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Hon Nicola Willis
Minister of Finance
Parliament Buildings
Wellington

18 June 2026

Dear Minister,

Update – NZ Super Fund infrastructure investment activities

I am writing to provide you with an update on our activities in relation to domestic infrastructure, as requested in your Letter of Expectations of 2 March 2026.

We continue to engage with government officials on domestic infrastructure investment. This work has included an in-depth session with officials from Treasury, your office, the office of the Minister of Transport, the Infrastructure Commission and the National Infrastructure Funding and Financing agency (NIFF) to discuss our insights into investment drivers, imperatives and processes. We also shared what we are hearing from our global peers regarding both New Zealand as an investment destination and the sorts of opportunities they are looking for. A copy of the slides we presented is available upon request.

We have also, as part of a broader restructure of our investment team, established a dedicated Real Assets team, and appointed Brendon Jones, one of our most experienced investment professionals, to head it. This change will encourage the development of greater in-house, infrastructure-specific expertise, enabling better sourcing and market connectivity along with clearer, more accurate assessments of competing opportunities and ultimately better investment decisions.

In this context, I can also confirm that the NZ Super Fund has also recently increased its active risk budget to infrastructure investments globally. Active risk is the investment risk we take on in our efforts to outperform the Fund's passive Reference Portfolio benchmark. This change reflects an increase in expected active returns for infrastructure investments (relative to other opportunities) and infrastructure's alignment with our commitment to sustainable investment.

In New Zealand, areas of focus in the infrastructure sector where there is sufficient scale for us to participate include renewable energy, specifically offshore wind, and domestic land transport.

Offshore wind

In 2021, we undertook a review of energy generation investment opportunities in New Zealand including hydro, pumped hydro, solar and wind. This work identified offshore wind, one of the fastest growing renewable energy technologies globally, as the generation opportunity with the best commercial potential and fit with our investment strategy. As a result, we established a joint venture, Taranaki Offshore Partnership, with world-leading renewable energy investor and developer Copenhagen Infrastructure Partners, to assess the feasibility of establishing an offshore windfarm in the South Taranaki Bight. Copenhagen Infrastructure Partners has a portfolio of 12 operational, under construction, and in-development offshore wind projects in North America, Europe, Asia, and Australia, cumulatively representing total capacity of ~30 GW. From the Guardians perspective, an offshore wind investment would complement and draw on the experience we have gained in investing in energy infrastructure in the United States and Europe and as an investor in Copenhagen Infrastructure Partners funds.

Feasibility work undertaken by the Taranaki Offshore Partnership to date includes:

- the deployment of a Floating Light Detecting and Ranging device (FLiDAR) to measure wind speeds at various heights throughout the project area;
- completion of a pilot study monitoring the behaviour of marine mammals in the area;
- support for an Industry Capability Mapping Study clarifying the opportunity for highly skilled jobs for the region and more widely across New Zealand;
- a technical assessment of what would be required for the Port of Taranaki and the Harbour of Pātea to play a part in the development and operation of an offshore wind farm; and
- engagement with iwi, local government, the local community and other stakeholders.

This work is continuing, with approximate expenditure to date of $15 million by the JV.

Initial conclusions
The South Taranaki Bight offers favourable sea floor conditions and, as confirmed by the FliDar data, world-class wind with a very high capacity factor – the ratio of actual energy output relative to the theoretical maximum output. This high capacity factor and the large scale of our proposed wind farm would enable it to provide a significant increase in New Zealand's energy supply. The proposed 1GW of generation equates to ~10 percent of New Zealand's current electricity demand, and would be enough to power 650,000 homes.

As you are aware, New Zealand has a firming capacity challenge. We believe offshore wind has the potential play a critical role in solving this problem. The generation profile of our proposed wind farm closely aligns with New Zealand's energy demand profile i.e. its highest output would be during winter. Offshore wind would therefore reduce New Zealand's current reliance on hydro lakes to provide baseload power, allowing them to fulfil a battery-type function and in turn reduce the country's dependence on thermal fuels to meet peak demand for electricity. We also note that the Government's planned investment in LNG storage is highly complementary to offshore wind, across both infrastructure-sharing (ports, transmission etc.) and in supporting grid capacity at peak times.

Next steps
We are now awaiting the passage of the necessary legislation (Offshore Renewal Energy Bill), currently awaiting Committee of the Whole House consideration, and confirmation of the regulatory model and regime before making a decision on progressing our investment. The Taranaki Offshore Partnership also remains in discussion with the government regarding various possible mechanisms such as Contracts for Difference and All-of-Government Power Purchase Agreements (PPAs) that would provide the long-term revenue certainty necessary to secure project financing and ensure the wider economic benefits of offshore wind are captured effectively.

In New Zealand, as in most markets, standard market-based offtake agreements are not sufficient to secure financing for offshore wind projects. With no established market for long-tenor PPAs in New Zealand, the Crown is realistically the only entity able to act as a counterparty and thereby facilitate the investment needed to establish large-scale renewable electricity generation.

Land Transport

Since 2024, the Guardians has been working on a potential investment in roads of national significance (RONS). This involved forming an investment partnership with both a leading international infrastructure investor and Transurban, one of the world's largest roading and toll road operators. Drawing on the specialist expertise of these partners, we undertook a thorough review of the RONS for commercial attractiveness and investment potential. This resulted in a formal proposal being submitted through the government's market led proposal (MLP) process to finance, build, and operate two of the RONS.

After subsequently receiving feedback from the National Infrastructure Funding and Financing agency (NIFF) on the proposal, however, the partnership chose to withdraw it. Included in this feedback was NIFF's view that the time was not right to advance consideration of our proposed investment, identifying ongoing work by the Government on capital reprioritisation, and on tolling & road pricing policy development, as prerequisites for such consideration.

Next steps
When we withdrew our proposal in mid-2025, we undertook to consider revising and resubmitting it once the Government had completed the necessary prerequisite work. This remains our position and we are maintaining contact with NIFF in relation to timing. Given the time that has elapsed, the viability of our investment case would need to be re-evaluated factoring in any developments in relation to these particular RONS, should an opportunity to re-submit arise in the future.

Portfolio Company Investments

Relevant domestic initiatives currently being progressed by our investee companies include:

- New Zealand-wide residential real estate development under the Kaha Ake partnership with Classic Group (NZ Super Fund owns 80%). Over the coming decade, Kaha Ake expects to deliver 2,700 lots across the six sites currently under development. These will be sold to new home builders and individuals. In two sites, Matamata and Cromwell, the partnership also intends to build a number of homes designed to Homestar 6 standard, and this initiative may be extended to other locations;

- The Beachlands South development in East Auckland (NZ Super Fund owns 74%), where earthworks are underway. This is a large-scale, master-planned community including some 2,700 new homes comprised of various residential housing types, areas for two new schools and local businesses, and associated infrastructure and amenities.

Two other New Zealand companies in which the Fund is invested also own and operate significant domestic infrastructure assets:

- Kaingaroa Tipu (formerly Kaingaroa Timberlands; NZ Super Fund owns 42%), which has the largest private roading network in New Zealand;
- Datacom (NZ Super Fund owns 45%), which has built a $200 million, five-site New Zealand datacentre network as part of their focus on local digital infrastructure supporting AI-ready workload.

Introducing new investors to New Zealand

We continue to actively engage with leading global infrastructure investors with a view to working together in New Zealand and promoting New Zealand as an investment destination. As well as the relationships noted above, we work closely with PSP Investments, a leading Canadian pension fund, on our joint investment in Kaingaroa Tipu; and with the Ontario Teachers' Pensions Plan (OTPP) on our joint investment in Awanui. We also introduced La Caisse (formerly CDPQ) to New Zealand; La Caisse now has a 50 percent stake in Connexa, New Zealand's largest mobile tower infrastructure company, alongside OTPP. Our Co-Chief Investment Officer Will Goodwin also spoke about New Zealand as an investment destination to leading global investors at a recent Milken conference.

Investing in New Zealand

New Zealand is the Guardians' home, we understand its markets well and therefore have some advantages over other investors. The Fund is significantly overweight in New Zealand assets, and the value of our domestic investments has continued to grow more quickly than New Zealand's overall GDP.

Infrastructure is a natural fit for the Fund's long investment horizon, tolerance for illiquidity, and increasing need for scale. We will, therefore, continue to actively pursue domestic infrastructure investment opportunities and work with the government, its officials, and our international peers and partners to progress these.

We acknowledge again your Government's work to repeal section 59 of the New Zealand Superannuation and Retirement Income Act, enabling the NZ Super Fund to take a controlling stake in an operating entity. This change has significantly increased the ownership structures and transactions available to the NZ Super Fund.

Competition for capital is intense, dynamic and fast moving. Our peers and potential investment partners have no shortage of attractive investment opportunities globally. We have had some success in attracting the attention and interest of leading international investors to New Zealand-based opportunities and in generating good commercial returns from our own portfolio of local assets. We will work hard to identify ways to continue to do so.

Please feel free to contact me to discuss any of this.

Yours sincerely

John Williamson
Chair