



Ferry Holdings Limited

Statement of Performance Expectations

5 March 2025 – 30 June 2026 (Updated)



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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.

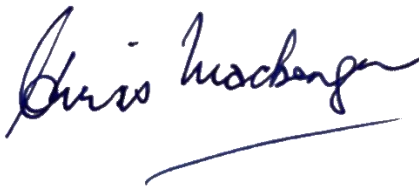
This updated SPE covers the period from 5 March 2025 to 30 June 2026 and reflects key decisions announced in November 2025 relating to the Cook Strait Ferry Replacement Programme. It includes updated information on expected outputs, with performance assessed against delivery of those outputs and the accompanying prospective financial statements.

The November 2025 decisions confirmed the transition of the Cook Strait Ferry Replacement Programme from planning to delivery. Shareholding Ministers approved the execution of the shipbuilding contracts, enabling Ferry Holdings to proceed with ship construction while continuing negotiations on port infrastructure. These decisions established the programme's delivery baseline, confirmed funding and governance settings, and underpin the prospective financial statements in this SPE.

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
April 2026



Heather Simpson
Deputy Chair
April 2026

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 are delivering-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 is being 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
- supporting considerations about future investment and operational delivery of the inter-island ferry service.

To deliver the work programme, Ferry Holdings is building its capability and resources. We are ensuring we have the right people 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	<p>Design and delivery of ships <i>In 2025, Ferry Holdings will complete a commercially robust procurement process for the design and build of two new ships.</i></p>	<p>Ferry Holdings will:</p> <ul style="list-style-type: none"> • Complete ferry specifications. • Complete procurement of the shipyard to build the ferries.
Portside Infrastructure	<p>Negotiation of arrangements for the port infrastructure, including rail and roading <i>In 2025, Ferry Holdings will focus on the activities necessary to conclude commercial arrangements with the ports and KiwiRail for the delivery of infrastructure.</i></p>	<p>Ferry Holdings will:</p> <ul style="list-style-type: none"> • Confirm portside, rail and roading infrastructure requirements. • Finalise commercial arrangements, including funding and ownership of the required assets.
Investment and Operations	<p>Defining future ferry investment and operational delivery <i>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.</i></p>	<p>Ferry Holdings will:</p> <ul style="list-style-type: none"> • 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	<p>Establishment and resourcing of Ferry Holdings <i>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.</i></p>	<p>Ferry Holdings will:</p> <ul style="list-style-type: none"> • Establish and support the Board to develop and implement 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 is measured by the completion of the milestones below.

Design and delivery of ships

In June 2025, Ferry Holdings completed a commercially robust procurement process for the design and build of two new ships. In November 2025, Ferry Holdings signed a contract with Guangzhou Shipyard International (GSI).

The new ferries are being designed in consultation with KiwiRail to safely transport passengers, cars, trucks and rail wagons across the Cook Strait. The new vessels will work to minimise carbon emissions and 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 are utilising the current infrastructure, where technically feasible and commercially viable to minimise additional cost. However, updated vessel and resilience requirements (including Safety of Life at Sea (SOLAS) compliance and sea level rise considerations) meant the existing linkspans could not be reused.
- **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 environmental impact.
- **Ship redundancy:** Designed to meet safe return to port requirements and

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:

- **Naval architects and marine engineers** supporting the technical design and oversight of the ships.
- **Maritime interior designers and architects** to complete the interior design of the ships to provide specialised advice in shipbuilding contracts.

Shipyard procurement

We have implemented a two-stage procurement process which was completed in 2025, this included:

- 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.
- completed ship contract negotiations with GSI.

- recommendation of the final ship contract arrangements with shareholding Ministers.

In 2025/2026 we are:

- Overseeing the shipbuilding contract management including:
 - reviewing and approving the required equipment and system manufacturers.
 - reviewing and approving the technical design.
 - developing the interior ship design.
 - implementing quality assurance processes across the design, build, and commissioning phases.
 - planning for the delivery of the ships to New Zealand and transition into service.

Development of ports infrastructure arrangements

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

Since the programme was established, the port infrastructure scope has been refined to reflect the vessel design. This included the decision to replace the existing linkspan to support safe and efficient operations at both terminals over the full 30-year life of the new vessels.

The Ports Infrastructure Workstream is focused on completing the activities required to conclude commercial arrangements with CentrePort Wellington, Port Marlborough, and KiwiRail for delivery of the infrastructure.

Our performance is measured by completion of the milestones below.

The infrastructure programme of work includes:

Infrastructure requirements

Ferry Holdings and our key partners CentrePort Wellington, Port Marlborough, and KiwiRail, are maximising reuse of existing port, rail, and roading infrastructure while meeting the requirements of the new vessels and upgrading infrastructure where needed.

The Ports Infrastructure Workstream is delivering the portside requirements to meet the operating needs of the new ferries ahead of their arrival in 2029.

This workstream is also assessing and mitigating the climate change and environmental impacts of the infrastructure upgrades.

Portside infrastructure

Detailed designs for the required port infrastructure are being finalised between our key partners.

The port-specific infrastructure requirements include:

- **CentrePort Wellington:**

In Wellington, the focus is on extending asset life and maximising reuse. This includes reconditioning the Aratere berth; reusing existing rail and road connections; constructing a new passenger walkway, a new dual-level linkspan, and partially rebuilding the approach ramps (to interface with the new linkspan); and strengthening, refurbishing, and extending the existing wharf to accommodate larger ships.

- **Port Marlborough:**

In Picton, the age and condition of the existing port mean new infrastructure is required. The upgrade includes:

- a new wharf and dual-level connection for rail and vehicle access to the ships;
- a new passenger walkway to access the ships; and
- targeted upgrades to the ferry terminal buildings in Wellington and Picton to keep them fit for purpose over the 30-year life of the new ferries, including an interim terminal in Wellington to support safe construction of the new linkspan and approach ramps.

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

Rail infrastructure

We are working with KiwiRail on the rail and other landside infrastructure required to operate the larger rail-enabled ferries. In Wellington, this will include modifications to the rail marshalling yards, and other related adjustments to vehicle operations.

In Picton, the anticipated works include modifications to the rail yards and network, and the construction of the Dublin Street Overbridge to ensure that the additional rail capacity of the larger ships does not impact Picton's broader transportation network. KiwiRail is also responsible for maintaining existing Interislander and rail services while the KiwiRail and ports infrastructure is being built.

Roading infrastructure

As part of this work programme, we are assessing the wider transport network impacts of larger ferries and how these impacts can be mitigated. This includes potential roading network improvements, for example signalisation at the exit from CentrePort Wellington into the Wellington roading network, and roading improvements in Picton, including a new road-over-rail bridge and improvements to Dublin Street.

This work programme is also considering 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 underway to deliver this workstream.

Ferry Holdings has a key programme leadership and integration role with oversight responsibilities for this work, including collaborative arrangements between the parties, monitoring arrangements, integrated master planning, interface management, 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

provides confidence to their respective Boards, shareholders, and other stakeholders.

Commercial arrangements

The final infrastructure requirements and delivery arrangements are being confirmed through commercial negotiations with CentrePort Wellington, Port Marlborough, and KiwiRail, and contractual agreements are being finalised.

These arrangements also address the funding and ownership of port infrastructure and KiwiRail assets, long-term leases and licencing arrangements, delivery oversight, and the governance assurance framework.

Ferry Holdings is working to deliver the best value for money through its commercial negotiations.

In 2025/2026 we are:

- supporting the Cook Strait Ferry Chief Executives' Group.
- confirming portside infrastructure requirements.

- negotiating multi-party commercial arrangements for the port infrastructure.
- overseeing the commencement of port infrastructure delivery.

Future options

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 are:

- supporting the Government to determine the key commercial considerations to take into account future options and assist in negotiating them with KiwiRail and the Ports, and
- negotiating and establishing 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 the 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 is vital to this process.

Ferry Holdings is continuing to foster constructive working relationships with key stakeholders, including KiwiRail, CentrePort Wellington, Port Marlborough, the Ministry of Transport, the New Zealand Transport Agency, The Treasury and iwi.

Engagement with the shareholding agencies and other partners

We are 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.

In 2025/2026 we are:

- implementing engagement plans and activities which strengthen our relationships with our shareholding Ministers, monitoring agency, partners and iwi.
- supporting partner engagement through the Cook Strait Ferry Chief Executives' Group and other programme working groups.

Revised Prospective Financial Statements

The prospective financial statements for the period from 5 March 2025 to 30 June 2026 have been prepared as revised prospective financial statements, updating those previously issued.

Principal changes from the previously issued prospective financial statements include:

- Inclusion of actual results to 28 February 2026;
- Updates to key assumptions underpinning forecast revenue, expenditure, capital expenditure (on both Ships and portside infrastructure), and Crown funding;
- Refinements to the timing and quantum of planned activities and associated costs.

As a result of these changes, the financial projections for the remaining forecast period have been revised. Accordingly, the previously issued prospective financial statements should no longer be relied upon for decision-making purposes.

The prospective financial statements should be read together with the accompanying notes, which provide further information on the key assumptions and basis of preparation underlying the prospective financial information.

Prospective Statement of Comprehensive Revenue and Expense

For the period from 5 March 2025 to 30 June 2026

	Note	2026 \$000
Revenue		
Grant Income	4a	162
Interest income on bank balance	4b	426
Interest income on concessionary loan receivable	4c	187
Total revenue		775
Expenses		
<i>Operational costs</i>		
Employee costs		3,466
Contractors		4,034
Other workforce-related costs		320
Consulting and professional fees		6,572
Legal fees		4,137
Board fees		537
Audit fees	6	370
Assurance fees	6	951
Travel & accommodation		524
Property occupancy		333
ICT expenses		294
Depreciation	4m	80
Amortisation	4n	6
Other operational costs		222
Sub total		21,846
Capitalised operational costs	4f	(12,869)
Net operating expenses		8,977
<i>Other expenses</i>		
Capital contribution to KiwiRail	4g	13,355
Concessionary loan receivable discount	4l	1,997
Total expenses		24,329
(Deficit) / surplus		(23,554)
Total comprehensive revenue and expense		(23,554)

Prospective Statement of Financial Position

As at 30 June 2026

	Note	2026 \$'000
Assets		
Current assets		
Cash and cash equivalents	4j	17,868
GST receivable (net)	4k	4,080
RWT receivable		73
Total current assets		22,021
Non-current assets		
Concessionary loan receivable	4l, 7	14,867
Property, plant and equipment	4m, 8	145,653
Intangible assets	4n, 9	6
Total non-current assets		160,526
Total assets		182,547
Liabilities		
Current liabilities		
Creditors and payables	4o	698
Employee entitlements	4p	121
Provisions and accruals	4q	782
Total current liabilities		1,601
Total liabilities		1,601
Net assets		180,946
Equity		
Share capital	4r	204,500
Current period earnings		(23,554)
Total equity		180,946

Prospective Statement of Changes in Equity

For the period from 5 March 2025 to 30 June 2026

	Opening Balance	Total Comprehensive Revenue and Expense: Surplus / (Deficit)	Capital Contributions	Closing Balance
	\$000	\$000	\$000	\$000
Share capital	-	-	204,500	204,500
Retained earnings	-	(23,554)	-	(23,554)
Total equity	-	(23,554)	204,500	180,946

Prospective Statement of Cash Flows

For the period from 5 March 2025 to 30 June 2026

	Note	2026 \$000
Cash flows from operating activities		
Receipts of capital grants		162
Receipts from interest (net of RWT)		353
Payments to employees		(1,621)
Payments to suppliers		(5,670)
GST (net)		(4,080)
Payment of capital grant to KiwiRail		(13,355)
Net cash used in operating activities		(24,211)
Cash flows from investing activities		
Purchase of property, plant and equipment		(145,733)
Purchase of intangible assets		(12)
Loans advanced		(16,676)
Net cash used in investing activities		(162,421)
Cash flows from financing activities		
Crown capital investment		204,500
Net cash from financing activities		204,500
Net increase/(decrease) in cash and cash equivalents		17,868
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period		17,868

Notes to the Prospective Financial Statements

1) Reporting Entity

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

The Company's primary objective is to lead the contractual negotiations with shipyards, ports, and any other parties required to ensure the delivery of safe, reliable and resilient inter-island services from 2029.

2) Statement of Compliance

The prospective financial statements have been prepared in accordance with the Crown Entities Act 2004, New Zealand Generally Accepted Accounting Practice (NZ GAAP), and Public Benefit Entity Accounting Standards – Tier 1 (PBE Standards – Tier 1), including Public Benefit Entity Financial Reporting Standard 42: *Prospective Financial Statements*.

3) Basis of preparation and measurement basis

The Board is responsible for the preparation and presentation of these prospective financial statements, including the appropriateness of the underlying assumptions and all related disclosures.

The prospective financial statements for the period from 5 March 2025 to 30 June 2026 were authorised for issue on the 25th March 2026 by the Board. They have been prepared in accordance with section 149G of the Crown Entities Act 2004 and PBE FRS 42: *Prospective Financial Statements* and are based on assumptions that the Board considers to be reasonable and supportable, reflecting the best information available at the time of preparation.

These prospective financial statements have been prepared using accounting policies and measurement bases consistent with those expected to be applied in the Company's historical financial statements. Historical cost is used as the primary measurement basis, except where Public Benefit Entity Standards require or permit alternative bases, such as fair value.

The statements are presented in New Zealand dollars (NZD), which is the Company's functional and presentation currency. All amounts are rounded to the nearest thousand dollars unless otherwise stated. Forecast transactions in foreign currencies have been translated into NZD using exchange rates considered reasonable at the time of preparation.

The prospective financial statements are based on assumptions about future events and conditions. Actual financial results are likely to differ from those presented, and the differences may be material. Users are cautioned not to rely on these statements for purposes other than providing insight into the Company's expected financial performance and position for the reporting period.

4) Significant Accounting Policies

The prospective financial statements have been prepared in accordance with PBE Standards – Tier 1. The accounting policies explain the basis of measurement, recognition, and presentation applied to the principal classes of transactions and balances included in these prospective financial statements.

a) Grant income

Grant income is treated as a non-exchange transaction and is recognised in the prospective Statement of Comprehensive Revenue and Expense when the Company is expected to obtain control of the funding, and any attached conditions are expected to be satisfied.

Where grant funding is subject to conditions requiring it to be used for a specified purpose, or returned if conditions are not met, the funding is initially recognised as a liability and released to revenue as the conditions are expected to be fulfilled.

Grant income is measured at the fair value of the funding expected to be received.

b) Interest income on bank balance

Interest income is recognised in the prospective Statement of Comprehensive Revenue and Expense as it is expected to accrue on bank account balances. Interest revenue is calculated on a proportionate basis based on forecast surplus cash balances throughout the period.

c) Interest income on concessionary loan receivable

Interest income on concessionary loan receivables is recognised in the prospective Statement of Comprehensive Revenue and Expense using the effective interest rate method, reflecting the market rate applied in determining the initial fair value of the concessionary loan receivable.

d) Expenditure

Expenditure is recognised in the prospective Statement of Comprehensive Revenue and Expense on an accrual basis, when the Company expects that a present obligation has arisen as a result of goods or services received.

e) Operating lease - premises

The Company is party to an operating lease as a lessee, and leases premises under operating lease arrangements. Lease payments are recognised as an expense in the prospective Statement of Comprehensive Revenue and Expense on a straight-line basis over the lease term, reflecting the expected pattern of benefits from the leased premises.

Future forecast commitments under non-cancellable operating leases for premises are disclosed in the Commitments note.

f) Capitalised operational costs

The Company capitalises all costs that are directly attributable to bringing assets to the location and condition necessary for it to be capable of operating in the manner intended by management. The

Company has identified several types of internal operating costs that meet the requirements of being directly attributable to the development of capital assets. These costs include, but are not limited to, employee benefit costs, travel costs, health and safety costs, building and computer equipment rentals.

Capitalised costs are initially recorded at cost and subsequently depreciated or amortised over the useful life of the related asset. Costs that do not meet the capitalisation criteria are expensed as incurred.

g) Capital contribution to KiwiRail

During the forecast period, the Company expects to make capital contributions to KiwiRail Limited to support its operational and investment activities associated with the Cook Strait Ferry Replacement Programme. Contributions are recognised as an expense in the prospective Statement of Comprehensive Revenue and Expense when the Company expects that a present obligation has arisen and the expenditure is probable.

Contributions are measured at the amount of cash expected to be transferred, and any conditions attached to the contribution are considered in determining the timing of expense recognition.

h) Current and non-current classification

In the prospective Statement of Financial Position, assets and liabilities are classified as current when they are expected to be realised, sold, or settled within 12 months of the reporting date. All other assets and liabilities are classified as non-current. This classification provides users with information about the timing of expected cash flows and obligations. Significant judgment may be required in determining the appropriate classification for certain items.

i) Income tax

The Company will apply to be classified as a public purpose Crown controlled company under section CW38B of the Income Tax Act 2007, and therefore become exempt from income tax. As a result, no provision for income tax has been recognised in these prospective financial statements.

j) Cash and cash equivalents

Cash and cash equivalents comprise deposits at call with banks, and other short-term, highly liquid investments readily convertible to cash.

k) Goods and services tax (GST)

The Company is registered for GST. All items in the prospective financial statements are exclusive of GST, except for debtors and creditors, which are stated inclusive of GST.

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

l) Concessionary loan receivable

Concessionary loan receivables are loans provided to third parties at below-market interest rates or terms.

Concessionary loan receivables are initially recognised at fair value, which is determined by discounting the contractual cash flows using a market rate of interest that would apply to a loan with similar terms and credit risk. Any directly attributable transaction costs are added to the initial carrying amount. The difference between the expected cash advanced and the initial fair value of the loan is recognised in the prospective Statement of Comprehensive Revenue and Expense as a 'Concessionary loan receivable discount'.

Subsequent to initial recognition, concessionary loan receivables are measured at amortised cost using the effective interest method. Interest income is recognised in the prospective Statement of Comprehensive Revenue and Expense based on the effective interest rate applied to the loan's carrying amount.

The concessionary loan receivables are assessed at each reporting date for impairment. Any impairment losses are recognised in surplus or deficit.

m) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and any forecast impairment losses.

The current asset classes include:

- Computer equipment
- Furniture and fittings
- Leasehold improvements

The Company expects to acquire additional asset classes in future periods, including vessels and portside infrastructure. The accounting policies outlined in this note will apply to these assets upon acquisition, ensuring consistent recognition, measurement, and reporting across all property, plant, and equipment asset classes in the prospective financial statements.

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 the Company 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.

An asset is capitalised if the purchase price is \$1,000 or more.

Subsequent Costs

Expenditure incurred after the initial recognition of property, plant and equipment is capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Company and the cost can be measured reliably.

All other subsequent expenditure, including the costs of routine maintenance and day-to-day servicing, is recognised as an expense in the prospective Statement of Comprehensive Revenue and Expense in the period in which it is incurred.

Disposals

Gains and losses on the disposal of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the asset at the date of disposal. Any resulting gain or loss is recognised in the prospective Statement of Comprehensive Revenue and Expense in the period in which the asset is sold or otherwise disposed of.

Construction in Progress

Construction in progress represents forecast capital expenditure on assets that are under development and not yet available for use. These costs are recognised at cost and presented as construction in progress within property, plant, and equipment.

No depreciation is recognised while the asset is under development. Once the asset is completed and available for its intended use, the accumulated costs are transferred to the appropriate property, plant, and equipment asset class, and depreciation commences in line with the Company's depreciation policy.

Construction in progress is assessed for impairment where indicators of potential loss exist and is carried at cost less any expected impairment losses.

Depreciation

Depreciation is recognised in the prospective Statement of Comprehensive Revenue and Expense to allocate the cost of property, plant, and equipment, less any estimated residual value, over the forecast useful life of the asset.

Depreciation is calculated using either the straight-line method or the diminishing value method, depending on the nature of the asset and the expected pattern of consumption of its future economic benefits or service potential. Under the straight-line method, depreciation is recognised evenly over the asset's forecast useful life. Under the diminishing value method, a constant depreciation rate is applied to the carrying amount of the asset at the beginning of each forecast period, resulting in higher depreciation charges in the earlier years and progressively lower charges in later years.

Depreciation commences when an asset is expected to be available for use, being when it is in the location and condition necessary for it to operate as intended by management.

Forecast useful lives, residual values, and depreciation methods are reviewed at least annually and adjusted where appropriate.

The estimated useful lives and depreciation methods for current major classes of assets are as follows:

Asset Class	Depreciation Method	Rate / Useful Life
Computer equipment	Diminishing Value	50%
Furniture and fittings	Diminishing Value	16%
Leasehold improvements	Straight-Line	4 years

Leasehold improvements are depreciated over the shorter of the unexpired lease term or the estimated useful life of the improvements.

Impairment

Property, plant and equipment with finite useful lives are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable during the forecast period. Where such indicators exist, the asset's recoverable amount is estimated. An impairment loss is recognised in the prospective Statement of Comprehensive Revenue and Expense when the carrying amount exceeds the recoverable amount.

The recoverable amount is the higher of fair value less costs to sell and value in use. Any previously recognised impairment loss is reversed if there is a change in the estimates used to determine the asset's recoverable amount, with the reversal recognised in the prospective Statement of Comprehensive Revenue and Expense.

For assets whose future economic benefits or service potential are not primarily dependent on generating net cash inflows, value in use is determined using a depreciated replacement cost approach, reflecting the cost the Company would incur to replace the remaining service potential of the asset.

n) Intangible assets

Intangible assets are recognised at cost when it is probable that the expected future economic benefits or service potential attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.

Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Intangible assets with finite useful lives are amortised over their estimated useful lives in a manner that reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed. Amortisation is calculated using the diminishing value method, whereby a constant amortisation rate is applied to the carrying amount of the asset at the beginning of each reporting period. This results in higher amortisation charges in the earlier years of the asset's life and progressively lower charges in later years.

Amortisation commences when the asset is available for use, being when it is in the location and condition necessary for it to operate as intended by management and ceases when the asset is derecognised.

Software

Software licences are capitalised on the basis of the costs incurred to acquire and bring the software into use. Expenditure on staff training and costs associated with maintaining software are recognised as expenses in the prospective period in which they are incurred.

Software licences are capitalised where the cost of the asset is \$1,000 or more.

The estimated useful lives and associated amortisation methods for major classes of intangible assets are as follows:

Asset Class	Amortisation Method	Rate / Useful Life
Software	Diminishing Value	50%

o) Creditors and payables

Creditors and payables are recognised for forecast amounts owed for goods and services received but not yet paid at the end of the prospective reporting period. Creditors and payables are generally expected to be settled within 30 days.

p) Employee entitlements

Employee benefits expected to be settled within 12 months of the forecast period in which the employee provides the related service are measured based on accrued entitlements at current rates of pay. This includes forecast salaries and wages and annual leave expected to be earned but not taken. No liability is recognised for sick leave.

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the prospective surplus or deficit as incurred.

q) Provisions and accruals

Provisions are recognised when the Company expects that a present obligation (legal or constructive) will arise from a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Accruals are recognised for forecast expenses relating to goods or services received but not yet paid at the end of the prospective reporting period.

Provisions and accruals are measured at the best estimate of the expenditure required to settle the obligation at the end of the forecast period. Expected future costs are discounted to present value where the effect is material.

r) Equity

Equity represents the residual interest in the assets of the Company after deducting liabilities. It consists of the following components:

- Contributed Capital – Capital invested by the Crown.
- Accumulated Surplus/(Deficit) – The cumulative surplus of the Company, being the excess of revenue over expenditure recognised in the prospective Statement of Comprehensive Revenue and Expense.

Changes in equity arise from forecast surplus or deficit for the period and capital contributions.

Equity transactions with owners, such as capital contributions, are recognised directly in equity and are not included in the prospective Statement of Comprehensive Revenue and Expense.

The Company expects to receive capital contributions from its shareholder (the Crown) to fund forecast operations and investment activities during the forecast period.

s) Foreign currency transactions

Forecast transactions denominated in foreign currencies are translated into the Company's functional currency (New Zealand dollars) using exchange rates considered reasonable at the time of preparation.

Monetary assets and liabilities expected to be held in foreign currencies are translated at forecast exchange rates. Non-monetary assets and liabilities measured at historical cost in a foreign currency are translated using the exchange rate expected at the date of the transaction.

Foreign exchange gains and losses arising from the settlement of forecast foreign currency transactions, or from the translation of monetary assets and liabilities, are recognised in the prospective Statement of Comprehensive Revenue and Expense in the period in which they are expected to occur.

t) Forward foreign exchange contracts

The Company enters into forward foreign exchange contracts to manage exposure to fluctuations in foreign currency exchange rates arising from forecast transactions.

These contracts are derivative financial instruments. In these prospective financial statements, the initial fair value of forward contracts and subsequent fair value movements have not been recognised. The focus is on the notional amounts, currencies, and settlement dates of contracts.

u) Cash flows

The prospective Statement of Cash Flows reports forecast cash flows from operating, investing, and financing activities and is prepared on a direct basis.

The prospective Statement of Cash Flows is presented exclusive of GST, consistent with the basis used in the prospective Statement of Comprehensive Revenue and Expense.

v) Commitments

Commitments represent forecast contractual obligations for future expenditure that are not recognised as liabilities in the prospective Statement of Financial Position. These include commitments for capital expenditure, operating leases, and other contractual arrangements.

Commitments are disclosed at their total contractual amount. Non-cancellable commitments are included at full value, while cancellable commitments are disclosed only if they are likely to be exercised. Commitments are not discounted to present value unless the effect is considered material. The Company reviews its commitments regularly to reflect changes in forecast contractual arrangements.

5) Use of judgements, estimates and assumptions

The preparation of the prospective financial statements requires management to make judgements, estimates, and assumptions about the future. These affect the reported amounts of assets, liabilities, income, and expenditure, and the disclosures made. Key areas are outlined below:

a) Significant judgements

- Capitalisation of project-related operational costs as Construction in Progress within property, plant, and equipment.
- Determining that interim funding provided to third parties for port infrastructure assets is appropriately classified as a concessionary loan receivable.
- Hedge accounting for forward foreign exchange contracts has not been applied.
- Assessment of commitments and contingent assets and liabilities to determine whether disclosure is required.

b) Key estimates and assumptions

- Property, plant, and equipment – estimated useful lives and residual values.
- Grant income – assumed receipt from NZ Transport Agency (via Marlborough District Council) for the Dublin Street Overbridge in Picton.
- Concessionary loan receivable – assumed market interest rate, and timing of advances and repayments
- Crown funding – based on executed Share Subscription Agreements and drawdowns aligned with forecast programme expenditure.
- Interest income – dependent on prevailing bank deposit rates and projected cash balances.
- Construction in Progress – forecast expenditure based on:
 - Ships – milestone payment schedules under ship build contracts.
 - Infrastructure – most recent development forecasts.

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 and, if applicable, in future periods affected.

6) Audit fees and assurance fees

Audit fees and assurance fees recognised in the prospective Statement of Comprehensive Revenue and Expense comprise the following:

	2026 \$000
Audit fees	
External audit of the financial statements	330
Internal audit services	40
Total audit fees	370
Assurance fees	
Other assurance and advisory services	951
Total assurance fees	951

The external auditor of the Company is the Auditor-General, who has appointed Audit New Zealand to carry out the audit of the prospective financial statements on their behalf.

Internal audit services relate to independent assurance and advisory activities that support the evaluation and improvement of the Company's risk management, internal control, and governance processes.

Other assurance services relate to specialist assurance or advisory work that is separate from both the statutory external audit and the internal audit programme.

7) Concessionary loan receivable

The concessionary loan receivable represents funding provided to third parties to support the Cook Strait Ferry Replacement Programme. These loans aim to minimise overall costs to the Crown by providing interim funding for the delivery of port infrastructure assets.

Key Term	Assumption
Interest rate	0% per annum (Market rate of 5.75%)
Term	Up to 2.5 years, with principal repayments due 1 July 2028
Measurement	The carrying amount reflects the present value of expected future cash flows discounted at the market rate.
Accounting treatment	Any difference between the cash advanced and the discounted fair value is recognised as a concessionary loan receivable discount. Interest income is recognised using the effective interest method.
Risks / uncertainties	Actual repayments and interest may differ from assumptions used in these prospective statements.

To determine the initial fair value of the concessionary loan receivables issued, a market effective interest rate of 5.75% was applied to discount the contractual cash flow (principal only) back to

present value. The rate applied is the same that would be used in the market for a loan of identical terms and counterparty risks.

8) Property, plant and equipment

	Computer equipment	Furniture and fittings	Leasehold improvements	Construction in Progress (CIP)	Total
	\$000	\$000	\$000	\$000	\$000
Cost					
Balance at 5 March 2025	-	-	-	-	-
Additions	174	191	342	145,026	145,733
Balance at 30 June 2026	174	191	342	145,026	145,733
Accumulated depreciation					
Balance at 5 March 2025	-	-	-	-	-
Depreciation	(49)	(6)	(25)	-	(80)
Balance at 30 June 2026	(49)	(6)	(25)	-	(80)
Net carrying amount					
At 5 March 2025	-	-	-	-	-
At 30 June 2026	125	185	317	145,026	145,653

Construction in progress includes costs incurred for the build of ships and development of port infrastructure that are intended to be capitalised as assets of the Company once completed and ready for use.

9) Intangible assets

	Software	Total
	\$000	\$000
Cost		
Balance at 5 March 2025	-	-
Additions	12	12
Balance at 30 June 2026	12	12
Accumulated amortisation		
Balance at 5 March 2025	-	-
Amortisation	(6)	(6)
Balance at 30 June 2026	(6)	(6)
Net carrying amount		
At 5 March 2025	-	-
At 30 June 2026	6	6

10) Forward foreign exchange contracts

The Company enters into forward foreign exchange contracts to manage exposure to fluctuations in foreign currency exchange rates arising from forecast transactions. Hedge accounting has not been applied, and no fair value has been recognised for these contracts for the purpose of these prospective financial statements.

The notional amounts, currencies, and settlement dates of the contracts at 30 June 2026 are summarised below:

Currency	Total Notional Amount (\$'000)	Weighted Average Contract Rate	Settlement Period
USD	\$205,800	0.5874	Mar 27 to Dec 29

Note: The contracts are used to reduce the risk of foreign currency fluctuations on anticipated payments and are not held for speculative purposes.

11) Commitments

The table below summarises the Company's forecast commitments by type and the period in which they are expected to be settled.

Period	Operating Leases \$'000	Capital Expenditure \$'000	Other Commitments \$'000	Total Commitments \$'000
Less than 1 year	229	29,793	50,394	80,416
1–2 years	229	119,172	37,018	156,419
2–5 years	163	208,551	777	209,491
More than 5 years	-	178,758	-	178,758
Total	621	536,274	88,189	625,084

Notes:

- Operating lease commitments include non-cancellable lease payments for office premises.
- Capital expenditure commitments relate to the milestone payments of the ship build contracts.
- Other commitments include forecast contractual obligations for Capital Contributions to KiwiRail.

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