

Proactive Release

The following Cabinet paper and related Cabinet minutes have been proactively released by the Minister of Foreign Affairs

Title	Reference
<i>Report of the Cabinet Foreign Policy and National Security Committee: Period Ended 28 August 2026</i>	CAB-26-MIN-0286
<i>Minute of Decision: New Zealand-US-Cook Islands Penrhyn Wharf Upgrade Project</i>	FPS-26-MIN-0022
<i>New Zealand-US-Cook Islands Penrhyn wharf upgrade project</i>	

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the OIA). Where this is the case, the relevant sections of the OIA that would apply have been identified. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Key to OIA redaction codes:

- s6(a): to protect the international relations of the New Zealand government;
- s7(b)(ii): to protect the relations between the Governments of the Cook Islands and New Zealand; and,
- s9(2)(g)(i): to maintain the effective conduct of public affairs through free and frank opinion between Ministers and officials.



Cabinet

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Report of the Cabinet Foreign Policy and National Security Committee: Period Ended 28 August 2026

On 31 August 2026, Cabinet made the following decisions on the work of the Cabinet Foreign Policy and National Security Committee for the period ended 28 August 2026:

FPS-26-MIN-0022 **New Zealand-US-Cook Islands Penrhyn Wharf Upgrade Project** CONFIRMED
Portfolio: Foreign Affairs

Out of scope

Rachel Hayward
Secretary of the Cabinet



Cabinet Foreign Policy and National Security Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

New Zealand-US-Cook Islands Penrhyn Wharf Upgrade Project

Portfolio Foreign Affairs

On 25 August 2026, the Cabinet Foreign Policy and National Security Committee:

- 1 **noted** that the United States (US) has proposed to contribute up to US\$50 million (NZ\$84 million) ^{s6(a)} towards a development project in the northern Cook Islands (the Penrhyn wharf upgrade) ^{s6(a)}, and has asked New Zealand to implement the project ^{s6(a)};
- 2 **noted** that New Zealand officials have made clear to the US and Cook Islands that any project would be managed within the available funding envelope, including appropriate allowances for project contingencies;
- 3 **noted** that the US proposes to announce the project jointly with New Zealand and the Cook Islands, along with other projects in the region, at the Pacific Islands Forum Leaders Meeting from 30 August 2026;
- 4 **noted** that Cabinet approval for New Zealand to implement this project is required as its total cost will exceed NZ\$35 million;
- 5 **agreed** that, subject to confirmation of a US funding contribution ^{s6(a)}, New Zealand will:
 - 5.1 contribute a maximum of NZ\$17.5 million (approximately US\$10 million) of International Development Contribution funding to the project;
 - 5.2 implement the project up to a total maximum value of the combined funding contributions of the US, New Zealand and any other funders, including appropriate allowances for project contingencies;
- 6 **noted** that there are no fiscal implications of a New Zealand contribution because it would come from existing baseline funding;
- 7 **authorised** the Minister of Foreign Affairs and the Minister of Finance (Joint Ministers) to take further decisions on this project as required, including confirmation the project will proceed at the conclusion of the feasibility study, provided that the following conditions are met:

- 7.1 a mutually satisfactory project scope has been determined ^{s6(a)}
;
- 7.2 the Cook Islands Government continues to support the project;
- 7.3 the project can be implemented within the combined funding envelope approved by Cabinet (see paragraph 5.2 above);
- 8 **authorised** Joint Ministers to confirm that the project should proceed to construction, provided a detailed business case confirms it can be implemented within the funding envelope approved by Cabinet;
- 9 **agreed** that the Minister of Foreign Affairs will announce the project at the upcoming Pacific Islands Forum Leaders' Meeting with US and Cook Islands counterparts.

Sam Moffett
Committee Secretary

Present:

Rt Hon Christopher Luxon
Hon David Seymour
Rt Hon Winston Peters (Chair)
Hon Paul Goldsmith
Hon Todd McClay
Hon Nicola Grigg

Officials present from:

Office of the Prime Minister
Office of the Chair
Officials Committee for FPS

~~Restricted~~

Office of the Minister of Foreign Affairs

Cabinet Foreign Policy and Security Committee

New Zealand-US-Cook Islands Penrhyn wharf upgrade project

Proposal

- 1 This paper seeks agreement to proceed with a New Zealand-United States-Cook Islands development project on the island of Penrhyn in the northern Cook Islands, with New Zealand responsible for implementation.

Relation to government priorities

- 2 This proposal aligns with commitments in the Government's foreign policy reset to renew engagement with traditional and like-minded partners and to sustain a deeper focus on the Pacific, including through development and security cooperation.

Executive Summary

- 3 The US has approached New Zealand with a proposal to contribute up to US\$50 million (approximately NZ\$84 million) towards a significant wharf upgrade project in Penrhyn in the northern Cook Islands. It has asked New Zealand to implement the project s6(a)
The US is seeking to move the project forward quickly, with a public announcement at the Pacific Islands Forum Leaders Meeting from 30 August s6(a)

- 4 s6(a) New Zealand has indicatively offered to contribute NZ\$17.5 million (approximately US\$10 million) in International Development Cooperation (IDC) funding, subject to Cabinet approval for New Zealand to implement the project. The Cook Islands Government considers the wharf upgrade a development priority s7(b)(ii), s9(2)(g)(i)

- 5 There are strong s6(a) relationship, and development reasons to proceed with the proposal. It would be a significant demonstration of US engagement and investment in the Pacific, s6(a). It would draw substantial new investment into a part of the Pacific that matters most to New Zealand. It would also provide security benefits for both the Cook Islands and New Zealand (including regarding illegal fishing and transnational crime), s7(b)(ii) and achieve a

priority development objective for the Cook Islands. s6(a)

- 6 The project carries complexities^{9(2)(g)(i)} including Penrhyn's very remote operating environment, s6(a)

These would be mitigated proactively through a range of measures, including rigorous scoping work, funding arrangements that preserve New Zealand's ability to implement the project within budget, s6(a)

- 7 Cabinet approval for New Zealand to implement the Penrhyn project is required as the total amount managed by New Zealand would exceed NZ\$35 million. If a US\$50 million contribution is confirmed, this would amount to 85 per cent of the combined funding pool. s7(b)(ii)

This paper seeks Cabinet approval for New Zealand to implement a project up to the value of the confirmed contributions of the US, NZ and any other funders s6(a)

There are no fiscal implications as New Zealand's proposed NZ\$17.5 million contribution would be met from within International Development Cooperation (IDC) baselines.

- 8 s6(a)

- 9 s6(a)

This paper proposes that further decisions about this project be delegated to a smaller group of Ministers.

Background

- 10 s6(a)

s6(a)

The Cook Islands also proposed the Penrhyn wharf upgrade to the US directly. The US has since indicated its intention to contribute funding to port infrastructure in Fiji (along with Australia, India and Japan as members of the Quad grouping) s6(a) US officials have advised that the US intends to announce a list of new projects at the PIF Leaders Meeting (30 August – 4 September).

- 11 State Department officials have advised that they intend to seek approval to contribute US\$50 million to the Penrhyn project, s6(a)

this would amount to the US providing approximately 85 per cent of the combined US and New Zealand funding pool (assuming a NZ\$17.5 million contribution). s9(2)(g)(i)

- 12 s6(a), s9(2)(g)(i)

- 13 The US built the Penrhyn wharf (and nearby airport) during World War II. The Cook Islands has raised the possibility of a wharf upgrade for at least 10 years and included it as a priority in its National Infrastructure Investment Plan of 2021. However, s9(2) the project has not been selected for investment through the Cook Islands-led Infrastructure Trust Fund, which is the main vehicle for New Zealand development contributions to Cook Islands infrastructure. s6(a)

- 14 Penrhyn (also known as Tongareva) is the northernmost island of the Cook Islands, with a population of approximately 230 people. It is extremely remote, requiring a roughly four-hour flight, or 4–7-day boat trip, from Rarotonga. It is an atoll, with a thin rim of land surrounding a large lagoon and relatively narrow entry channels. The Penrhyn wharf is inside the lagoon at the village of Omoka. The wharf has been assessed as being in a poor condition since at least 2006 after decades of limited investment. Penrhyn is the only island in the Cook Islands' northern group with a safe and accessible harbour for vessels to refuel and reprovision, s9(2)(g)(i)

Upgrading the wharf would improve the safety and security of the vessels that use the wharf, including the Cook Islands' Guardian-class patrol vessel Te Kukupa II

and the inter-island ferries that are the main source of food and other critical supplies for Penrhyn.

- 15 Implementing a large construction project in Penrhyn would be complex and expensive, given its remoteness and lack of s9(2)(g)(i) supporting infrastructure, local materials or labour supply. s6(a), s9(2)(g)(i)

costing will require a feasibility study and detailed design work. s6(a), s9(2)(g)(i) Reliable

- 16 s6(a)

New Zealand has extensive experience in infrastructure delivery in the Pacific and officials assess that New Zealand will be able to deliver this project, if scoped with an appropriate project budget, including contingencies and risk mitigations in place.

- 17 New Zealand has made an indicative offer to contribute NZ\$17.5 million (approximately US\$10 million) of IDC funding to the initiative, subject to Cabinet approval of the overall project. s6(a), s7(b)(ii)

This contribution would be drawn from baseline funding from Vote Foreign Affairs. The project would be rigorously scoped and designed to align with the available budget and to minimise the risk of any call on further New Zealand funding.

New Zealand's interests

- 18 There are strong reasons for New Zealand to respond positively to the US proposal and proceed with a commonly funded project in Penrhyn, notably that:

18.1 It would support our long-term objective to see **the US maintain its presence and standing in the Pacific**, s6(a)

18.2 s6(a)

s6(a)

- 18.3 It would **enhance both New Zealand's and the Cook Islands' security**, by delivering safer and more secure facilities in a remote outer area of the Realm of New Zealand. s6(a)

It may also expand the scope and area for joint operations to counter Transnational Serious Organised Crime (TSOC) and Illegal, Unreported and Unregulated (IUU) fishing, significant threats in the area that are currently the subject of limited surveillance. These benefits would extend beyond the Cook Islands, supporting access and response in the wider Pacific.

- 18.4 s6(a)

- 18.5 It would deliver **development benefits** for both Penrhyn and the wider Cook Islands. The Cook Islands Government considers the wharf a critical piece of infrastructure for maintaining connectivity with other island communities in its northern group. s6(a) scoping work has highlighted the wharf's urgent need of repair and the potential for an upgrade to facilitate both economic and population growth, s6(a)

- 19 s6(a), s7(b)(iii), s9(2)(g)(i)

s6(a)

,

s7(b)

(ii),

s9(2)

(g)(i)

New Zealand-US arrangements

21 Officials have worked with US State Department counterparts in recent weeks on delegated funding arrangements that would allow the project to be scoped appropriately and confirm New Zealand's right to implement the project according to our policies and processes, using both US and New Zealand funding.

22 s6(a)

23 s6(a)

s6(a)

New Zealand-Cook Islands arrangements

- 24 The US and New Zealand have discussed the proposal with the Cook Islands Government, which has confirmed that it considers the upgrade of the Penrhyn wharf a development priority and has welcomed the opportunity the proposal represents.
- 25 New Zealand has since begun bilateral discussions with the Cook Islands to negotiate a partnership arrangement that would enable practical arrangements for the work on the project to proceed, starting with the feasibility study. Such arrangements, developed and signed at officials' level, are a common feature of New Zealand development projects, and officials are confident that the Cook Islands arrangement could be finalised in the coming months.s7(b)(ii)
- 26 If the proposal proceeds, New Zealand will work closely with the Cook Islands Government during the feasibility study phase and consult it before the project scope is determined. s9(2)(g)(i) continued Cook Islands Government support will be essential for a project to progress. s7(b)(ii)

27 s6(a)

28 s7(b)(ii)

s6(a)

29 s6(a)

30 s6(a)

Implementation

- 31 Cabinet's approval for New Zealand to implement this project is required, as the combined pool of funding that New Zealand would manage would exceed NZ\$35 million. s6(a)
- 32 If this proposal is approved, officials will seek to finalise and sign the funding arrangement, and New Zealand will take receipt of the US funding contribution s6(a). As implementing partner, MFAT would manage the project, New Zealand law would apply, and MFAT's usual procurement and development processes would be followed. Officials expect the stages will include procurement of experts for the feasibility study, and then (following a decision upon the scope and scale of the project) detailed design, procurement of the construction contractor, contracting and construction. The partnership arrangement would likely create a steering group comprising all three partners, s6(a). These management and governance arrangements are standard for development projects.
- 33 New Zealand officials have begun work to commission a feasibility study for the wharf upgrade, the results of which are expected in mid-late 2027. Subject to the outcomes of the feasibility study and a decision to proceed with the project, officials' preliminary expectations are for design work to take place over 2027-28, with construction to commence in 2029 and finish in approximately 2031.
- 34 This paper proposes that Cabinet delegates authority to the Ministers of Finance and Foreign Affairs to decide if the project should proceed at the conclusion of the feasibility study s6(a)

35 The next steps for the proposal are summarised in the table below:

Action	Timing
Arrangements with US finalised	August 2026
Arrangements with Cook Islands developed and finalised	August-October 2026
Joint New Zealand-US-Cook Islands announcement, Pacific Islands Forum Leaders Meeting	30 August-4 September 2026
Procurement for feasibility study	From August 2026
s6(a)	
Feasibility study commences	Late 2026
s9(2)(g)(i)	

Cost-of-living Implications

36 This paper does not have impacts on the cost of living in New Zealand.

Financial Implications

37 If the project proceeds, New Zealand's contribution will be drawn from baseline International Development Cooperation (IDC) funding from Vote Foreign Affairs. s7(b)(ii)

38 As outlined above, if approved by both sides, the Ministry will enter a funding arrangement with the US, which is the Ministry's standard approach for delivering an IDC project with financial contributions from a partner or partners. The Ministry will seek approval from the Treasury to set up a trust account to receive the funds from the US. The funding arrangement sets out how the trust account will be managed and the reporting provided to the US. The Ministry manages several trust accounts holding partner funds; this is a standard approach. The funding arrangement will enable the Ministry to use those funds to pay for project costs. There are no fiscal impacts.

- 39 The US contribution to the project will be a one-off fixed sum s6(a)

New Zealand would therefore be responsible for any cost increases; this is a standard risk for all development projects that New Zealand implements. New Zealand officials have conveyed to the US that this risk will be managed by ensuring the project scope is determined strictly according to the budget available. The funding arrangement has been designed to enable New Zealand to “build to budget” and to proceed only if we have confidence that the funding available for the chosen project is sufficient to fully fund its implementation. s6(a)

Legislative Implications

- 40 This paper does not have legislative implications.

Impact Analysis

- 41 Impact analysis requirements do not apply to this paper.

Population Implications

- 42 This proposal is likely to have positive impacts for the New Zealand citizens resident on Penrhyn and other parts of the Cook Islands by supporting its economic development. A full environmental and social impact assessment of the work would be undertaken as part of the feasibility study for the project.

Human Rights

- 43 This paper has no inconsistencies with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Use of external Resources

- 44 Given the scale and complexity of the project, external expertise would be required to support the governance, management and technical delivery for the feasibility, design and construction phases of the project. The cost of this expertise would be part of the total project cost and therefore funded by both the US and New Zealand as part of their contributions. New Zealand's contribution would be drawn from IDC funding from Vote Foreign Affairs.

Consultation

- 45 This paper has been consulted with the Treasury, the Department of Prime Minister and Cabinet, the Ministry of Defence, the New Zealand Defence Force and the New Zealand Intelligence Community. The Policy Advisory Group in the Department of Prime Minister and Cabinet has been informed.
- 46 New Zealand officials have discussed the project with the US, Cook Islands and Australian Governments.

Communications

- 47 s6(a) announce the project at the Pacific Islands Forum Leaders Meeting in Palau from 31 August. s6(a)

This paper proposes that s6(a) the Minister of Foreign Affairs announces the project in Palau next week, alongside US Deputy Secretary of State Christopher Landau and Cook Islands Prime Minister Mark Brown.

Proactive Release

- 48 We intend to delay the proactive release of this paper until public announcement of this proposal.

Recommendations

The Minister of Foreign Affairs recommends that the Committee:

1. **note** that the US has proposed to contribute up to US\$50 million (NZ\$84m) s6(a) towards a development project in the northern Cook Islands (the Penrhyn wharf upgrade) by 30 September 2026, and has asked New Zealand to implement the project s6(a) ;
2. **note** that New Zealand officials have made clear to the US and Cook Islands that any project would be managed within the available funding envelope, including appropriate allowances for project contingencies;
3. **note** that the US proposes to announce the project jointly with New Zealand and the Cook Islands, along with other projects in the region, at the Pacific Islands Forum Leaders Meeting from 30 August 2026;
4. **note** that Cabinet approval for New Zealand to implement this project is required as its total cost will exceed NZ\$35 million;
5. **agree** that, subject to confirmation of a US funding contribution s6(a), New Zealand will:
 1. contribute a maximum of NZ\$17.5 million (approximately US\$10 million) of IDC funding to the project, and
 2. implement the project up to a total maximum value of the combined funding contributions of the US, New Zealand and any other funders, including appropriate allowances for project contingencies.
6. **note** that there are no fiscal implications of a New Zealand contribution because it would come from existing baseline funding;
7. **delegate** to the Minister of Foreign Affairs and the Minister of Finance (Joint Ministers) the authority to take further decisions on this project as required, including confirmation the project will proceed at the conclusion of the feasibility study, provided that the following conditions are met:

1. A mutually satisfactory project scope has been determined s6(a)
;
2. The Cook Islands Government continues to support the project;
3. The project can be implemented within the combined funding envelope approved by Cabinet (recommendation 5.2).
8. **delegate** to Joint Ministers the authority to confirm the project should proceed to construction, provided a detailed business case confirms it can be implemented within the funding envelope approved by Cabinet.
9. **agree** that the Minister of Foreign Affairs will announce the project at the Pacific Islands Forum Leaders' Meeting with US and Cook Islands counterparts.

Rt Hon Winston Peters

Minister of Foreign Affairs

Proactively released by the Minister of Foreign Affairs

Annex 1

s6(a)

Proactively released by the Minister of Foreign Affairs