well prepared and high calibre client-side capability as a critical step for the Project. Therefore, establishing a team ready to transition to delivery, with the capacity and capability to partner with an experienced international delivery partner, commenced well in advance of Financial Close.

Resourcing

The most recent iteration of the Delivery team has worked since May 2025 to satisfy pre-financial close conditions, such as property acquisition and concluding satisfactory agreements with third parties, for example network utility operators. This team evolved in late 2025, with additional key leadership roles filled and (at time of writing) multiple new roles and functions under recruitment or in procurement. The Project Director is responsible for leading the team through transition into delivery and for overseeing delivery and Contractor performance. Early placement has enabled participation in final negotiations with the Preferred Respondent. The Commercial and Technical Directors are appointed, and managers responsible for project management, change, benefits, contracts, risks, and assurance are also largely appointed and progressively joining the team in advance of work commencing. The Independent Reviewer will act independently of both parties to undertake functions set out in the Project Agreement, including reviews, inspections, testing, and assessments of delivery phase outputs. Initial site monitoring capability will also be procured before Financial Close

The second tranche of the Delivery team will be in place by the end of 2026 with additional technical, delivery oversight and commercial resource being engaged early in the detailed design development phase. This will ensure that the team is well versed in the detailed design approvals in advance of major construction commencing in 2029.

Delivery methodology

s 9(2)(i)

[redacted]

Lessons learned

Preparation for the delivery phase is informed by recommendations from Gateway reviews (0/2 and 3), and lessons learnt from the previous NZTA PPPs (Transmission Gully and Pūhoi to Warkworth projects). This includes learnings from the Infrastructure Commission's Transmission Gully Independent Post Construction Review, and more widely recent lessons learned on similar international projects (particularly Australian projects) including learnings applied during the procurement phase, such as setting a robust Affordability Threshold. Key lessons underpinning delivery phase arrangements are:

- Ensuring clear roles and responsibilities for governance to support timely decision making;

- A focus on the relationships across the full project lifecycle (noting the importance of role clarity, a partnership approach based on mutual benefit mindset, trust, and open communication);
- An improved and optimised approach to risk sharing s 9(2)(i) [redacted]
- Establishing an experienced and high calibre delivery team to match the contractor.

The following documents are listed in Annex 2 and are available on request: Delivery Team Establishment Plan, Project Management Plan, Benefits Realisation Plan, Gateway (0/2) Report, Gateway 3 Report, and Northland Corridor Programme Management Plan.

Project and programme governance

The SRO is Andrew Roberston, National Manager – Commercial Delivery.

The Northland Corridor Programme Director is Derek Robertson, who has led the programme since its inception in April 2024, and steered the Project through the business case approval in early 2025 and the procurement phase to May 2026. He will continue to oversee the Project in his capacity as Programme Director.

Governance arrangements include both joint and Crown/NZTA -only governance groups. Crown and NZTA governance groups are outlined in Table 13. In line with the Gateway 3 recommendation on governance, opportunities are being explored to streamline structures and ensure the role of advisory groups is clear so that best value can be provided. Refer to Annex 5 for a list of Gateway 3 Review Recommendations and NZTA actions taken in response. For a fuller discussion on Gateway 3 Review refer to Section 4.5 (below).

Table 13: Project governance for Delivery Phase

Name	Governance role	Key responsibilities
Cabinet Committee and Cabinet (supported by the Infrastructure Investment Ministers Group)	Government decision making and approvals	PPP approvals under the Investment Management System, and Crown finance and investment. Receive Gateway Review 4 (Readiness for Service) and 5 (Operational and Benefits Realisation Review).
NZTA Board and PPP Subcommittee	Project governance and institutional responsibility	Crown entity responsible for NLTF funds and the NLTP, under the GPS on Land Transport and LTMA 2003. The PPP Subcommittee provides advice to the Board and guidance on PPP projects where required (no decision-making role).
Project Advisory Group	Advisory	Provide advice and guidance on strategic and tactical issues to the Senior Responsible Officer
Chief Engineer's Advisory Group	Decision making	Approve departures from RONS standards/NZTA specifications

Joint governance arrangements are outlined in the Project Agreement. A Strategic Governance Group (SGG) and a Delivery and Performance Oversight Group (DPOG) will be established, noting that a key learning from previous PPPs was to put in place mechanisms to promote and incentivise active equity input. Membership is as follows (with no crossover in members):

- **SGG membership:** s 9(2)(i) [redacted]

- **DPOG membership:** s 9(2)(i) [redacted]

Table 14: Contractual Governance forums

Governance role	Name	Key responsibilities
Overall governance of the Project	Strategic Governance Group	Setting overall strategy, managing strategic relationships, discussing stakeholder relationships, and acting as a strategic risk management forum. Meets every two months.
Overseeing the implementation and performance of the Project Agreement	Delivery and Performance Oversight Group	Monitoring progress and delivery of the Project (including quality assurance and HS&E), reviewing reports, and discussing, monitoring, and implementing Changes. Meets monthly.

Project Management Plan

The Project Management Plan for the delivery phase of the Project recognises the NZTA's role as contract owner and assurance organisation, and the long-term contractual relationship that must be managed within this context. Therefore, key project control processes are oriented towards contractual stewardship, protecting the public sector's contractual position and preserving value-for money, managing compliance with and monitoring performance against the Project Agreement. This includes ensuring contracted outcomes and levels of service are achieved in the maintenance and operations phase.

This Project Management Plan is complemented by a suite of other documents that support implementation of the Project Agreement and describe key project management activities and processes. Together these cover:

- The additional governance required in a PPP delivery, such as Project Agreement administration, contractual rights and obligations, independent reviewer interactions, public sector governance approvals, and dispute avoidance/escalation;
- The resourcing plan which outlines project leadership accountabilities, the role of the Independent Reviewer, and mobilisation of the client-side delivery team and systems to support operational readiness;
- Contract management processes (fully covered in a separate contract management manual) such as general contract management, design documentation review procedures, works provisioning, completion, key deliverables in the lead up to M&O Service commencement, changes and events and other relief mechanisms, and general provisions such as early warning and dispute resolution);
- Management of risks retained by the public sector (per the risk sharing framework as well as those risks that the public sector often cannot fully transfer regardless such as political and stakeholder risks, change risks, operational transition risks, and PPP partner performance risks;
- Mana whenua engagement and stakeholder management; and
- Supporting project management functions including Project reporting, schedule, cost, and quality management.

Dedicated functions for contract management, commercial management, and technical assurance have been established in the client-side delivery team structure, as well as schedule monitoring and an on-site monitoring capability. These functions, project control processes, and activities are in various stages of implementation, with several already in place, such as contract management systems, risk management, governance groups.

The Project Agreement and associated Schedules contain substantial detail that direct the delivery of the Project under PPP arrangements between NZTA and the Contractor. Ensuring implementation of the provisions in the Project Agreement and Schedules is a critical focus of the client-side delivery team supported by oversight of the Project governance arrangements as described above.

The Project Management Plan is listed in Annex 2 and available on request. A suite of documents that complement the Project Management Plan and provisions in the Project Agreement include the Contract Management Manual, the Benefits Realisation Plan, the Stakeholder Communications Management Plan, and the Risk Register which are listed in Annex 2 and available on request.

Stakeholder and partner reporting and communications

Iwi and hapū are key Project partners represented through Hōkai Nuku, which is the authorised voice of mana whenua for the Project. Hōkai Nuku have been contributing since 2010 with previous involvement in Pūhoi. NZTA manages this relationship through a Relationship Agreement.

Stakeholders for this Project include:

- Business and industry groups;
- Utility providers and network owners with an interest in the corridor, including organisations whose operations, assets, or future planning may be affected by the project;
- Organisations involved in freight, transport, infrastructure, and essential services
- Road controlling authorities;
- Providers responsible for energy, telecommunications, water, and other network infrastructure;
- Landowners and directly affected communities, particularly residents and property owners along the corridor; and
- Government agencies, such as councils, elected members, and regulatory agencies.

Community and special interest groups also form an important part of the stakeholder environment. These groups represent a range of interests, including road users, environmental organisations, local communities, and place-based organisations.

The Stakeholder Communications Management Plan guides NZTA's communications and engagement responsibilities for the Project and is listed in Annex 2 and available on request.

The Project Agreement outlines the Contractor's responsibilities for communications with stakeholders, and communication and engagement with mana whenua during the implementation phase.

Refer to the Project and Programme Governance section above for relationships with key governance forums during Project implementation.

4.1 Change management arrangements

Managing the change process

The Delivery Team Establishment Plan (Establishment Plan) describes the desired state of client-side readiness by Financial Close, and how this will be achieved. This includes re-forming the team (personnel and structure) ahead of the critical transition from the procurement phase to delivery. Careful consideration has been given to which roles will be filled by NZTA employees, and which will be filled by contractors and external advisors. Relatedly, consideration has also been given to how to effectively transfer knowledge and intellectual property that has been generated during the

PPP transaction, into the delivery phase environment. Other changes being actively managed early are how best to embed the long-term stewardship and mutual benefit mindset and partnership culture required, including ensuring systems and processes support a consistent 'no surprises' approach.

Details for ongoing engagement with Hōkai Nuku as mana whenua Partner are included in the Establishment Plan, given the importance of continued investment in this partnership. The Establishment Plan also outlines provisions for contract management and scenario testing, operational enablement, and readiness e.g. management of property and consents and interface arrangements with utilities and the Pūhoi to Warkworth Contractor Northern Express Group (NX2). These provisions have been actively implemented in the lead up to Financial Close. The Establishment Plan also outlines provisions for governance, programme, risk, and budget management as described elsewhere in the ATD.

Management of stakeholder relationships as the Project moves from procurement to the delivery phase is outlined in the Stakeholder Communications Management Plan. This Plan describes how stakeholders (end users) are involved in the delivery of services through engagement during the design and approvals processes through to the compliance of works in the construction delivery phase.

The Establishment Plan is listed in Annex 2 and available on request. Refer to Stakeholder and partner reporting and communications section (above) and the Stakeholder Communications Management Plan in Annex 2.

4.2 Benefits management arrangements

Benefits Realisation Plan
The Benefits Realisation Plan sets out NZTA's approach to the identification, analysis, planning, and reporting of Project benefits as they relate to investment objectives in the: • Government Policy Statement (GPS) 2024 on Land Transport; • Project objectives identified in the Detailed Business Case; and • Corridor objectives included in the Implementation Investment Case. The Benefits Realisation Plan comprises a comprehensive set of performance measures and baseline data (or methods to gather the data) to enable effective monitoring of the Project. Mechanisms for updating the Benefits Realisation Plan where changes/triggers occur are outlined, along with early actions following Financial Close to maintain the currency of the BRP. The Benefits Realisation Plan is listed in Annex 2 and is available on request.

4.3 Risk management arrangements

Summary
A Risk Management Plan is in place for the Northland Corridor Programme to ensure a consistent and integrated approach for risk management in each project in the Programme, including this Project. This Plan is listed in Annex 2 and available on request. A Project risk register was developed in 2025 and has been maintained and regularly updated key pre-financial close deliverables have been progressed, such as third-party interface agreements, property acquisition, and consent monitoring. This register has now been updated to reflect the risk sharing regime agreed with the Northway. This is listed in Annex 2 and available on request.

Mitigations and contingency plans are included in the risk register. The material risks to the Project (over and above those agreed as part of the risk sharing regime recorded in the Project Agreement) are listed in Table 15 below:

Table 15: Key material risks

	Key material risk	Probability (H,M,L)	Impact (H,M,L)	Mitigation comments
1	The Project carries elevated earthworks delivery risk given the scale of cut/fill operations, reliance on factual geotechnical data, and potential variability in subsurface conditions. Key exposures include cost growth, programme delay, disposal logistics, plant availability and rework.	M	H	s 9(2)(i) [redacted] coordinated mitigations will be planned between NZTA and the Contractor during delivery including: • Additional geotechnical testing • Independent site monitoring and quantity/productivity validation • Optimisation of Mass Haul options

s 9(2)(i)

[redacted]

5 Exposure to 'delivery readiness' risk including: • Mobilisation of the project team • Design development required to optimise enabling works • Utility interfaces • Outstanding approvals • Property access dependencies	**M**	**H**	Continuation of the following mitigations that are deployed or planned: • Establishment of Governance Groups • Staged readiness reviews • Establishment of experienced and skilled NZTA Delivery Team • Integrated delivery planning between NZTA and Contractor • Utility coordination planning • Detailed planning for early works packages • Development of design review processes* **Detailed project risk register will identify key design and construction risks with a critical immediate focus being managing approval of the detailed design.*

4.4 Contract and service management arrangements

Summary
The Contract Management Manual (Manual) will act as a guide for practical contract management processes and includes provisions for general contract management including early warning and accelerated dispute resolution procedures, contractual aspects of land (including the Project site), operative documents (including review procedures for design documentation), work provisioning (e.g. RMA and designation conditions), management of completion, changes, events and other relief mechanisms, along with general contract management provisions. Given the size of the Project a Contract Manager is appointed in line with the Project Agreement. The Manual is in an advanced stage of development in the approach to Financial Close. The Manual is listed in Annex 2 and is available on request.

4.5 Assurance and post-project arrangements

Quality management
The Project Management Plan outlines the quality related obligations of NZTA and the Contractor. The Contractor will manage quality in accordance with its obligations under the Project Agreement. NZTA will manage quality internally via broader NZTA project controls. NZTA provides client-side oversight and assurance throughout works provisioning using defined governance, independent review, monitoring, and reporting arrangements. The Independent Reviewer also has a critical role in quality, tracking progress; verifying Works Requirements (including Design); and ensuring that the completion criteria set out in the Project Agreement are met through to Works Completion. Following Works Completion, NZTA and the Contractor will need to fulfil the operational phase quality requirements set out in the Project Agreement.

Assurance and Gateway Reviews
The Project has comprehensive assurance processes in place for all stages of the Project. These assurance arrangements are outlined with respect to when assurance arrangements apply as follows:

1. Leading up to Financial Close (procurement phase)
2. Following Financial Close (implementation/delivery phase)
3. Comprehensively apply to the Project during procurement and implementation phases.

Project assurance during procurement and leading up to Financial Close

- **Internal NZTA business case Independent Quality Assurance (IQA):** NZTA has internal IQA assurance processes for the development of business cases
- **Probity during the procurement process:** NZTA included best-practice probity arrangements during the PPP procurement process, including a project Probity Plan and the appointment of a Probity Advisor and a Probity Auditor that have provided oversight throughout the RFP process. The Probity Plan is listed in Annex 2.

This investment has been assessed as high risk using Treasury's Risk Profile Assessment (RPA) tool and moderation process. Gateway reviews were required and have been undertaken as follows:

- **Gateway 0/2 Review:** A Gateway Review 0/2 was conducted in February 2025 with an Amber / Green Delivery Confidence Assessment. All recommendations were actioned, including:

  s 9(2)(i) [redacted]

- **Gateway 3 Review:** A Gateway 3 Review was conducted 4 – 8 May 2026, resulting in a positive Green/Amber delivery confidence assessment being awarded. NZTA agrees with all recommendations made by the Gateway Review team and has actions underway in response (refer to Annex 5). s 9(2)(i) [redacted]

Project assurance during implementation/delivery phase (following Financial Close)

- **Contractor responsibilities:** To support productive delivery, the Contractor is responsible for providing a range of quality management documents, and the provision of monthly Progress Report, incorporating a list of all non-conformances, corrective action reports and quality plan statements issued, and providing copies of quality assurance documents, test results, and certificates of materials where required by the Independent Reviewer.
- **Client-side readiness and assurance arrangements:** Following Financial Close, NZTA operates multiple layers of assurance across the construction and operational phases. This includes the Project Governance Group and Relationship Management Group as stipulated in the Project Agreement, NZTA's client-side contract management functions (monitoring and reporting, change control, dispute resolution, and administration of the performance and financial incentive regime), supported by independent assurance roles such as an Independent Reviewer. Assurance is also provided through expert evaluation and advice provided by the Site Monitors and Technical Advisory Services.
- **Reimbursement and Management Agreement (RAMA)**: The RAMA sets out undertakings, including reporting and information undertakings, from NZTA in favour of the Crown, to ensure that the Crown is protected and is provided with as much notice as possible regarding any relevant change in circumstances of NZTA or demand that may be made by the Contractor.

Project assurance processes for procurement and implementation/delivery phases
Governance oversight has been in place during procurement and will continue as the Project transitions to the implementation phase/delivery. Refer to the Project and programme governance section (above).

Post-project reviews
A post-implementation review is planned for 2033/34 to confirm that the Warkworth to Te Hana motorway is operating as intended and delivering the services proposed in the business case, and to identify any lessons learned from the management of the project/tranche that can be applied to future projects or projects in other agencies. The BRP requires a report back on the level of benefits achieved compared to those outlined in the March 2025 Investment Case with 12-24 months after the in-service date. The Project is required to report annually on investment realisation for three years post-delivery via the June Quarterly Investment Report (QIR). The Project will undertake an Operational and Benefits Realisation Gateway review.

5 Annex 1: Commissioner letter

23 June 2026

To whom it may concern

Approval to Deliver

This Approval to Deliver applies to the Northland Corridor Stage 1 PPP: Warkworth to Te Hana Project.

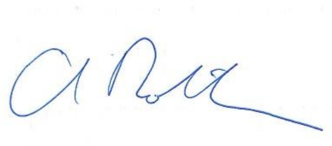
I confirm that:

- i I have been actively involved in the development of the attached investment proposal through its various stages
- ii I accept the strategic aims and investment objectives of the investment proposal, its functional content, size, and services
- iii the financial costs of the proposal can be contained within the agreed and available budget
- iv the organisation has the ability to pay for the services at the specified price level
- v the agency has the capability and capacity to ensure successful delivery of the work

s 9(2)(i)

This letter fulfils the requirements of the current Treasury Better Business Cases guidance. Should either these requirements or the key assumptions on which this case is based change significantly, revalidation of this letter of support will be sought.

Yours sincerely



Andrew Robertson

National Manager – Commercial Delivery, NZTA

6 Annex 2: Documents supporting this business case

The Senior Responsible Owner attest that:

- The planning and control documents summarised and referenced in this Approval to Deliver (listed below) are in place or substantially under development and will be the basis for management of this (project/tranche); and
- The agency has project management structures, plans and processes in place to ensure successful delivery.

These documents are available to decision-makers, central agencies, system leaders, and monitoring agencies for review on request.

Contact Kimi.west@nzta.govt.nz for a copy.

Table 16: Documents supporting this business case

Title	Version	Date	Comment
Accelerated Delivery Strategy	Final	April 2024	
March 2025 Investment Case	Final	March 2025	
RFP Invitation Document	Final	18 March 2025	
Bid Cost Reimbursement Deed	Final	18 March 2025	
Probity Plan	Final	March 2025	
Due Diligence Assessments	Final	November 2025 to February 2026	
RFP Evaluation Plan	Final	3 December 2025	
Quality, Behaviour and Performance (QBP) Report	Final	s 9(2)(i) [redacted]	
Price Report	Final		
Tender Evaluation Team (TET) Reports	Final		
Solution, Risk and Value Report	Final		
RFP Evaluation Report	Final		
Negotiation Strategy	Final		
RFP Evaluation Report Addendum (covering Optimisation Phase)	Final		
Probity Audit Report	Final	May 2026	
Adaptations to the PPP Standard Form Agreement	Live	s 9(2)(i) [redacted]	Final to be confirmed after Financial Close
Base Case Financial Model	Draft		Final to be confirmed at Financial Close
Northland Corridor Programme Management Plan	3	March 2026	
Northland Corridor Risk Management Plan	6	April 2026	
Delivery Team Establishment Plan (Warkworth to Te Hana)	Final	April 2026	
Project Management Plan (Warkworth to Te Hana)	Live	June 2026	

Title	Version	Date	Comment
Benefits Realisation Plan	Live	March 2026	
Risk Register (Warkworth to Te Hana)	Live	June 2026	
Stakeholder Communications Management Plan (Warkworth to Te Hana)	Live	June 2026	
Contract Management Manual (Warkworth to Te Hana)	Live	June 2026	
Gateway Review 0/2 Report	Final	February 2025	
Gateway 3 Review Report	Final	May 2026	

7 Annex 3: Key contractual clauses

Table 17 summarises the key schedules of the PPP Project Agreement between NZTA and the PPP Contractor.

Table 17: Key Project Agreement Sections and Schedules

Key section	Description
Part 5 – Ownership and tenure	Provides for construction of facilities for NZTA and the lease and tenure arrangements over the Project Operating Site, including payments linked to M&O commencement.
Part 6 – General terms relating to Services	States the Objectives that the Services must achieve and establishes core service governance, subcontracting, compliance, record-keeping, assurance, and interface requirements.
Part 7 – Access to the Project Site and Other Land	Grants and conditions access to the Project Site and Operating Site, setting constraints, coordination with adjacent activities, and obligations tied to land-related restrictions.
Part 8 – Works Provisioning	Governs planning, design and design development, surveys, construction responsibilities, and performance/KPI settings during the Works Provisioning Phase.
Part 9 – Completion	Sets the requirements, procedures and acceptance criteria for Road Opening Completion, Full Works Completion, and close-out, including testing and certification processes.
Part 10 – M&O Services	Establishes the overarching terms for Maintenance and Operations, including documentation, maintenance of assets, and asset survey obligations during the Operating Term.
Part 11 – Events	Allocates risk and relief for Extension Events, Intervening Events and Uninsurable Events, and prescribes general provisions for managing their consequences.
Part 12 – Changes	Sets out processes for initiating, assessing, financing, and implementing Minor and Material Changes, including value engineering, innovation, changes in law/standards, and indexation/escalation mechanisms.
Part 13 – Unitary Charge and Refinancing	Provides for the Unitary Charge and other phase-based payments, tax/rates/GST treatment, and rules for Refinancing and sharing any Refinancing Gain.
Part 14 – Warranties and undertakings	Sets the Contractor's warranties as to capability and compliance and imposes ongoing undertakings to support performance of the Services and Works Requirements.
Full list of schedules	
Schedule 1 (Conditions Precedent)	
Schedule 2 (Contractor Warranted Data)	
Schedule 3 (Transaction Documents)	
Schedule 3 (Annexure 1 – Financier Direct Deed)	
Schedule 3 (Annexure 2A – Major Sub-contractor's Direct Deed)	
Schedule 3 (Annexure 3 – Independent Reviewer Agreement)	
Schedule 3 (Annexure 4 – Project Lease)	
Schedule 3 (Annexure 5 – Equity Purchase Deed	
Schedule 3 (Annexure 6 – Third Party Interface Agreements)	
Schedule 3 (Annexure 7 – Requirements of Third Party Interface Agreements)	
Schedule 3 (Annexure 8 – Corridor Integration Agreement)	
Schedule 3 (Annexure 9 – P2WK Interface Agreement)	

Key section	Description
Schedule 4 (Financing)	
Schedule 5 (Property)	
Schedule 6 (Resource Management Act Requirements)	
Schedule 7 (Governance and Service Management)	
Schedule 8 (Review Procedures)	
Schedule 9 (Operative Documents)	
Schedule 10 (Completion Requirements)	
Schedule 11 (Works Requirements)	
Schedule 12 (Service Requirements)	
Schedule 13 (Performance Regime)	
Schedule 14 (Payment Mechanism)	
Schedule 15 (Insurance)	
Schedule 16 (Change Notice)	
Schedule 17 (Compensation Principles)	
Schedule 18 (Calculation of Compensation on Termination)	
Schedule 19 (Disengagement)	
Schedule 20 (Communication)	
Schedule 21 (Reporting)	
Schedule 22 (Hōkai Nuku)	
Schedule 23 (Delegation Instrument)	
Schedule 24 (Condition Surveys)	
Schedule 25 (Augmentation)	
Schedule 26 (Active Contractor KPI's)	
Schedule 27 (Partnership Framework)	
Schedule 28 (Construction Phase Escalation)	
Schedule 29 (Policies)	
Schedule 30 (Transport Agency Geotechnical Data)	
Schedule 31 (Key Plant and Equipment)	

8 Annex 4: Detailed risk allocation schedule

The allocation of risks between NZTA and the Contractor are summarised in the Risk Allocation Table below.

Table 18: Risk allocation table (Draft)

Type of Risk		NZTA	Contractor	Both
General risks				
1.	Specific change in law	✓		
2.	General changes in law during construction phase		✓	
3.	General Changes in Law during the operations phase			✓
4.	Force Majeure Events			✓
5.	Pandemics			✓
6.	Uninsurable risks			✓
7.	Insurance costs (construction)			✓*
8.	Insurance costs (operations)			✓
9.	Insurance deductibles		✓	
10.	Protest action			✓
11.	Labour relations		✓	
12.	Terrorism	✓		
13.	Iwi / mana whenua engagement			✓
14.	Reliance on Transport Agency Information		✓	
15.	Death, personal injury, property damage, and third-party liability		✓	
16.	Compliance with the requirements of Third Party Interface Agreements			✓
17.	Procurement of Third Party Interface Agreements	✓		
Financial risks				
18.	Interest rate movement risk - fluctuation in the base-rate for loan interest	✓		
19.	Interest rate movement risk – fluctuation in interest rate margin		✓	
20.	Escalation risk (construction phase)			✓
21.	Indexation risk (operations phase)	✓		
22.	Exchange rate movements		✓	
23.	Tax (i.e. where this differs from the Contractor's base case financial model)		✓	
Site risks				
24.	Land assembly and delayed site access	✓		
25.	Additional land required to undertake works		✓	
26.	Ground conditions			✓
27.	Accuracy of raw factual geotechnical data	✓		
28.	Contamination (except Unforeseeable Contamination)		✓	

Type of Risk		NZTA	Contractor	Both
29.	Unforeseeable Contamination			✓
30.	Planning approvals			✓
31.	Approval for any additional statutory approvals required, changes to Resource Consents and/or alterations to the Designation		✓	
32.	Providing and complying with environmental management plans and environmental monitoring		✓	
33.	Access to third party sites e.g. utility owners, land owners etc.		✓	
34.	Site access points		✓	
35.	Utility services relocation and protection – First Gas and Channel Infrastructure line			✓
36.	Utility services relocation and protection – other utilities		✓	
37.	Archaeological finds	✓		
Design risks				
38.	Design specification		✓	
39.	Compliance with legislative design standards		✓	
40.	Design for road safety performance		✓	
41.	Planning approvals – impact of Designation conditions on design		✓	
42.	Cost and responsibility of obtaining additional planning consent approvals for Contractor's design		✓	
43.	Additional design works required by Contractor		✓	
44.	Design delays		✓	
Construction phase risks				
45.	Site safety		✓	
46.	Construction cost and programme risk		✓	
47.	Design fault		✓	
48.	Construction traffic management		✓	
49.	Adverse weather events (other than comprising force majeure)		✓	
50.	Planning approvals - impact of Designation conditions on construction		✓	
51.	Construction cost increases including fuel and material supply costs		✓	
52.	Construction errors and defects		✓	
53.	Permanent Divergences		✓	
53.	Spoil strategy		✓	
54.	Breach of environmental consent conditions [Noting NZTA cannot contract out of the RMA.]		✓	
M&O phase risks				
55.	Site safety		✓	
56.	Non-performance of M&O Services or poor performance of M&O Services (not achieving the Performance Regime)		✓	

Type of Risk		NZTA	Contractor	Both
57.	Traffic management and incident response management			✓
58.	Failure of electricity, water or other utility service provided by a third party		✓	
59.	Increase in M&O Services energy costs (above indexation)		✓	
60.	M&O Services cost over-run risk		✓	
61.	Incorrect estimate of life cycle expenditure		✓	
62.	Residual asset condition and remaining life at end of contract duration		✓	
63.	Availability / performance		✓	
64.	Consent conditions performance management		✓	
65.	Road user and third-party damage to facility (graffiti etc.)		✓	
66.	Damage to the road (general)		✓	
Other risks				
67.	Contractor / Subcontractor or M&O Sub-contractor insolvency		✓	
68.	Toll revenue or losses	✓		
69.	Interface risk with Section 2		✓	

9 Annex 5: Full list of financial assumptions

s 9(2)(i)

[redacted]

10 Annex 5: Gateway 3 Review Recommendations and Actions

Table 20: Gateway 3 Recommendations and Actions

Ref	Recommendation	Priority	Project team response and action/plan
R1	Take account of potential future political and global scenarios in preparing for and managing Project delivery and emerging risks.	DO NOW and ongoing	Agree. **Actions:** s 9(2)(i) [redacted]
R2	Be active and agile in partner and stakeholder engagement to align expectations and ensure buy in to enable effective delivery.	DO NOW and ongoing	Agree. **Action:** • Update draft Communications and Stakeholder Plan following Preferred Respondent appointment to ensure an active and agile approach to aligning expectations of partners and stakeholders and effective delivery in an evolving external environment.
R3	Streamline advisory structures and groups so that their roles are clear and they can add more value.	DO BY Financial Close	Agree. **Action:** • Maintain momentum on the current review of governance arrangements already underway, with a focus on streamlining mechanisms to ensure effective expert advice to the Project during delivery phase **Status:** Complete.
R4	Maximise the opportunity to optimise NZTA's commercial position prior to Financial Close.	DO BY Financial Close	Agree. **Actions:** • Continue implementing current Optimisation Phase under competitive tension with Respondents up to 21 May for Preferred Respondent appointment. • Optimise the Preferred Respondent Negotiation Phase as per the Negotiation Strategy. **Status:** Complete.

s 9(2)(i)

[redacted]

Ref	Recommendation	Priority	Project team response and action/plan
R6	Maintain momentum, finalise transition planning, and be prepared to action Delivery stage milestones, including any outstanding issues post Financial Close.	DO NOW and during the transition and start up period	Agree. **Actions:** • Continue planning and implementation of the Delivery Team Establishment Plan (including completing recruitment and ensuring effective transition from procurement phase) and Project Management Plan to support effective transition and Day 1 readiness post Financial Close. • The Project Management Plan and Contract Management Plan will clearly highlight the Delivery Stage Milestones s 9(2)(i)
R7	Ensure that the Project is adequately resourced to engage with and match the incoming contractor team.	DO BY Financial Close and ongoing	Agree. **Action:** • Continue planning and implementation of the Establishment Plan, including the recruiting the remaining key leadership roles and the procurement of professional services (IR, Site Monitors, Technical Advisor). **Status:** Complete.