



Cook Strait Ferry Replacement Programme

Update to shareholding Ministers on Ferry Holdings Limited Cook Strait Ferry Replacement Procurement Process

Proactive Release

11 March 2026

This document has been proactively released by Ferry Holdings Limited on the Ferry Holdings website www.ferryholdings.co.nz.

Information Withheld

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 Act).

Where this is the case, the relevant sections of the Act 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.



Date 25 August 2025

To Rt Hon Winston Peters, Minister for Rail
Hon Nicola Willis, Minister of Finance
Hon Chris Bishop, Minister of Transport

From Chris Mackenzie, Chair, Ferry Holdings Limited
Heather Simpson, Deputy Chair, Ferry Holdings Limited
Paul Silk, Interim Chief Executive, Ferry Holdings Limited

Update to shareholding Ministers on Ferry Holdings Limited Cook Strait Ferry Replacement Procurement Process

Purpose

1. Following the meeting of the Ferry Holdings Limited (FHL) Board on 22 August 2025, this paper provides shareholding Ministers with an:
 - 1.1 update on the Cook Strait Ferry Replacement procurement process,
 - 1.2 overview of the proposals FHL has received as a result of the procurement process,
 - 1.3 update on the outcome of the procurement evaluation process, and
 - 1.4 overview of contractual arrangements and commercial considerations that inform the contract negotiation with the preferred Respondent, in particular the Letter of Intent FHL plans to enter into with the preferred Respondent.

Recommendations

2. We recommend that shareholding Ministers:
 - 2.1 **Endorse** the selection of Guangzhou Shipyard International as the preferred Respondent identified as a result of the Cook Strait Ferry Replacement procurement process.

Endorsed/not endorsed	Endorsed/not endorsed	Endorsed/not endorsed
Minister for Rail	Minister of Finance	Minister of Transport
 - 2.2 **Endorse** FHL's approach to send a Letter of Intent to Guangzhou Shipyard International to start the negotiation and finalisation of contracts for the delivery of

the design, construction, commissioning and delivery of two approximately 200-metre rail-enabled roll on/roll off passenger ships at a price [REDACTED]

[REDACTED] [s9(2)(b)(ii)]

Endorsed/not endorsed Minister for Rail	Endorsed/not endorsed Minister of Finance	Endorsed/not endorsed Minister of Transport
--	--	--

2.3 **Note** that the final price for the ships may change due to movements in the exchange rate and the final Contract Specification agreed between FHL and Guangzhou Shipyard International.

2.4 **Endorse** the key terms and conditions of the Letter of Intent that FHL plans to execute with Guangzhou Shipyard International.

Endorsed/not endorsed Minister for Rail	Endorsed/not endorsed Minister of Finance	Endorsed/not endorsed Minister of Transport
--	--	--

Background

3. FHL has assumed full responsibility for the replacement of the Cook Strait Ferries, leading the procurement and contractual negotiations with shipyards, ports and other parties to enable the affordable delivery of two new Cook Strait Ferries to enter service in 2029.
4. In early 2025, the New Zealand Treasury (the Treasury) engaged BRS Shipbrokers to deliver an assessment of the global roll on/roll off passenger (RoPax) shipbuilding market. The purpose of the market assessment was to evaluate the capacity, capability and appetite of specialist shipyards to participate in a competitive procurement process for the delivery of the design, construction and commissioning of two RoPax vessels by the end of 2029.
5. As an outcome of the market assessment, a shortlist of fifteen shipyards (which together represent 80% of all deliveries of equivalent vessels over the past two decades) confirmed their ability to deliver two ships by late 2029 in accordance with an indicative specification and their willingness to participate in a competitive procurement process.
6. Upon establishment of FHL, the shortlist of fifteen shipyards identified via the Treasury's market assessment were further refined to a shortlist of six shipyards (Respondents, or the Respondents) (which together represent 71% of equivalent vessel delivery in the last decade) based on:
 - 6.1 experience in design and construction of RoPax vessels,
 - 6.2 track-record for quality, on-time delivery and contract performance,
 - 6.3 reputation as a global leader in RoPax shipbuilding,

- 6.4 confirmation of yard capacity and availability of ship building slots that would enable delivery two RoPax vessels by [s9(2)(b)(ii)] 2029, and confirmation of yard capacity and availability of ship building slots that would enable delivery of two RoPax vessels by [s9(2)(b)(ii)] 2029, and
 - 6.5 provision of an indicative price estimate for the delivery of RoPax ships that aligned with expectations of affordability.
7. On 16 April 2025, the FHL Board approved:
- 7.1 the shortlist of six Respondents to be invited to participate in a competitive Request for Proposal procurement process, and the shortlist of six Respondents to be invited to participate in a competitive Request for Proposal (RFP) procurement process, and
 - 7.2 the release of an RFP to shortlisted Respondents for the Cook Strait Ferry Replacement (the procurement).
8. Table 1 details the shortlisted Respondents invited to participate in the Procurement.

Table 1 - Cook Strait Ferry Replacement, Request for Proposal, Shortlisted Respondents

Respondent	Country of Origin
[s9(2)(b)(ii)]	[s9(2)(b)(ii)]
Guangzhou Shipyard International	Guangzhou, China

- 9. The RFP was issued to the shortlisted Respondents on 22 April 2025.

Cook Strait Ferry Replacement Procurement Process

- 10. The process developed by FHL for the procurement has been adapted from international best practice in ship procurement. The process consisted of the following:
 - 10.1 Request for Proposal process, consisting of:
 - 10.1.1 an Interactive Procurement Process (IPP), and
 - 10.1.2 site visits to Respondent shipyards and associated facilities.

10.2 Best and Final Offer (BAFO) process.

11. The procurement process delivered by FHL follows a similar process to that of the iReX Ships Programme, however it did not include an Expression of Interest phase. Instead, the market assessment has been used to qualify shortlisting and participation. The FHL process has been delivered at pace, planned for 6 months in total end to end, compared to the iReX Ship procurement of 18 months.
12. The RFP process was planned as an IPP in order to provide Respondents with the opportunity to understand and test FHL's technical and non-technical requirements in detail through an interactive and collaborative process.
13. IPP Sessions with Respondents were completed in conjunction with planned site visits to all six shortlisted shipyards. These IPP sessions provided all Respondents with equal access to FHL and our advisors to test their thinking and help refine the proposal prior to the submission of an RFP response.
14. Site visits to Respondents 'to Respondents shipyards and associated facilities were conducted as part of the RFP process to provide FHL with the ability to assess Respondents' facilities, understand in detail Respondents' capacity and capability, and provide assurance that FHL would be able to verify claims made by Respondents as part of an RFP response.

Outcome of the Request for Proposal Process

15. As part of the RFP process, FHL received a total of 229 Requests for Information from Respondents to clarify technical and commercial requirements, which were assessed and responded to through the issuance of 42 Notices to Tenderer.
16. During the process, two Respondents notified FHL of their withdrawal from the procurement, namely:
 - 16.1  [s9(2)(b)(ii)]
 - 16.2  [s9(2)(b)(ii)]
17. The RFP process concluded on 8 July 2025 with the submission of four proposals.
 - 17.1 Three proposals were assessed as compliant in accordance with FHL's prescribed requirements as per the RFP and were progressed for evaluation,
 - 17.2 One proposal was deemed non-compliant and was not progressed for evaluation.

18. Appendix One provides a high-level overview of proposals received as an outcome of the RFP process.
19. The evaluation of submitted proposals comprised the following activities:
 - 19.1 Subject Matter Expert (SME) assessment of Respondent technical solution, delivery methodology, commercial and pricing proposal,
 - 19.2 Individual evaluation of Respondent proposals by FHL Evaluation Team, and
 - 19.3 Moderation of individual evaluation scoring and shortlisting of Respondents for inclusion in the BAFO process.
20. FHL engaged an independent Probity Auditor to deliver a live probity audit of all evaluation activities as part of the RFP evaluation process.
21. As an outcome of the RFP evaluation process, FHL shortlisted two Respondents for inclusion in the BAFO process, namely:
 - 21.1 [REDACTED] [s9(2)(b)(ii)]
 - 21.2 Guangzhou Shipyard International (GSI).

Best and Final Offer Process

22. FHL progressed two shortlisted Respondents to the BAFO process to ensure competitive tension and optionality between shipyards and technical solutions could be maintained.
23. The BAFO process was developed by FHL for the purpose of clarifying technical and delivery considerations and improving Respondents pricing and commercial proposals.
24. Both Respondents submitted compliant final offers at the conclusion of the BAFO process.
25. Table 2 provides an overview of key aspects of Respondents Best and Final Offers.

Table 2 - Shortlisted Respondents Best and Final Offer Overview

Respondent	Price and Payment Terms	Delivery	Contract Form	Options
[REDACTED] [s9(2)(b)(ii)]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED] [s9(2)(b)(ii)]	[REDACTED] [s9(2)(b)(ii)]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

- 27.2 [s9(2)(b)(ii)] is experienced in the design and delivery of RoPax ships, [REDACTED] [s9(2)(b)(ii)]. The Respondent's delivery methodology as proposed would significantly limit or remove FHL involvement in the specification and design of the ships and the provision of assurance activities through delivery,
- 27.3 [REDACTED] [s9(2)(b)(ii)] pricing proposal fails to account for core elements of scope outlined in FHL's Technical Specification and does not provide a fixed price inclusive of:
- 27.3.1 ship interior design costs,
 - 27.3.2 ship galley (commercial kitchen) cost, and
 - 27.3.3 only provides a 12-month warranty term against a requirement of 24 months.
- 27.4 Contractual arrangements proposed by [REDACTED] [s9(2)(b)(ii)] [REDACTED] [s9(2)(b)(ii)] and deliver substantial derogation from FHL's key contracting principles and commercial terms, developed by FHL and our maritime legal advisor. Under the Respondent's current proposal significant concerns exist in the level of control, and/or the allocation of risk between parties. At a high level the key concerns are as follows:
- 27.4.1 FHL will have limited involvement in the design and build process and will not be permitted access to the shipyard or their facilities (as would be expected/afforded under traditional arrangements) removing the ability for FHL to deliver standard buyer assurance activities expected in the shipbuilding process,
 - 27.4.2 The ability for FHL to optimise or modify the technical specification or broader performance requirements of the ships would be crystallised in contract on a 'best effort' basis,
 - 27.4.3 FHL would have no rights under contract to request, review, and/or approve changes to the specified makers list, where [REDACTED] [s9(2)(b)(ii)] has a unilateral right to make changes or substitutions without veto or legal recourse,
 - 27.4.4 FHL will have limited ability to review and approve key design documentation before progressing to construction.
28. The BAFO response received from GSI was evaluated as providing a comprehensive and competitive offer for the delivery of two rail-enabled RoPax ships, that:
- 28.1 meet FHL's Technical Specification and design considerations,
 - 28.2 provides a comprehensive delivery methodology that aligns with FHL requirements and expectations on managing quality assurance activities,

28.3 provides FHL with required rights and provisions as per international standard shipbuilding contract, and

28.4 provides a comprehensive, competitive and compelling commercial offer.

29. As a result of the BAFO evaluation, the FHL Board has approved the selection of Guangzhou Shipyard International and entering into a Letter of Intent (LOI) with the Respondent as the preferred shipyard.

Due Diligence Activities Conducted as part of Procurement

30. As part of the procurement process FHL has completed due diligence on all Respondents at both the RFP and BAFO stage.

31. In summary, no material concerns have been raised as part of the due diligence completed on GSI that would preclude FHL from selecting the shipyard as the preferred supplier and progressing to contract negotiation. Appendix Two summarises the findings of the due diligence activities completed on GSI.

Letter of Intent

32. With shareholding Ministers' endorsement of the recommendations outlined in this report, FHL will formally notify GSI that they have been selected as the preferred Respondent and issue a LOI outlining the key terms of their offer for execution.

32.1 The purpose of the LOI is to act as a non-binding agreement between FHL and GSI, that outlines the key terms of their offer and forms the basis of negotiation for the final contract arrangements,

32.2 As part of GSI's BAFO response, the Respondent accepted in whole the terms and conditions outlined in the draft LOI.

33. The key terms to be included in the LOI with the preferred Respondent are detailed in Table 3.

Table 3 - Key Terms for Inclusion in Letter of Intent with Preferred Respondent

Term	Detail
Contractual Close	15 November 2025
Preferred Supplier	Guangzhou International Shipyard
Technical Specification of Vessel	Abt. 200-metre, rail-enabled, RoPax ship as per builder specification submitted at RFP stage and BAFO stage. Maker's list of vessel to be specified as per makers list submitted by the builder at RFP stage.

Term	Detail
Fixed Price Offer	<p>[REDACTED]</p> <p>[REDACTED] [s9(2)(b)(ii)]</p> <p>[REDACTED] [s9(2)(b)(ii)]</p>
Payment Terms	<p>Payment terms as per Guangzhou Shipyard Internationals pricing proposal:</p> <ul style="list-style-type: none"> [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [s9(2)(b)(ii)]
Delivery Date	<p>Ship One: no later than [REDACTED] [s9(2)(b)(ii)] 2029 [REDACTED]</p> <p>[REDACTED] [s9(2)(b)(ii)]</p> <p>Ship Two: no later than [REDACTED] [s9(2)(b)(ii)] 2029</p>

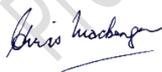
34. FHL (and by extension the Crown) will not be bound by the LOI, or any offer made to the preferred Respondent during the contract negotiation period until final contractual arrangements have been agreed between parties and approved by the FHL Board and shareholding Ministers.

Next steps

35. FHL is delivering to a deadline of 17 October 2025 for the completion of Contract Negotiation.

36. The FHL Board will review and approve the final contractual arrangements by 24 October 2025 and will then seek shareholding Ministers' approval of the shipbuilding contract by 11 November 2025.

37. Contractual Close of the approved, binding agreement between FHL and GSI is planned for no later than 15 November 2025.



Chris Mackenzie
 Chair
 Ferry Holdings Limited



Heather Simpson
 Deputy Chair
 Ferry Holdings Limited



Paul Silk
Interim Chief Executive
Ferry Holdings Limited

Proactively Released by Ferry Holdings Limited

Appendices

Appendix One – Request for Proposal Overview

Respondent	Compliance	Technical Solution	Delivery	Contract	Fixed Price	Evaluation Outcome
[Redacted] [s9(2)(b)(ii)]	[Redacted] [s9(2)(b)(ii)]	[Redacted] [s9(2)(b)(ii)]	<ul style="list-style-type: none"> [Redacted] [Redacted] [Redacted] [Redacted] [Redacted] [Redacted] [Redacted] [Redacted] [s9(2)(b)(ii)] 	[Redacted] [s9(2)(b)(ii)]	[Redacted] [Redacted] [Redacted] [s9(2)(b)(ii)]	[Redacted] [s9(2)(b)(ii)]
[Redacted] [s9(2)(b)(ii)]	[Redacted] [s9(2)(b)(ii)]	[Redacted]	[Redacted]	[Redacted] [s9(2)(b)(ii)]	[Redacted] [Redacted] [s9(2)(b)(ii)]	[Redacted] [s9(2)(b)(ii)]

Appendix 2 - Guangzhou Shipyard International, Due Diligence Findings

Activity	Findings
Site Visit	FHL completed a site visit of the GSI shipyard and associated facilities as part of the RFP process. GSI operates a traditional shipyard with full in-house/onsite resource used in the delivery of the design, procurement, production and commissioning of vessels. Overall, the shipyard has strong design and production capability on par with leading shipyards globally.
Corporate Due Diligence	FHL’s legal advisor Holman Fenwick Willan (HFW) completed corporate due diligence on GSI at the RFP and BAFO stages of the procurement. In HFW’s view, based on the information provided by GSI and information gathered as part of their own investigation no ‘red flags’ have been identified and therefore there is no reason FHL should not progress with GSI as the preferred Respondent.
Financial Due Diligence	FHL’s commercial advisor, KPMG, completed financial due diligence on GSI to assess the Respondent’s financial strength and provide assurance that GSI has the financial capacity to deliver the design and construction of the vessels in accordance with their pricing proposal and associated payment terms. KPMG reports no material concern with the Respondent’s financial strength and does not raise any financial related concerns that should preclude GSI as the preferred Respondent.
Reference Checks	<p>FHL conducted reference checks with three GSI clients to ascertain the quality, performance, capability and track record of delivery for the Respondent. Conversations with GSI clients (global ferry operators) detailed a well-established shipyard with exemplary capability to deliver RoPax vessels on time at a fixed price.</p> <p>FHL’s Shipbroker, BRS, completed site visits of completed GSI vessels to assess the quality of workmanship and provide assurance to FHL that reference vessels were of a standard that is acceptable and meets FHL’s requirements.</p>
Subject Matter Expert Assessment of Chinese Building Market	<p>FHL commissioned their technical and commercial advisors to provide a report on RoPax shipbuilding in China with a focus on:</p> <ul style="list-style-type: none"> • Design capability, • Supply chain, • Client list, • Quality and performance, and • Working with local shipyard on design and site supervision. <p>Advice received from FHL advisors details no material concern or reservation regarding the technical and commercial viability with contracting for RoPax vessels in China. Advice further details that both GSI and [REDACTED] [s9(2)(ba)(ii)],</p>

Activity	Findings
	can deliver high-quality vessels to specification, provided FHL maintains oversight and appropriate contractual protections.

Proactively Released by Ferry Holdings Limited