



Ferry Holdings Limited

Statement of Performance Expectations

5 March 2025 – 30 June 2026



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Introduction

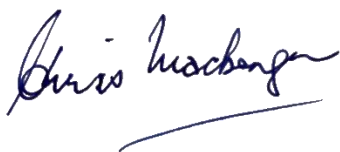
This Statement of Performance Expectations (SPE) is submitted by the Board of Directors of Ferry Holdings Limited (Ferry Holdings), pursuant to the Crown Entities Act 2004.

It sets out the objectives and intentions of Ferry Holdings for the period 5 March 2025 to 30 June 2026. This SPE includes information on our expected outputs, and our performance will be assessed as achieved when they are delivered.

This document is designed to be read in conjunction with the Ferry Holdings Statement of Intent 5 March 2025 - 31 December 2029, which includes information on overarching programmes, including expected outcomes.

Statement of responsibility

Ferry Holdings' Board is responsible for the statements contained in this document, including the appropriateness of the business assumptions underlying them. Ferry Holdings is also responsible for internal control systems that provide reasonable assurance as to the integrity of its financial reporting.



Chris Mackenzie
Chair
June 2025



Heather Simpson
Deputy Chair
June 2025

Background

The New Zealand Government is committed to providing safe, reliable, resilient, and economically efficient Cook Strait ferry services.

In March 2025, the Minister for Rail announced plans for the procurement of two new ferries that will provide passenger, car and rail-enabled services across the Cook Strait from 2029.

Ferry Holdings was established by the New Zealand Government in March 2025 to lead the contractual negotiations with shipyards, ports, and any other party required to ensure the delivery of safe, reliable and resilient inter-island services from 2029.

Statement of Performance Expectations (SPE)

This SPE outlines the activities expected to be completed by Ferry Holdings between 5 March 2025 and 30 June 2026. Our performance will be measured by the completion of the milestones detailed below.

What we will deliver - key functions

Procurement of ships and supporting port infrastructure

Ferry Holdings was established in March 2025 to undertake a commercially competitive ferry procurement process which is accountable, transparent and fair.

A key focus of the 2025 work programme is to establish strong, working relationships with our main partners and suppliers. This will be delivered through the implementation of appropriate governance, management and commercial procurement processes, that reflect our work programme priorities, objectives and delivery expectations.

Ferry Holdings' Ship, Infrastructure and Commercial work programmes include:

- the design and contract for delivery of ships by 2029;
- arrangements for the delivery of the port infrastructure, including rail and roading to support the arrival of ships in 2029; and
- defining future investment and operational delivery of the inter-island ferry service.

To implement the work programme, Ferry Holdings needs to establish and resource itself. In 2025 Ferry Holdings will ensure it has access to the right resources and expertise to achieve the following strategic objectives.

Ferry Holdings: 2025/2026

The focus of Ferry Holdings from 5 March 2025 until 30 June 2026 includes:

Ferries

Design and delivery of ships

In 2025, Ferry Holdings will complete a commercially robust procurement process for the design and build of two new ships.

Ferry Holdings will:

- Confirm ferry specifications.
- Complete procurement of the shipyard to build the ferries.

Portside Infrastructure

Negotiation of arrangements for the port infrastructure, including rail and roading

In 2025, Ferry Holdings will focus on the activities necessary to conclude commercial arrangements with the ports and KiwiRail for the delivery of infrastructure.

Ferry Holdings will:

- Confirm portside, rail and roading infrastructure requirements.
- Finalise commercial arrangements, including funding and ownership of the required assets.

Investment and Operations

Defining future ferry investment and operational delivery

Working with the Government, through the Treasury and the Ministry of Transport, to explore the options for future ferry investment and operations to improve efficiency and recycle Crown capital.

Ferry Holdings will:

- Participate in the independent Government programme of work as required.
- Ensure any commercial negotiations for the transfer of the ferries and operations is completed at a date agreed by shareholding Ministers.

Organisation

Establishment and resourcing of Ferry Holdings

In 2025 Ferry Holdings will focus on ensuring that the organisation is adequately resourced and supported to ensure the successful delivery of the portfolio of work.

Ferry Holdings will:

- Ferry Holdings will deliver fit for purpose business and financial: fit for purpose business and financial management plans; and accountability and risk management frameworks.
- Establish an organisational and management structure, policies and processes to support the delivery of the work programme.

Our performance will be measured by the completion of the milestones below.

Design and delivery of ships

In 2025, Ferry Holdings will complete a commercially robust procurement process for the design and build of two new ships.

The new ferries will be designed to safely transport passengers, cars, trucks and rail wagons across the Cook Strait. The new vessels will work to minimise carbon emissions and will have an expected life of 30 years.

Preliminary ferry specifications

- **Ship dimensions:** 200 metres long and 28 metres wide.
- **Capacity:** 1530 passengers and 70 crew, drive-on and off capability for 2,400 lane metres for cars, trucks and 40 rail wagons.
- **Portside infrastructure requirements:** The new ships will utilise the current infrastructure, where technically feasible and commercially viable to minimise additional cost.
- **Power and propulsion:** Diesel-electric hybrid with batteries and azimuth thrusters' propulsion (360-degree directional rotating) to support the vessels' manoeuvrability in the Tory Channel, whilst docking, and operating at 20 knots.
- **Environmental impact:** Designed to minimise carbon emissions and environment impact.
- **Ship redundancy:** Designed to meet safe return to port requirements and will be fitted with system redundancies to ensure the required operational reliability in the event of equipment failure.
- **Future-proof design:** Designed to enable progressive reduction of

carbon emissions for the expected vessel life of 30 years.

- **Customer experience:** Delivery of a comfortable and enjoyable experience for passengers.
- **Safety:** Fit for purpose safety features and designs for the vessel to safely operate in the Cook Strait.

Ship design and build key partners

We have engaged the following expertise to support the design and delivery of the new ferries:

- **Maritime interior designers and architects** to complete the interior design of the ships.
- **Maritime lawyers** to provide specialised advice in shipbuilding contracts and to support complex contract negotiations.

Shipyard procurement

We are implementing a two-stage procurement process which will be completed by the end of 2025, including:

- development of a preferred shortlist of six shipyards with the desired expertise, capability, and capacity to deliver the ships in 2029.
- confirmation of the ship specifications including the power and propulsion system by April 2025.
- appointment of key procurement advisors including naval architects, maritime interior designers, shipbrokers and procurement and contract lawyers.
- completion of a closed tender process, including review and selection of the preferred shipyard.
- contract negotiation and completion of final contracting arrangements.
- completion of ship contract negotiations with the selected shipyard.
- recommendation of the final ship contract arrangements to shareholding Ministers.

Development of port infrastructure arrangements

We will be working with key partners, KiwiRail Holdings Limited (KiwiRail), CentrePort Limited (CentrePort Wellington), and Port Marlborough New Zealand Limited (Port Marlborough) to identify, confirm and put in place the commercial arrangements to deliver the infrastructure required to support of the new ferries.

The Ports Infrastructure Workstream is focussed on the activities necessary to conclude commercial arrangements with the port companies (Port Marlborough and CentrePort Wellington), and KiwiRail for the delivery of infrastructure.

Our performance will be measured by the completion of the milestones below.

The infrastructure programme of work includes:

Infrastructure requirements

Collectively Ferry Holdings and our key partners, CentrePort Wellington, Port Marlborough and KiwiRail, will work to maximise the reuse of the existing port, rail and roading infrastructure, while meeting the requirements for the new vessels and upgrading the infrastructure as required.

The Ports Infrastructure Workstream will ensure that the portside requirements meet the operating needs of the new ferries at the time of their arrival in 2029.

This workstream will also consider and mitigate the climate change and environmental impacts resulting from the infrastructure upgrades.

Portside infrastructure

Detailed designs for the required port infrastructure will be agreed between the key partners.

Port specific infrastructure requirements include:

- **CentrePort Wellington:** In Wellington the focus is on extending the life of the existing assets and maximising their reuse. The existing Aratere berth will be reconditioned for new larger ships. The existing rail and road connections to this berth will be reused and a new passenger walkway will be used to

access the ships. The existing wharf will be extended to allow for larger ships to berth alongside it.

- **Port Marlborough:** Given the age and condition of the existing port, new infrastructure is required in Picton. The required upgrade will include:
 - new wharf and dual level connection for rail and vehicle access to the ships, and
 - new passenger walkway to access the ships.
- **Ferry terminal buildings:** The existing terminal buildings in Wellington and Picton will be retained. Some appropriate modifications and upgrades will be required to the existing terminals to ensure they are fit for purpose for the 30-year life of the new ferries.

This work is expected to be completed by the asset owners CentrePort Wellington, Port Marlborough and KiwiRail, and is expected to have the life of 60 years, equivalent to two ship lifecycles for new assets, and 30 years for reused assets equivalent to one ship cycle.

Rail infrastructure

We will work with KiwiRail to identify the rail infrastructure required to operate the larger rail-enabled ferries. In Wellington, this will include minor modifications of the rail marshalling yards, as well as delivery of a new production kitchen that can service the catering needs on the larger ships. In Picton, the anticipated works include modification to the rail network to ensure that the additional rail capacity of the larger ships does not impact Picton's broader transportation network.

Roading infrastructure

As part of this work programme, consideration will be given to the wider transport network impacts of larger ferries and how this may be mitigated. This will include consideration of roading network improvements, for example signalisation of the exit from CentrePort Wellington into the Wellington roading network and roading improvements in Picton.

This work programme will also consider the climate change and environmental impact resulting from the infrastructure upgrades.

Working relationships

A high level of collaboration between Ferry Holdings, CentrePort Wellington, Port Marlborough and KiwiRail is required to deliver this workstream.

Ferry Holdings has a key leadership role and oversight responsibilities for this work, including collaborative arrangements between the parties, monitoring arrangements, issues resolution, quick decision making and streamlining processes to ensure the successful delivery of the programme.

The Cook Strait Ferry Chief Executives' Group is a governance group that has been established to ensure all activities under the work programme are advancing as planned, key milestones are achieved and required cross-organisation engagement and collaboration is timely and unified. The port companies, Ferry Holdings and KiwiRail, are

members, with The Treasury and the Ministry of Transport attending as observers. This will in turn provide confidence to their respective Boards, shareholders and other stakeholders.

Commercial arrangements

The final infrastructure requirements and delivery arrangements will be confirmed through a formal commercial negotiation process with CentrePort Wellington, Port Marlborough and KiwiRail and formal contractual agreements will be entered into.

These arrangements will also address funding and ownership of port infrastructure and KiwiRail assets, long-term leases and licencing arrangements.

Ferry Holdings will work to deliver the best value for money through its commercial negotiations.

In 2025/2026 we will:

- establish and support the governance oversight group Cook Strait Ferry Chief Executives' Group.
- confirm portside infrastructure requirements.
- negotiate multi-party commercial arrangements for the port infrastructure.
- oversee commencement of the delivery of the port infrastructure.

Future options workstream

Following completion of the commercial arrangements to purchase the two ships Ferry Holdings will support the Government's consideration of the future options for managing inter-island ferry operations.

In 2025/2026 we will commence:

- work with the Treasury to determine the key commercial considerations to take into account for future options and assist in negotiating them with KiwiRail and the Ports.
- negotiate and establish commercial arrangements which contemplate the assignment and change of control of the operator, subject to usual commercial terms.

Who we work with

Understanding the requirements of freight and passenger transport system is critical to the successful delivery of the work programme. As the current operator of the Interislander ferries, KiwiRail's input will be vital to this process. Ferry Holdings will foster constructive working relationships with key stakeholders, including KiwiRail, CentrePort Wellington, Port Marlborough, the Ministry of Transport, the New Zealand Transport Agency, and The Treasury.

Ferry Holdings will work to strengthen the Crown iwi relationships by upholding Te Tiriti o Waitangi.

Engagement with the shareholding agencies and other partners

We will be actively:

- reporting to shareholding Ministers and associated agencies, namely The Treasury and the Ministry of Transport, to ensure the fit for purpose delivery of the work programme.
- collaborating with KiwiRail, the New Zealand Transport Agency, CentrePort Wellington, Port Marlborough and iwi entities.

Ministers, monitoring agency, partners and iwi.

- establish working groups including the Cook Strait Ferry Chief Executives' Group and working groups for the ships and the ports

In 2025/2026 we will:

- implement engagement plans and activities which strengthen our relationships with our shareholding

Forecast Financial Statements

Ferry Holdings is currently in the foundational stages of its financial planning and operational setup. The forecast financial statements have been prepared consistent with generally accepted accounting practice (GAAP) noting these following overall assumptions:

- Due to the level of uncertainty and commercial sensitivity, any payments that may be made during the period associated with entering contracts for the purchase of ships are excluded.
- Due to the level of uncertainty on the nature of contracts for the delivery of terminals infrastructure and associated funding flows, payments that may be made during the period relating to those activities are excluded.

No operational costs of Ferry Holdings have been capitalised for the purpose of these financial statements. Any change to this accounting treatment will either be reflected in a revised SPE (if reforecast during the year) or variances explained in the annual report.

The forecast financial statements are for the period from company incorporation (5 March 2025) to 30 June 2026 in accordance with s149G of the Crown Entities Act 2004.

Statement of Forecast Comprehensive Income

Period 5 March 2025 – 30 June 2026

in whole \$

Trading Income

Interest Received	44,322
Revenue from the Crown	0
Total Trading Income	44,322

Gross Profit	44,322
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Operating Expenses

Board Fees	622,096
Consultancy	6,554,090
Contractors	467,903
Depreciation	28,066
ICT Services and Support	138,496
Other Operating Expenses	121,750
Personnel Expenses	4,511,268
Rent	416,865
Travel	251,757

Total Operating Expenses	13,112,291
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Net Profit	(13,067,970)
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Statement of Forecast Financial Position

As at 30 June 2026

in whole \$

Assets

Bank

Current Account - Westpac	479,293
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Total Bank	479,293
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Current Assets

Ferries - WIP	0
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Prepayments	45,833
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GST	78,171
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Total Current Assets	124,005
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Fixed Assets

IT Equipment	22,834
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Total Fixed Assets	22,834
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Total Assets	626,131
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Liabilities

Current Liabilities

Annual Leave Liability	87,644
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Accounts Payable	197,863
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RWT Payable	8,594
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Total Current Liabilities	294,101
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Total Liabilities	294,101
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Net Assets	332,030
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Equity

Crown Equity - Additional	9,400,000
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Crown Equity - Initial	4,000,000
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Current Year Earnings	(13,067,970)
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Total Equity	332,030
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Statement of Forecast Cash Flows

Period 5 March 2025 – 30 June 2026

in whole \$

Operating Activities

Revenue receipts	44,322
Payments to suppliers and employees	(12,844,552)
GST	(78,171)
RWT	8,594
Net Cash Flows from Operating Activities	(12,869,808)

Investing Activities

Payment for property, plant and equipment	(50,899)
Net Cash Flows from Investing Activities	(50,899)

Financing Activities

Other cash items from financing activities	13,400,000
Net Cash Flows from Financing Activities	13,400,000

Net Cash Flows	479,293
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Cash and Cash Equivalents

Cash and cash equivalents at beginning of period	-
Net change in cash for period	479,293
Cash and cash equivalents at end of period	479,293

Notes to the Forecast Financial Statements

Nature and purpose of forecast financial statements

The forecast Financial Statements have been prepared to the best of our knowledge and belief as an indication of Ferry Holding Limited's (FHL's) future financial performance. Actual financial results achieved for the period covered may vary from the information presented, and potentially in a material manner.

The purpose of the forecast Financial Statements is to inform readers of this Statement of Performance Expectations of FHL's best estimate of its future financial performance at the date of publication, and to comply with the company's specific reporting and disclosure obligations. The statements may not be suitable for other purposes.

Reporting Entity

Ferry Holdings Limited (FHL) is a Schedule 4A company as defined by the Public Finance Act 1989, under the Crown Entities Act FHL is defined as a Crown entity. As such, FHL is subject to the Companies Act 1993 and relevant provisions on the Crown Entities Act 2004.

FHL's primary objective is to negotiate the purchase of ferries and long-term port agreements on either side of the Cook Strait and ensure the seamless and integrated delivery of cost-effective replacement Interislander ferries.

Accordingly, FHL has designated itself as a Tier 2 Public Benefit Entity ('PBE') for the purposes of PBE accounting standards with reduced disclosures.

Basis of Preparation

Statement of Compliance

The forecast financial statements presented here have been prepared in accordance with New Zealand generally accepted accounting practice and are consistent with the accounting policies to be adopted for the preparation of financial statements. They have been prepared on the assumption that FHL is a going concern.

As FHL has expenses of less than \$33 million, it is eligible to report in accordance with the PBE Standards Reduced Disclosure Regime. Accordingly, these forecast financial statements comply with the PBE Standards Reduced Disclosure Regime.

These forecast financial statements have been prepared in accordance with the Crown Entities Act 2004 and may not be appropriate for purposes other than complying with the requirements of this Act.

The actual financial results for the period covered are likely to vary from the information presented and the variations may be material.

Measurement basis

The financial statements have been prepared on an historical cost basis. The accrual basis of accounting has been used unless otherwise stated.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and are rounded to the nearest dollar (\$). The functional currency of FHL is New Zealand dollars (NZ\$).

Use of judgements, estimates and assumptions

In preparing these forecast financial statements, FHL has made estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Where material, information on major assumptions is provided in the relevant accounting policy or will be provided in the relevant

note. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The following specific key assumptions have been used in the preparation of the forecast financial statements:

- Crown Revenue and Equity contributions are based on the approved share subscription agreement.
- Interest income depends on the available rates of return on bank accounts and the value of term deposits held, if applicable.

Significant Accounting Policies

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Equity from the Crown

This equity is restricted in use for the purpose of FHL meeting its objectives and the scope of the relevant appropriation of the funder. FHL considers there are no conditions attached to the funding and it is recognised as revenue at the point of entitlement.

Interest

Interest income is recognised as it accrues on bank account balances, on-call bank deposits and investments.

Cash and Cash Equivalents

Bank accounts and cash held by FHL include bank balances and on-call bank deposits.

Investments In Bank Deposits

Investments in bank deposits are measured at fair value plus transaction costs. For bank deposits, impairment is established when there is objective evidence that FHL will not be able to collect amounts due according to the original terms of the deposit. Significant financial difficulties of the bank, probability that the bank will enter into bankruptcy, and default in payment are all considered indicators that the deposit is impaired.

Property, Plant and Equipment

Property, plant and equipment asset classes consist of furniture and fittings and computer equipment. Property, plant and equipment are shown at cost or valuation, less any accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to FHL and the cost of the item can be measured reliably. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Work in progress is recognised at cost less impairment and is not depreciated.

Disposals

Gains and losses on disposals are determined by comparing the proceeds of disposal with the carrying amount of the asset. Gains and losses on disposal are included in the forecast Statement of Comprehensive Revenue and Expense.

Depreciation

Depreciation is provided on a straight-line or diminishing value basis on all fixed assets at a rate which will write off the cost (or valuation) of the assets to their estimated residual value over their useful lives.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

	DV
Furniture and fittings	16%
Computer equipment	50%

Impairment of Property, Plant and Equipment

Property, plant and equipment that have a finite life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The total impairment loss is recognised in the Statement of Financial Performance, as is any subsequent reversal of an impairment loss.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where FHL would, if deprived of the asset, replace its remaining future economic benefits or service potential.

Creditors and Other Payables

Creditors and other payables are reflected at their face value.

Employee Entitlements

Provision is made in respect of FHL's liability for annual leave that is expected to be settled within 12 months of the reporting date. Annual leave is measured at nominal values on an actual entitlement basis at current rates of pay. These include salaries and wages accrued up to balance date and annual leave earned but not yet taken at balance date. No liability is recognised for sick leave.

Superannuation Scheme

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the Statement of Financial Performance as incurred.

Goods and Services Tax (GST)

FHL is registered for GST. All items in the financial statements are exclusive of GST, with the exception of debtors and creditors, which are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included in the Statement of Financial Position. The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Income Tax

As a public entity under Section CW 38(2) of the Income Tax Act 2007, the company is exempt from income tax. Accordingly, no provision has been made for income tax

Derivative financial instruments

FHL enters into derivative financial instruments, including forward foreign exchange contracts, as part of its normal operations to manage its exposure to foreign exchange rate risk. FHL does not hold or issue derivatives for trading purposes. FHL has not adopted hedge accounting. Derivatives are initially recognised at the fair value on the date a derivative contract is entered into and are subsequently revalued at each balance date, with the resulting gain or loss recognised in the Prospective Statement of Comprehensive Revenue and Expense. A forward foreign exchange derivative is classified as current if the contract is due for settlement within 12 months of balance date. Otherwise, the full fair value of forward foreign exchange derivatives are classified as non-current.

Commitments and contingencies

A schedule of commitments and contingencies is not separately disclosed in these forecast Financial Statements.

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