



COVERSHEET

Minister	Hon Shane Jones	Portfolio	Regional Development
Title of Cabinet paper	Using the Regional Infrastructure Fund to Progress the Northport Dry Dock	Date to be published	12 October 2026

List of documents that have been proactively released

Date	Title	Author
May 2025	Using the Regional Infrastructure Fund to Progress the Northport Dry Dock	Office of the Minister for Regional Development
12 May 2025	Using the Regional Infrastructure Fund to Progress the Northport Dry Dock ECO-25-MIN-0061 Minute	Cabinet Office

Information redacted

YES / NO (please select)

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Some information has been withheld for the reasons of confidential advice to government, negotiations, commercial information, free and frank opinions, national security or defence and national economy.

In-Confidence

Office of the Minister for Regional Development

Using the Regional Infrastructure Fund to progress the Northport Dry Dock

Proposal

- 1 On behalf of the Regional Development Ministerial Group (RDMG)¹, this paper seeks Cabinet's agreement to commit up to \$100 million in capital expenditure from the Regional Infrastructure Fund (RIF) to support development of a dry dock and maritime maintenance facility located at Northport, Marsden Point.

Relation to government priorities

- 2 Progressing work on a 250-metre dry dock at Marsden Point alongside investigating funding options and commercial partnerships is a part of the New Zealand National Party and New Zealand First coalition agreement.
- 3 The Government's Going For Growth five pillars plan includes a commitment to build infrastructure for growth and develop talent.

Executive Summary

- 4 A 250-metre floating dry dock and maritime maintenance facility capable of maintaining New Zealand's coastal fleet has been a priority of our maritime sector for many years. A larger dry dock at Northport would also support the interests of our Navy and security partners abroad, further strengthening international alliances.
- 5 Previous work, including that undertaken by the Ministry of Transport confirmed Northport as the best location for this project given its naturally deep waters, significant local industry expertise and available land. The Board of Northport has been working collaboratively with officials to move the project forward.
- 6 I recommend Cabinet approve a Crown contribution of up to \$100 million from the RIF to progress delivery of the Northport dry dock project. This investment could unlock up to an additional \$290 million GDP per annum and create 1,135 new FTE jobs by 2060². The commitment to allocate RIF funding is needed now to enable officials to enter negotiations with a preferred infrastructure delivery partner with the certainty and confidence Cabinet supports the project.
- 7 RDMG Ministers consider the proposed investment aligns with the priorities of the RIF. The dry dock project offers an opportunity for Government to enable

¹ RDMG is comprised of the Ministers of Finance, Infrastructure, Local Government, Māori Development, and Regional Development. This group makes investment decisions on the Regional Infrastructure Fund, other than proposals seeking more than \$35.000 million where Cabinet approval is needed.

² Northland Inc, *Socioeconomic impacts of Northport expansion on Te Tai Tokerau/Northland*, 2022.

private investment to improve transport resilience for our coastal ships, naval ships and interisland ferry fleet, improving productivity and reducing emissions generated by unnecessary travel. Currently these vessels travel to either Australia (Sydney) or increasingly Singapore for maintenance, costing millions in fuel costs and foregone revenue. By leveraging off the existing and scalable talent locally, we can support our maritime industry and improve economic development in Northland.

8 **Commercial Information, Confidential advice to Government**

[REDACTED]

9 **Based on commercial analysis and revenue forecasts, a Crown contribution of up to \$100 million will provide the certainty of funding and a delivery partner for the project.**

[REDACTED]

10 **We know that once the costs of capital have been recovered, dry docks in New Zealand and abroad**

[REDACTED]

11 **I launched a formal procurement process in early March to identify a suitable infrastructure delivery partner for this project, with a preferred candidate to be selected by August 2025. More information on the requirements from the Crown**

[REDACTED]

12 **A project of this scale and regional significance is not without risks. A key challenge will be balancing local environmental risks with national environmental opportunities.**

[REDACTED]

I believe these risks can be managed by the Fast Track Approvals process, as the project is listed in Schedule 2 of the Fast Track Approvals Act.

Background

13 **On 20 May 2024, Cabinet agreed to establish the Regional Infrastructure Fund (RIF), a fund with the primary purpose of accelerating infrastructure projects that will make a material difference in our regions. Cabinet agreed high-level settings for the RIF, including:**

13.2 **the RIF invests in projects across the following funding components:**

13.2.0 **Resilience infrastructure that improves a region's ability to absorb, adapt and/or respond to stresses and shocks;**

13.2.1 Enabling infrastructure that ensures regions are well-connected, productive and resilient.

- 14 It was agreed that Cabinet would make RIF investment decisions on all grant, loan, and equity investments over \$35 million, or any projects deemed high risk by officials and Crown Regional Holdings Limited [CAB-24-MIN-0168.02].

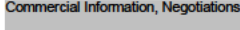
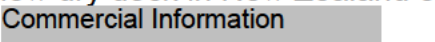
Proposal overview

A larger dry dock in New Zealand is needed to grow the coastal shipping sector and support our Naval and Cook Strait fleet

- 15 The Northport floating dry dock project will build a dry dock and maritime maintenance facility at Northport capable of serving New Zealand's current and planned vessels in the maritime sector (such as large Royal New Zealand Navy ships, interisland ferries, coastal carriers, and some ocean-going fishing vessels). There is also strategic interest in a dry dock located in the South-West Pacific by several different groups, such as other navies, the cruise ship industry and from merchant ship owners.
- 16 The proposed maritime maintenance facility would include suitable berthage facilities, onshore infrastructure and space for the facilities required to undertake servicing and overhaul activities required by the maritime sector.
- 17 New Zealand currently has two dry docks – Lyttleton and Devonport – both of which are **Free and frank opinions** and not large enough to cater for some of New Zealand's larger vessels (120-metre and 180-metres respectively). Larger vessels currently need to travel to Sydney or Singapore dry docks for under water maintenance, at significant direct cost (upwards of \$1.4 million in fuel costs to Singapore alone, plus crew and other opportunity costs from travelling seven days to Sydney or 28 days to Singapore roundtrip) and indirect cost to operators who lose four to six weeks of business.³ This time also represents a loss of resilience for our coastal and naval fleets who are offshore for significant periods of time.
- 18 Previous work, including that undertaken by the Ministry of Transport confirmed Northport as the most suitable site in New Zealand for a dry dock and maritime maintenance facility, as its deep-water access and significant local industry capability mean it would be capable of servicing the full range of vessels in New Zealand and abroad. The location is also close to Australia and the broader Pacific, which could open up new potential markets. I note the Board of Northport has been working collaboratively with officials to progress this project.

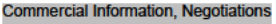
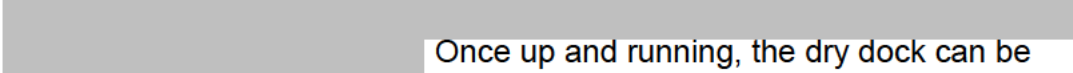
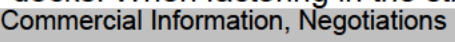
The 2023 Ministry of Transport business case showed there is high demand for a Northport dry dock and a range of regional and national benefits to be unlocked

³ Ships over 500 Gross Tonnage are required to dry dock at least once every 5 years under international regulations (SOLAS rules), whereas tankers and passenger vessels (such as Bluebridge and Interislander ferries) are required to do so at least twice every 5 years. Dry docks are required for emergency maintenance and biosecurity purposes outside the standard maintenance intervals.

- 19 The Ministry of Transport commissioned a business case on investment in a dry dock and maritime maintenance facility at Northport. The business case undertaken by PwC, Polis Consulting and Beca explored the costs, benefits, and risks of the proposed investment to help guide any potential government decision on supporting a dry dock at Northport.
- 20 The business case found the dry dock project has the ^{Commercial Information, Negotiations}  bolster regional economic development, underpin the resilience of coastal shipping and grow the blue economy. The blue economy contributes approximately \$4.47 billion in direct terms plus an additional \$4.27 billion indirectly to New Zealand's economy, and employment in the maritime sector is an enabler of economic activity in New Zealand.
- 21 Market studies have suggested demand for a new dry dock in New Zealand of 250 metres is likely to be strong and growing.⁴ ^{Commercial Information} 

- 22 ^{Commercial Information} 

MBIE Officials established a project team in 2024 to revise some of the business case findings – ^{Confidential advice to Government} 


- 23 In 2024, MBIE officials established a project team to progress the dry dock project that includes technical and commercial experts (with experience across the banking and maritime sectors).
- 24 The project team's re-worked estimates suggest a cost of approximately \$^{Confidential} 
^{Confidential advice to Government} 
- 25 The business case notes the dry dock would require an ^{Commercial Information, Negotiations} 
 Once up and running, the dry dock can be operationally profitable and self-sustaining, as is the case for both the Lyttelton and Devonport dry docks. When factoring in the strong market interest in the dry dock and ^{Commercial Information, Negotiations} , I consider a

⁴ National security or defence 
^{Commercial Information} 

government commitment of up to \$100 million is sufficient to move this project forward.

- 26 Officials have developed a Northport Dry Dock investment summary based on work undertaken in 2023 and 2024, attached as **Appendix One**. Significant investment work was undertaken during the single-stage business case process in 2023, which is currently being updated in-line with the work undertaken in 2024.

Investment in the dry dock will leverage off of and expand on the existing skills in Northland to improve regional development

- 27 Northland's marine sector is a small but vital regional employer, which has seen medium to high growth in recent years. The sector currently supports around 2,200 jobs within the region – of which more than 700 are high-value, high-pay jobs – and holds the key to developing a stronger regional specialisation along with wider national benefits.
- 28 Whangārei District has a strong and diverse marine industry which has developed over several decades, along with a skilled supporting workforce. There are numerous maritime maintenance enterprises now operating in the region, many with international reputations for quality work. Notably, 62 per cent of boatbuilding and 95 per cent of shipbuilding activities in New Zealand are concentrated in the Whangārei District.
- 29 A dry dock therefore presents the opportunity to harness and extend this existing talent and grow the overall marine industry ecosystem. The facility will enable existing enterprises to grow in response to additional demand and catalyse the creation of new businesses due to a pre-existing skilled workforce and supply chains.
- 30 This investment also aligns closely with the Government's Going For Growth approach, where one of the five pillars is developing talent. A report from Northland Inc (Northland's economic development agency) calculated that investment in the dry dock would create approximately 1,135 new jobs by 2060. It is my view that jobs (including high-skill and high-value jobs) are needed now more than ever with the closure of the Marsden Point Refinery which saw the loss of more than 240 jobs.
- 31 Investment in the dry dock would raise the earnings and living standards of New Zealanders in Northland, which is particularly important given the region records lower socio-economic indicators compared to other parts of New Zealand.

Beyond regional development benefits, there is a broader strategic case for the dry dock

- 32 Globally, there is a strong shift towards lowering maritime emissions and improving efficiencies from the maritime sector, such as using larger vessels. The international fleet is also expanding in number as global trade continues to strengthen. 99 per cent of our imports arrive to New Zealand by sea, and in

my view, it will be imperative New Zealand can service, adapt with and support the evolving maritime fleet.

- 33 A dry dock of 250 metres is also a strategic asset that would improve New Zealand's position as a maritime nation and give confidence to shipping lines that their assets can be maintained in event of an emergency. This could have many flow-on implications, such as increasing vessel numbers or resulting in larger vessels coming to New Zealand, further strengthening our position as a trading nation.
- 34 There are also a number of other benefits of the Northport dry dock to be considered:
- 34.1 **Emissions reduction** – by constructing a larger dry dock, it will decrease fleet emissions by hundreds of thousands of tonnes of CO₂-e in the coming decades (a typical large vessel travelling to Singapore burns 50 tonnes of oil a day for a 28-day round trip). The business case valued the carbon abatement at \$^{comme} million.
- 34.2 **Improve the role of coastal shipping** – coastal shipping has long been seen as an underutilised lower emissions alternative to road freight. By reducing the costs of doing business, we could see an increase in the number of coastal shipping operators willing to set up business in New Zealand and move goods along the coast. Enabling a more resilient transport network in the face of increasing extreme weather events is a good thing for New Zealand.
- 34.3 **Opportunity costs** – the requirement for travelling to offshore facilities incurs substantial opportunity costs for local operators.
- 34.4 **Resilience and security** – by not having adequate facilities to service our larger vessels, they must go offshore for maintenance and emergency events, the timing of which is dependent on securing slots at international docks. This leaves vessels unavailable for extended periods of time. Commercial Information, Confidential advice to Government

- 34.5 **Biosecurity** – nearly 90 per cent of marine pests arrive in the country as a result of biofouling on the submerged surfaces of international vessels. At present, ships considered not to have a clean hull are held offshore and cleaned by divers. The dry dock presents an opportunity to manage this risk in a contained way. This may also reduce a perceived risk of denied entry to New Zealand waters on biosecurity grounds expressed by some in the international cruise industry. There are benefits for users too, as the International Maritime Organisation state a clean hull is expected to increase fuel efficiency between 5 and 25 per cent.

To unlock these benefits, a co-investment from the RIF of up to \$100 million is required

- 35 The costs of capital on a \$^{Commercial} million project are ^{Commercial Information}. An up to \$100 million co-investment from the RIF will ^{Commercial Information, Negotiations} to enable the project and its associated benefits. ^{Commercial Information, National economy}
- 36 While not all dry docks are government-owned, ^{Commercial Information, Confidential advice to Government} often dictate the Government should be at least a partner in the dry dock's establishment.⁵

I launched a formal procurement process to begin the search for an infrastructure partner that can work with the Government to move this project forward

- 37 I announced on 12 March 2025 a Registration of Interest (ROI) on the Government Electronic Tender Service (GETS) as the first step to identify a suitable infrastructure delivery partner. The ROI is seeking a partner with the capacity, capability, experience, and project team to deliver the project. The ROI closed on 2 April 2025 with ^{Commercial Information}
- 38 Responses were sought from New Zealand and international organisations seeking large investment opportunities that can undertake some or all of the key components required to build the dry dock. They will need to have a proven track record in providing similar work or services on comparable scale projects domestically or internationally.
- 39 The next step will be to release a Request for Proposal (RFP) to a shortlisted group of providers in May/June 2025. ^{Commercial Information, Confidential advice to Government, Negotiations}
- 40 The commitment to allocate RIF funding is needed now to enable officials to enter negotiations with a preferred infrastructure delivery partner with the certainty and confidence Cabinet supports the project. It also sends a clear signal the Government is committed to progressing the project.

^{Commercial Information} – **MBIE lodged the initial Fast-Track approvals application to move the project forward**

- 41 The processes to acquire the consents required to move this project forward and deliver the benefits for New Zealand are complex and a key challenge for this project moving forward. Constructing large infrastructure in and around

⁵ Both the Devonport and Lyttelton dry docks are in Government ownership and are ^{Commercial Information} working under a Government Owned Contractor Operated model for the past 30 years.

Commercial Information

- 42 The dry dock, associated wharves, and maritime maintenance facility will each require different approvals under the Resource Management Act to establish, operate, and be maintained.
- 43 The proposed location for the dry dock is to the west of the current port activities. This area has a complex consenting pathway as it is proposed in a mapped, Significant Marine Mammal (SMM) and Seabird Area, a Significant Bird Area (SBA) and Significant Ecological Area, (SEA). A SEA is a designated area of significant indigenous vegetation or significant habitats of indigenous fauna protected from the adverse effects of developments. Reclamation within a SEA is a non-complying activity and not possible under current legislation.
- 44 I note Northport recently failed to obtain a resource consent application to expand the port eastward to increase its port handling capacity. The ruling noted the proposal would have had serious adverse effects on cultural values of tangata whenua, and the loss of recreational values and public access in the coastal marine area, were significant and irreversible.
- 45 Notably, hapū had a firm position in the recent decline of Northport's Eastern Expansion. Commercial Information, however there is interest in the economic development benefits for the Drydock project, notwithstanding significant concern relating to environment effects.
- 46 Alongside this, there are active Marine and Coastal Area (Takutai Moana) claims in the Whangārei Harbour and amendments to the Marine and Coastal Area (Takutai Moana) Act 2011 are under consideration. Further certainty of the proposed amendments will inform effective consultation.

MBIE officials are working with a legal firm to prepare a substantive Fast-track approval application which is critical to enable the project's delivery

- 47 MBIE applied to the Fast-track consenting bill as the project sponsor in August 2024. The project sought all resource consent approvals under the Resource Management Act 1991 and was included in Schedule 2 of the Fast-Track Approvals Bill in October 2024.
- 48 The Fast-track process and infrastructure delivery partner model is estimated to decrease the eight-year project timeline to four years. Access to the Fast-track process will enable the project to be processed in a significantly more time-effective manner and provide an opportunity for streamlined decision making.
- 49 The substantive application process to the Fast-track, which opened in February 2025 is underway.
- 50 MBIE has sought legal and planning advice to understand what is needed to support this application.

- 51 Consultation with regional authorities, iwi authorities, hapū, post settlement governance entities and applicants seeking customary marine title, is critical for the preparation of a substantive application. MBIE note that commentary from these groups is expected during the consenting process.

52 Commercial Information

- 53 We anticipate a Commercial Information, Negotiations will be seeking the Crown to streamline the delivery process, and this is one area beyond funding where the Government has a strong role to play.

MBIE are leading on and monitoring other work to support delivery of the project

- 54 To provide greater certainty and confidence to decision-makers, MBIE appointed consultants to update fundamental technical design and engineering work undertaken as part of the 2023 Ministry of Transport business case. One of the consultants appointed worked on the 2023 business case. This information will enable us to enter negotiations with an infrastructure delivery partner with a better understanding of what is required to move the project forward.
- 55 Alongside this work, MBIE are monitoring a bid to bring Northport and Marsden Maritime Holdings (MMH) under a single ownership umbrella via a new joint-venture company. The bid is from Northland Regional Council (NRC), Ports of Tauranga and Tupu Tonu Ngāpuhi Investment Fund Ltd (Tupu Tonu). Currently Northport is owned 50 per cent by Port of Tauranga and 50 per cent by MMH, a NZX listed company.⁶ The new proposed structure would be as follows:

Proposed joint-venture company to own and operate Northport		
Ports of Tauranga (50%)	Northland Regional Council (43%)	Tupu Tonu (7%)

- 56 I understand a final decision on this bid will be known by mid-2025. My officials and I have a positive existing relationship with NRC, and I see no reason to expect a change in ownership will have any material impact on Northport's alignment and support of the dry dock project going forward. I note NRC identified the dry dock as a priority infrastructure project for the region.

Cost-of-living Implications

- 57 There are no cost-of-living implications as part of this proposal.

Commercial Information

Financial Implications

- 58 If Cabinet agree to ringfence up to \$100 million, this will lower the remaining RIF capital expenditure balance to \$ ^{Commercial Information} million.

Legislative Implications

- 59 This proposal contains no legislative implications, and a Regulatory Impact Statement is not required.

Population and Human Rights Implications

- 60 This proposal contains no population or human rights implications.

Consultation

- 61 The following departments were consulted: The Treasury, The Ministry of Transport, the New Zealand Defence Force, The Ministry of Defence, Te Puni Kōkiri, The Ministry for Primary Industries and the Department of Prime Minister and Cabinet.

Communications

- 62 There is an opportunity to make an announcement pending Cabinet's agreement to commit \$100 million as part of the Budget 2025 announcements, or otherwise. Any announcement made would need to consider the Government's commercial negotiating position, however, would clearly signal to the market the Government is ready to invest and move the project forward at pace.

Proactive Release

- 63 I intend to release this Cabinet paper and associated minutes within 30 days of an announcement being made publicly. Information that might impact on ongoing commercial negotiations or sensitivities will be redacted.

Recommendations

The Minister for Regional Development recommends the Committee:

- 1 **note** it was agreed that Cabinet would make RIF investment decisions on all grant, loan, and equity investments over \$35 million, or any projects deemed high risk by officials and Crown Regional Holdings Limited [CAB-24-MIN-0168.02];
- 2 **note** progressing a detailed business case for the dry dock is a New Zealand National Party and New Zealand First Coalition Agreement commitment;
- 3 **note** the proposed co-investment in a dry dock at Northport could unlock an additional \$290 million of GDP per annum, create 1,135 new jobs, support the growth of coastal shipping, improve resilience of our Naval fleet, reduce maritime emissions, and improve biosecurity outcomes;

- 4 **note** the dry dock project is aligned with the purpose of the Regional Infrastructure Fund;
- 5 **note** Commercial Information [REDACTED] The Ministry of Business, Innovation and Employment is working to develop a consenting pathway and will update the Regional Development Ministerial Group (RDMG) as appropriate;
- 6 **agree** to ringfence up to \$100 million of Regional Infrastructure Fund (RIF) capital expenditure for the proposed dry dock project at Northport;
- 7 **note** by making a decision now on ringfencing RIF funding, the Government can make further decisions at pace and enter into negotiations once a preferred infrastructure delivery partner is selected, expected by August 2025;
- 8 **note** that if approved, I intend to return to Cabinet following the appointment of a delivery partner to:
- 8.1 provide an updated detailed business case for the Northport dry dock;
 - 8.2 outline the project's alignment with other related infrastructure projects in the region;
 - 8.3 seek Cabinet agreement to the final investment arrangements.

Authorised for lodgement

Hon Shane Jones

Minister for Regional Development

Appendix One – Northport Dry Dock investment summary

The strategic opportunity

The dry dock project at Northport includes a maritime maintenance operation capable of servicing many of New Zealand's largest current and planned vessels including service of international vessels in the maritime sector.

This project will leverage off and expand upon the existing marine sector in Te Tai Tokerau, Northland, enhancing the regional economy through the creation of high-skilled, high-paid engineering jobs.

It will support the expansion of the blue highway in New Zealand to enable enhanced coastal shipping within a more resilient multimodal transport network. The project will support naval maintenance requirements, enhance biosecurity management and could strengthen our international security alliances.

The case for Crown intervention

Commercial Information, Confidential advice to Government

Confidential advice to Government, Commercial Information A co-investment of up to \$100 million from the Crown is being sought to unlock this opportunity.

The commitment to ring-fence RIF funding is needed now to enable decisions to be made quickly once a preferred infrastructure delivery partner is identified in several months' time.

Likely impacts and benefits



Increased regional employment opportunities: The dry dock project could leverage and build upon the existing marine sector expertise, improving regional development through the creation of 1,135 jobs (including high-skill and high-value) by 2060.



Improve New Zealand's blue economy: A larger dry dock enables a more resilient transport network in the face of increasing extreme weather events by strengthening coastal shipping.



Enhance security resilience: There is additional strategic resilience arising from having two, rather than one, naval servicing bases for our Navy and interest abroad in this asset being located in the South-West Pacific.



Reduce maritime emissions: A larger dry dock will decrease maritime emissions by hundreds of thousands of tonnes of CO₂-e in the coming decades (a vessel travelling to Singapore burns 50 tonnes of oil a day over the 28-day roundtrip).



Improve biosecurity: A larger dry dock will allow for better management and containment of biofouling risks from unclean vessels. The International Maritime Organisation states a clean hull is expected to increase fuel efficiency of vessels by between 5 – 25 percent.

Potential risks/trade-offs

- **Commercial Information** The proposed site is located in a Significant Ecological Area which prohibits certain activities from occurring. MBIE officials are working with a legal firm in drafting a substantive Fast-track application, noting the project was included in Schedule 2 of the Fast-track Approvals Bill.
- There is some uncertainty regarding project cost until a final design is agreed. This will become clearer once a preferred infrastructure delivery partner is identified and further engineering design work is received.
- There is an opportunity cost – approving this investment means there is less RIF capital available for other potential investments.