Ferry Holdings

Cook Strait Ferry Replacement Programme

Ministerial Announcement, Parliament Buildings

Embargoed: 12.30 PM, Friday 17 July 2026

Port Marlborough

CentrePort Wellington

KiwiRail

GSI 广船国际

Te Tai Ōhanga The Treasury

Ministry for Cities, Environment, Regions & Transport

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Programme overview

The Government's Cook Strait Ferry Replacement Programme is being led by Ferry Holdings and is one of New Zealand's most strategically important infrastructure investments.

Connecting the North and South Islands, the ferry service provides a critical link for the movement of passengers, vehicles, freight and rail.

The existing Interislander ferry fleet and associated ports infrastructure are ageing. This is increasing maintenance requirements and creating resilience challenges. Without replacement, operational and reliability risks could threaten continuity of the service.

Ferry Holdings is a Government-owned company and is partnering with CentrePort, Port Marlborough and KiwiRail to deliver the new ferries and supporting infrastructure. The new ships are being built in China by Guangzhou Shipyard International (GSI).

The programme's focus is on delivering a safe and reliable inter-island maritime route, strengthening national freight and supply chain connectivity. The new, rail-enabled ferry services will improve network resilience and bring long-term value for New Zealand.

Benefits will include improved freight and passenger capacity and a fit-for-purpose Cook Strait connection capable of supporting the country's transport, economic and regional development needs for decades to come.

Port infrastructure upgrades at both Picton and Wellington are adopting a "maximum re-use, minimum viable" value-for-money approach and will deliver only what is needed to enable the new ships to begin operating safely and reliably.

Infrastructure at both ports is on track to be ready in time for the ferries to enter service in 2029. Construction of the first ship is scheduled to begin in May 2027.

The programme is operating within a Government-approved $1.704 billion funding envelope, excluding delivery partner contributions of $220 million. Delivery partner contributions are formally announced today, having previously been estimated.

Our shareholding Ministers are the Minister for Rail, Minister of Finance and Minister of Transport. For more information on the Cook Strait Ferry Replacement Programme, please visit www.ferryholdings.co.nz

Commercial Arrangements Summary

Ferry Holdings has signed a suite of commercial arrangements covering infrastructure delivery, asset ownership and ongoing use with programme partners – CentrePort, Port Marlborough and KiwiRail. The suite of arrangements reflects the nature of the programme and the delivery model established by the Government.

Under the arrangements:

- The port companies will deliver the port works, and KiwiRail will deliver the road and rail works. Ferry Holdings is the primary funder of the infrastructure works and will oversee delivery, manage interfaces and support programme partners.
- Ferry Holdings, on behalf of the Crown, will own the ships and infrastructure assets funded by the Government. The arrangements include provisions so these assets can be transferred to a Crown-owned entity after completion of the project.
- The port companies and our partners are expected to contribute $220 million towards the programme. $110 million from Port Marlborough and $100 million from CentrePort. CentrePort will own the assets it funds. A special purpose vehicle will hold assets jointly funded by Ferry Holdings and Port Marlborough in proportion to their contributions. These arrangements mean the ports and taxpayers garner a return from infrastructure assets they fund
- KiwiRail's Interislander business will use the ships and port assets owned by Ferry Holdings and the port companies through charter and lease arrangements. In return, KiwiRail will pay port fees to the port companies at commercial rates and pay Ferry Holdings a return on the Government's investment to the Interislander business. KiwiRail is expected to reserve funds to purchase new ferries by 2059. KiwiRail is responsible for ensuring the operational readiness of the new ships. Operator arrangements will be reviewed after ten years (2039).

Infrastructure Delivery Arrangements

The infrastructure delivery arrangements outline the scope of the infrastructure works, and establish how the works will be funded, designed, delivered and coordinated across Ferry Holdings, the port companies, KiwiRail and construction contractors.

The core arrangements are:

1. **Development Agreements** - Separate agreements with CentrePort, Port Marlborough and KiwiRail govern the delivery of infrastructure works. Ferry Holdings is responsible for programme oversight while the port companies will deliver port infrastructure, and KiwiRail will deliver necessary road and rail works. Ferry Holdings is the primary funder, with capped contributions from programme partners. The port companies and KiwiRail are responsible for design, consenting, procurement and construction within their respective scopes. Ferry Holdings has assumed additional responsibility and assisted partners through these development stages.

2. **Tripartite Co-working Agreements** - A tripartite co-working agreement applies at each port between Ferry Holdings, the relevant port company and KiwiRail. They specify how programme partners will coordinate design and construction, including managing interfaces, aligning designs, coordinating work programmes and maintaining operations.

3. **Main Works Construction Contracts** – Enabling Agreements are in place and further arrangements for Main Works Construction contracts are being progressed with HEB Construction Limited to deliver infrastructure works at Port Marlborough and with Brian Perry Civil to deliver infrastructure works at CentrePort.

Additional agreements cover individual components of the infrastructure build:

1. **Dublin Street Overbridge Works Delivery Agreement** - Ferry Holdings and New Zealand Transport Agency via Marlborough District Council are providing funding. KiwiRail will deliver the Dublin Street overbridge works. The overbridge will be owned by Marlborough District Council. Early set up for the work begins before the end of 2026, with bridge construction expected to start in the first quarter of 2027.

2. **Linkspan Supply Agreements** - The agreements provide for the design, manufacture, supply, and supervision of installation and commissioning of the linkspans.

Asset ownership and ongoing use arrangements

These arrangements establish the framework for the ownership of port infrastructure following completion of the build in 2029 and specify how the ships and port infrastructure will be made available to KiwiRail as the ferry operator.

The arrangements are linked to the infrastructure delivery arrangements and are necessary to provide partners with the long-term certainty needed to support their investment decisions.

1. **Asset Special Purpose Vehicle (SPV) -** An SPV is being established to hold the main wharf and associated marine infrastructure assets that are jointly funded by Ferry Holdings and Port Marlborough. A concession agreement enables Port Marlborough to use, operate and maintain these assets as the port operator. The concession will run for 60 years from the commencement of the Marine Asset Lease.
2. **Interim Agreements to Marine Asset Leases -** The agreements will make the port companies and the Asset SPV's marine assets available to KiwiRail. KiwiRail will pay port fees to CentrePort and Port Marlborough for the use of the assets. The Wellington Marine Asset Lease will run for 30 years, while the Picton lease may run for up to 60 years through an initial 30-year term and a further 30-year renewal.
3. **Ships Charter Agreement Terms Sheet -** The agreement enables KiwiRail to lease the two new ships, which will be owned by Ferry Holdings (or equivalent enduring Crown entity after project completion). The charter for each ship will run for 30 years from the date the ship enters revenue service in 2029.
4. **Specialist Asset Leases Agreement Terms Sheet -** The agreement enables KiwiRail to lease infrastructure assets owned by Ferry Holdings for the life of the new ships. The agreement will run for an initial 30-year term aligned with the operating life of the new ships.
5. **Crown Returns Agreement Terms Sheet -** The agreement specifies that KiwiRail will pay a return on the Government's investment to the extent that it is affordable to the Interislander business.

Ships Programme Update

The design and development of the two new 200-metre rail-enabled ferries is progressing in line with agreed cost and schedule. The vessels remain on track to arrive in New Zealand and enter service in 2029. The work programme to deliver the ships remain on schedule.

Ferry Holdings and the shipyard have progressed the ships' design, including the selection of the makers of ship's equipment and systems, the technical arrangements and the design of the interiors.

The design is approved by Ferry Holdings in consultation with KiwiRail to optimise whole-of-life cost, safety and operational performance.

Detailed ship design including the interiors is expected to be to be completed by the end of 2026 in time for construction to begin in May 2027.

Upcoming milestones

- October 2026 – Ships' technical detailed design complete
- December 2026 – Interior design complete
- February 2027 – On-site supervision team from FHL in place at the shipyard
- May 2027 – Steel cutting for the first ship[1]
- November 2027 – Steel cutting for the second ship.

In parallel, Ferry Holdings and KiwiRail are working closely to ensure a safe and reliable transition to the new fleet when it enters service in 2029.

[1] In shipbuilding, steel cutting is considered the first major production milestone of a new vessel. It refers to the stage where steel plates and profiles are cut into the specific shapes and sizes required for the ship's structure based on approved design drawings.

Infrastructure Programme Update

The infrastructure required to support the new rail-enabled ferries is taking a maximum reuse, minimum viable approach and the port upgrades remain on track to accommodate the new ferries when they enter service in 2029.

Ferry Holdings has been working with CentrePort, Port Marlborough and KiwiRail to finalise the scope, advance the detailed design of the port infrastructure and negotiate commercial arrangements.

The main works construction contractor has been secured for Picton, and negotiations are advanced for Wellington. In May 2026, Marlborough District councillors voted unanimously to approve a $110m loan to Port Marlborough to contribute towards the Cook Strait Ferry Replacement Programme. The arrangement is being structured to ensure it is delivered at no cost to ratepayers.

Early construction work is underway at both ports, including demolition, transition activities and mobilisation of critical materials and equipment.

A ship-to-shore linkspan[2] solution for rail and vehicles common to both ports has been developed and a letter of intent has been signed with a preferred linkspan supplier, prior to entering a formal contract. Work is also underway to procure the primary berth piling in Picton and the wharf extension in Wellington.

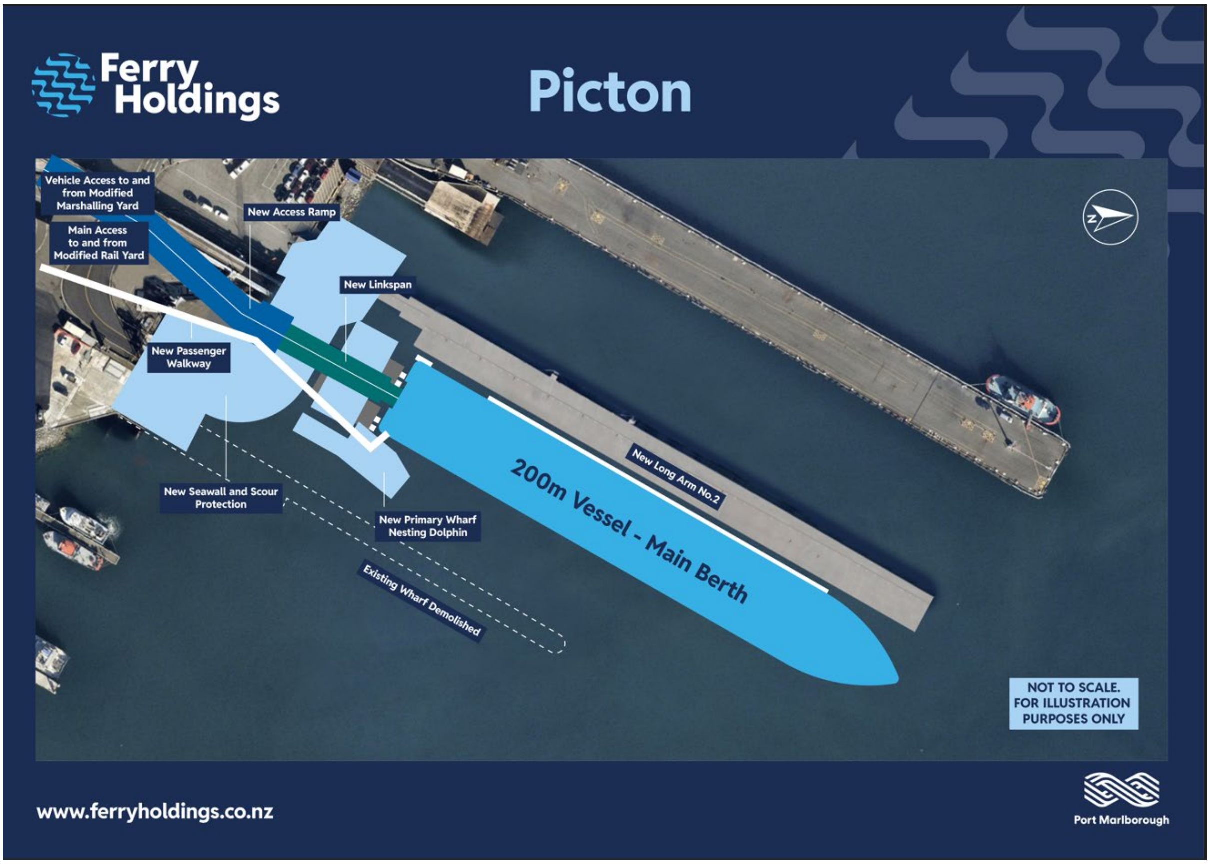
Ferry Holdings has negotiated commercial arrangements with the port companies and KiwiRail for the delivery of infrastructure works and the ongoing use of the assets by KiwiRail at the completion of the project. The agreements reflect the Government's investment and also establish the basis for a return on that investment from KiwiRail's operation of the Interislander business.

Commercial contracts between the partners were signed on 30 June 2026 and approved by shareholding Ministers in July 2026, meeting our work programme timeline.

[2] The function of linkspans is to level the height difference between the quay and the cargo deck of the vessel to provide smoother, safer and faster access for loading and unloading. Linkspans act as a bridge linking ship to shore, providing the access way for transferring cargo and passengers on and off vessels in port.

Port Marlborough Infrastructure Work Programme

Port Marlborough and Ferry Holdings are investing in new infrastructure to support the next generation of ferries and ensure safe, reliable, and efficient operations for passengers and freight. These upgrades are replacing ageing infrastructure, improving connectivity, and allowing ferry and port operations to continue smoothly during construction.



Key works include:

- **Replacing end-of-life infrastructure:** Some of Port Marlborough's existing infrastructure has reached the end of its service life and needs to be replaced. To support the arrival of new ferries, the port will construct a new wharf, a new linkspan, a vehicle access bridge, and a passenger walkway.
- **Defined scope of works:** Port Marlborough has developed concept designs, and the scope of work is well defined for this stage of development. Details such as the final location of the linkspan will be refined through ongoing design work.

- **Transition infrastructure during construction:** Temporary infrastructure will be put in place to ensure the Interislander and other port activities can continue during the build whilst ensuring efficient operations. Only the minimum level of transition infrastructure needed to maintain operations will be delivered.

Port Marlborough is partnering with KiwiRail and other stakeholders to design infrastructure solutions that support efficient ferry operations and help future-proof the port for regional growth.

For more information on the Port Marlborough component of the programme:

https://portmarlborough.co.nz/waitohi-ferry-redevelopment-project/

CentrePort Rail Ferry Terminal Infrastructure Work

CentrePort and Ferry Holdings are upgrading Wellington’s port infrastructure at Kaiwharawhara to support future ferry services, balancing the reuse of existing assets with new construction to ensure safe, efficient, and future-ready operations.

These upgrades will enable CentrePort to accommodate the new ships, which will improve passenger and freight connections for ferries, and support the operator’s long-term growth—while working to minimise disruption to existing ferry activities.

- CentrePort is responsible for delivering the marine infrastructure required at Kaiwharawhara. This includes:
    - Upgrading and reconfiguring the existing wharf infrastructure.
    - Installing a new linkspan and associated access bridge.
    - Supporting the wider programme through technical input.
- The work focuses on maximum reuse of existing infrastructure, while ensuring that what is delivered is fit for purpose for at least the next 30 years.

For more information on the CentrePort work programme please visit: https://www.wlgferryinfrastructure.co.nz

KiwiRail Infrastructure Work Programme

KiwiRail and Ferry Holdings are investing in modest infrastructure upgrades to enable seamless integration of new ferry services and enhance operational efficiency across the Wellington and Picton terminals.

These improvements will reduce local traffic congestion, support more efficient freight and passenger movement, and ensure long-term resilience of New Zealand's inter-island transport network.

Key works include:

- Rail overbridge at Dublin Street, Picton: This improves safety and strengthens connections between Waitohi Picton's main centre and port side of town.
- Rail and road operation adjustments in Wellington and Picton: Modest but essential improvements to support rail and road operations linked to new ferry services.

KiwiRail will coordinate the delivery of their infrastructure projects to ensure seamless integration and timely completion of all works by 2029.

KiwiRail is working with its key partners to deliver land-based infrastructure to meet today's operational demands but also lay the foundation for sustainable, long-term growth.

Ferry Holdings is working with KiwiRail and Interislander through the design assurance process to plan for the arrival of the ships in New Zealand and to ensure a smooth transition to the new fleet in 2029.

For more information on the detailed KiwiRail programme please visit https://www.kiwirail.co.nz/our-business/interislander/cook-strait-ferry-replacement-programme/

Roles and responsibilities of programme partners

Ferry Holdings works in partnership with KiwiRail, CentrePort, and Port Marlborough to deliver new ferries and port facilities for Cook Strait. We also work closely with the Treasury.

CentrePort and Port Marlborough are delivering the required infrastructure to enable the transition to the new ferries.

KiwiRail is providing rail and customer experience expertise across the project. It will be making some changes to existing terminal rail and vehicle yards to align them with the ports' infrastructure upgrades and is building a new road bridge over the rail line at Dublin Street in Picton to remove a level crossing.

NZTA enables safe and efficient access to ferry terminals by managing state highways and delivering key infrastructure like the Picton State Highway Improvements project.

Pictured at the formal signing of the commercial arrangements between Cook Strait Ferry Replacement Programme partners are, from left, Anthony Delaney, Chief Executive, CentrePort; Sandip Ranchhod, Chief Executive, Ferry Holdings; Rhys Welbourn, Chief Executive, Port Marlborough and Dave Gordon, Chief Metro and Capital Programme Officer, KiwiRail

Financial Information

The taxpayer contribution remains $1.704 billion as announced in November 2025. The update reflects evolution of design on the new Wellington linkspan and savings in Picton and more certain cost estimates as the programme has moved into delivery.

Cook Strait Ferry Replacement Programme	Estimated Costs $m
Ship contracts	596
All Picton works	493
All Wellington works	409
Programme management and total contingencies	426
Total	**1,924**

The estimated cost of delivering the new ferries and port infrastructure upgrades is $1.924 billion. Overall programme contingency is approximately 20% and the programme is funded to P85 levels.

This includes Government-approved $1.704 billion funding, alongside a further $220 million in third-party contributions from CentrePort ($100 million), Port Marlborough ($110 million) and NZTA ($10 million).

The ship contracts value reflects the US dollar fixed price for the ships translated to NZ dollars at the average of current USD hedges and forecast exchange rate for the unhedged portion.

Picton and Wellington works are all infrastructure works at the port locations delivered by the relevant port company and KiwiRail. This value excludes contingencies and any Ferry Holdings’ project management and assurance costs.

Programme management and total contingencies include:

- Ferry Holdings’ cost of project management, assurance and company operational costs
- Direct ship delivery related costs (e.g. design, shipyard supervision, broker fees and equipment supplied by Ferry Holdings) not included in the ship contract
- All programme contingencies covering infrastructure and ships projects.

Media resources and contacts

https://www.ferryholdings.co.nz/downloadable-assets/

- **Rt Hon Winston Peters, Minister for Rail**
  Media contact: John Tulloch: 021 868 943

- **Chris Mackenzie, Chair, Ferry Holdings**
  Media contact: Pete Fitzjohn: 020 476 7446

- **Anthony Delaney, Chief Executive, CentrePort**
  Media contact: Andree Kai Fong: 021 824 579

- **Rhys Welbourn, Chief Executive, Port Marlborough**
  Media contact: Connie Smith: 027 404 6135

- **Peter Reidy, Chief Executive, KiwiRail**
  Media contact: Caitlin Cherry: 04 498 2038

Media Statement – Ferry Holdings Limited

Embargoed until 12.30 PM, 17 July 2026

Ferry Holdings welcomes today's Government announcement about progress of the Cook Strait Ferry Replacement Programme.

"Shareholding Ministers' approval of a range of infrastructure delivery, funding, asset ownership and commercial arrangements is a welcome endorsement of the huge collaborative effort by all partner agencies to get to this point," said Chris Mackenzie, Chair of Ferry Holdings.

"It's exciting for everyone involved that we're now officially heading into the delivery phase of the programme as major works get underway at both ports and we enter the final stages of the ships' design before construction begins in May 2027."

Mr Mackenzie reiterated that Ferry Holdings and its partners remain sharply focused on delivering the rail-enabled ferries on schedule in 2029 and within the $1.7 billion funding envelope approved by Cabinet, using a maximum re-use, minimum viable value-for-money approach to port upgrades.

"The new rail-enabled ships are a landmark investment in inter-island connectivity and will bring resilience, reliability and sustainability to one of New Zealand's most important transport corridors and one of its iconic journeys," he said.

"We look forward to continuing to work closely with our partners to deliver modern, safe, reliable and sustainable ferry services for New Zealand in 2029."

Ends

For media enquiries:
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Cook Strait Ferry Replacement Programme

Ships Fast Facts

Ships comparison data

What	Current ferries	New Ro-Pax ferries (each ferry)
Rail freight (wagons)	Nil	Max 40 wagons
Lane meters	Kaitaki: 1,780 metres Kaiārahi: 1,800 metres Both: 3,580 metres	1,606 metres (with 40 wagons) 2,800 metres (no wagons) Both: 5,600 metres (no wagons)
Passengers	1,000 & 550 per ship 1,550 both ships	1,530 per ship 3,060 for two ships
Ships size	Kaitaki: 182 metres long and 23 metres wide. Kaiārahi: 180 metres long and 25 metres wide.	200 metres long and 28 metres wide. (Each ship is identical)
Decks	Kaitaki: Three passenger, and two vehicle decks and one hoistable deck (for cars only) Kaiārahi: two passenger, and two vehicle decks.	Three passenger decks Two decks for freight, rail and cars and one hoistable deck (for cars only)

- The two new ferries will boost freight lane metres by 44%, accommodate both road and rail, and provide 63% more passenger space.

Advanced hybrid propulsion and enhanced ship control systems

- The new Cook Strait ferries use a diesel-electric hybrid system. They are fitted with engines that can use diesel or biofuel to generate electricity for main propulsion and onboard services, but they also have electric batteries to store energy and to supplement power for the ships.
- The ferries can easily switch between using diesel and electric power. This helps them use less fuel, reduce emissions and keep running smoothly, even in rough sea conditions. The batteries provide additional redundancy with a spinning reserve.
- The ships have special steering units called azimuth thrusters. These can turn in any direction, making the ships easy to control and allowing them to dock quickly and safely. The propulsion system and bow thrusters have been specified to be capable of crabbing[3] the ship in 40 knot winds. The thrusters reduce vibrations and underwater radiated noise.
- The hulls and propulsion systems are optimised to minimise wake energy, protecting shorelines and sensitive marine environments. Additionally, the ferries comply with international maritime standards for emissions, ballast water management, and noise control.

International safety standards compliance

- The vessels are designed to comply with the latest international safety standards with multiple layers of redundancy built into critical systems.
- In the event of a maritime incident, the ships are designed to Safe Return to Port rules and equipped with fit-for-purpose, robust safety and operational systems designed to remain fully functional.
- These key systems - including power and propulsion, navigation, communications, fire safety, watertight controls, and critical monitoring - ensure the vessel can continue safe operations for up to 12 hours and safely return to port at reduced speed, even in severe weather conditions.

[3] "Crab the ship" refers to a manoeuvre where the vessel is intentionally angled or steered slightly sideways relative to its forward motion to compensate for external forces like wind or current. This technique is commonly used in ferry operations when:

- Docking or berthing: Ferries often need to approach a wharf in strong crosswinds or tidal currents. By "crabbing," the captain keeps the vessel's actual track aligned with the dock while the bow points slightly into the wind or current.

Carbon emissions

- The new Cook Strait ferries are built to reduce carbon emissions over their 30-year lifespan and are designed for increasing the use of batteries and shifting to more sustainable fuels.

Pictured at the new Interislander ferries contract signing ceremony in Guangzhou, China in November 2025, back row, Rt. Hon. Winston Peters, Minister for Rail, Peng Yuanpu, Vice President, CSSC, front row, Lu Xinwei, Vice General Manager, CSTC, Chris Mackenzie, Chair, Ferry Holdings, William Zhou, President, GSI

Guangzhou Shipyard International (GSI)

Guangzhou Shipyard International (GSI) is a leading shipbuilder with a strong international reputation for quality and innovation. Key strengths include:

1. **Extensive experience:** GSI has delivered quality Ro-Pax vessels for major European ferry operators and government clients, with seven new ships scheduled through 2029.
2. **Comprehensive in-house capabilities:** All stages of shipbuilding are managed in-house, supported by a dedicated team of over 1,500 engineers and flexibility to work with external designers as needed.
3. **Advanced design, engineering and production facilities** GSI offers advanced steel production, laser cutting, large dry docks for multiple ferries, and extensive fit-out quays. Their facilities enable efficient, high-quality production, with most major construction completed on-site.
4. **Structured project management:** GSI uses structured project management and clear procurement planning to ensure timely delivery.
5. **Quality, compliance, and innovation:** Accredited for quality, occupational health and safety, and environmental management, GSI upholds strict standards for subcontractors.
6. **Crew training and aftercare:** GSI provides comprehensive pre-delivery crew training and onboard maintenance support during the warranty period for technical assistance.