

Rt Hon Winston Peters

Deputy Prime Minister

Minister of Foreign Affairs

Minister for Racing

Minister for Rail



Dom Kalasih
dom@transporting.nz

Dear Dom

Thank you for your letter of 1 May 2025 regarding the retirement of the Aratere. We appreciate Transporting New Zealand's acknowledgement of the importance of rail-enabled ferries on the Cook Strait.

This response can be shared with your members.

Our approach: rail ferries and straightforward infrastructure

The Government will provide value for money to taxpayers. iReX costs exploded between 2021 and 2023 and saw the Treasury advise the previous Government that this project was on track to reach \$4 billion. This was far beyond the \$400 million taxpayer contribution planned when we had responsibility in 2020, when ports and KiwiRail were to commercially fund the \$1 billion balance. A major driver of this was unreasonable scope additions when they should have focussed on lowest investment for maximum return. We have resumed a focus on lowest cost delivery and will save the taxpayer billions. Your members can read more about this here: [Rail ferries and straightforward infrastructure | Beehive.govt.nz](#)

Minimising the infrastructure costs is to make use of existing infrastructure. Unlike iReX, the existing yards and terminal buildings will remain largely unchanged as the large-scale overhaul under iReX, assumed at your cost, was wholly unreasonable.

This brings our focus primarily to marine infrastructure:

- In Wellington, this means modification to the existing Aratere berth for the next 30 years. This saves the taxpayer materially compared with building new infrastructure. We note that road-only ferries required new marine infrastructure in Wellington, and would have been more expensive. We cannot dock the Aratere while working on its berth, so it needed to make way.
- In Picton, we will build a new dual-level linkspan with the upper level being a dual lane carriageway for faster loading and offloading of road and rail freight for the next 60 years. The existing infrastructure requires demolition. There is approximately 200 metres of useful deep water in Picton. This space serves cruise ships, Bluebridge, the Aratere berth, and then the shared Kaitaki and Kaiārahi berth. Something must give way to the future, and selecting Aratere means minimal disruption and minimal rail and road yard reconfiguration as we are connecting new infrastructure into existing yards.

Had we taken an iReX approach, where costs were always welcomed, then we would have disrupted Bluebridge and all three Interislander vessel operations. iReX planned to build a temporary wharf and shuffle existing operations, then demolish the existing Aratere wharf, then build a new one, then demolish the temporary wharf and write that investment into history. This would have invited at least \$120 million in taxpayer cost and added considerable complication to the timeline.

Your members would not take such an investment decision with their own money. We will not waste one taxpayer dollar, or risk delaying new ferries from arriving in 2029.

Transporting New Zealand's requested information

Please find attached the timeline for major decisions on ship procurement and infrastructure.

Ferry Holdings is in commercial tender discussions with six shipyards who are competing on price and quality. Ferry Holdings will sign a contract later this year and we will announce the winning shipyard. However, the facts are already known on the important points. All shipyards are in this tender process because they have confirmed they can deliver ferries by 2029 of the size and capacity announced on 31 March. These specifications are also attached.

You have also sought an assurance that proceeding with rail-enabled vessels as opposed to rail-compatible vessels is not delaying procurement or escalating the cost of the ferries. Yes, you can be assured of this. It was stated on 31 March that rail ferries is cheaper than road-only ferries, given new infrastructure is required for that option but avoided by the reuse option we selected. Further, all shipyards have stated that rail ferries have the same delivery timeframes as road-only ferries, meaning road only ferries would not have been delivered sooner than 2029.

With regard to the interim capacity between the retirement of the Aratere and the arrival of new ferries, we have been assured by KiwiRail that it can serve the demand. KiwiRail and Bluebridge already have an awareness of the drydocking schedules across the full fleets serving the Strait, and coordination between them on drydocking has been a standard arrangement for many years.

KiwiRail has responded to your letter to Adele Wilson with initial details and invited you to consultation with customers that started yesterday. These ensure their planning best aligns with market need. They have assured us that freight and passengers will be served and timetables will be managed with customer input.

A comment for the future

In the long-term, two road and rail ferries will enter service and the inherent efficiencies of shunting large loads in single movements will be in place for decades to come. The Government is investing in rail because it works well with road freight, providing a complementary system to back our economy.

Major freight forwarders in New Zealand already know the value of rail to their business operations, and all freighters know the value of road feeding regional hubs and rail taking heavy weights the long distance. Many have invested in rail infrastructure connections into their yards for exactly this reason.

We would appreciate hearing from your members on their ambitions for how rail freight can better serve their operations and New Zealand's economy.

Yours sincerely

A handwritten signature in black ink, reading "Winston Peters". The signature is fluid and cursive, with the first name "Winston" and last name "Peters" clearly distinguishable.

Rt Hon Winston Peters
Minister for Rail

Key ferry and port infrastructure milestones 2025:

Ships Procurement

Commence ship procurement with shortlisted shipyards	April
Key ship procurement advisors (e.g. naval architects, lawyers, broker) appointed	April
Request for Proposal response due back from shipyards	June
Letter of Intent signed with preferred shipyard	Q3 2025
Ship contract negotiation	Q3 2025
Ministerial decisions on ship contracts	Q4 2025
Ship contracts executed	

Port Infrastructure

Multi-party commercial negotiations commence	Q2 2025
Commercial Agreements reached on multi-party infrastructure scope, costs and programme schedule	Q3 2025
Enabling works commence	Q3/Q4 2025
Ministerial decisions on infrastructure funding	Q4 2025
Port and other party agreements executed	

Ferry Holdings

Ferry Holdings assumes full responsibility for the project from the Treasury	April 2025
Interim management team in place	
Engagement of critical advisors commences	
Ferry Holdings led governance structures in place with Ports and KiwiRail	Q2 2025
Business case for funding and implementation brought together for Cabinet to support Ferry Holding's decisions to enter major contracts	Q3 2025

Key ferry specification, descriptions, and detail:

<i>Specification</i>	<i>Description</i>	<i>Detail</i>
Main Dimensions	Length, overall	200.00 m
	Length, between perpendiculars	193.00 m
	Beam, moulded	28.20 m
	Beam, over belting (estimated)	28.80 m
	Beam, superstructure	27.00 m
	Draught, design	6.50 m
	Depth, deck 3	9.50 m
	Depth, deck 5	15.40 m
Complement	Passengers	1530
	Crew	70
	Total Persons on Board	1600
Cargo Capacity	Deck 3, rail	40 pcs 50' Rail Wagons
	Deck 3, cargo	1200 lm
	Deck 5, cargo	1250 lm
	Deck 6, cars	400 lm (car)
Speed	Service speed (90% MCR, 15% SM)	20.0 knots
	Maximum speed (90% MCR, 0% SM)	23.0 knots
Machinery & Propulsion	Main Machinery	4 pcs med. speed diesel gensets
	Propulsion	2 pcs electrical azimuth thrusters
	Tunnel Thrusters	3 pcs electrical bow thrusters
Rules & Regulations	Flag State	New Zealand
	Classification Society	DNV