

Timeframe regarding InterIslander ferry replacement project (Project iReX)

Date and development	Details
<p><i>November 2018</i></p> <p>KiwiRail submits an Indicative Business Case in advance of Budget 2019.</p>	<p>Business case identifies preference for two large, rail-enabled ferries. The total project cost, including landside costs, is estimated at \$775m. The project has a positive Net Present Value of \$30m.</p>
<p><i>May 2019</i></p> <p>Budget 2019.</p>	<p>Crown allocates \$35m to KiwiRail to support Project iReX's inception, and to commence research, development, and design work on ferries.</p>
<p><i>November 2019</i></p> <p>KiwiRail submits a Budget 2020 bid.</p>	<p>KiwiRail submits a budget bid seeking Crown funding to deliver Project iReX, especially the procurement of new ferries and to support KiwiRail's contribution to landside development.</p> <p>The total project cost is now forecast at \$1.389b. The project has a Net Present Value of \$2m.</p>
<p><i>May 2020</i></p> <p>Budget 2020.</p>	<p>Crown allocates \$400.1m to KiwiRail to fund the project. The Crown's expectation is that this will be the last Crown funding for the project. The expectation is that KiwiRail (and other parties) will privately fund as much of the project as possible, with not all costs falling on the Crown.</p>
<p><i>June 2021</i></p> <p>KiwiRail provides Ministers with a Detailed Business Case, a \$257m funding request and seeks Major Transaction approval.</p>	<p>KiwiRail completes the Detailed Business Case and confirms the Board's preference for two large rail-enabled ferries.</p> <p>The total project cost is now forecast at \$1.45b and the project has a Net Present Value of \$207m.</p> <p>KiwiRail's shareholding Ministers approve the project as a Major Transaction (as required under the Companies Act 1993), and Cabinet establishes a tagged contingency sufficient to meet the funding shortfall.</p> <p>The expectation is that KiwiRail (and other parties) will privately fund as much of the project as possible, with not all costs falling on the Crown.</p>
<p><i>30 June 2021</i></p> <p>KiwiRail and Hyundai Mipo Dockyard sign ferry-building contracts.</p>	<p>KiwiRail enters into fixed price contracts with Hyundai Mipo Dockyard for two large rail-enabled ferries to arrive in 2025 and 2026. [Note this timing was amended in 2023 for both ferries to arrive in 2026]. KiwiRail confirms \$350 million of lending from commercial markets to support procurement contract.</p>
<p><i>October 2022</i></p> <p>Letter from KiwiRail to Ministers.</p>	<p>KiwiRail advises Government of cost escalation in the terminals, noting market engagement with construction partners will result in initial price estimates for the terminals programme in December 2022. KiwiRail noted that, in a 'worst case scenario' the tagged contingency would need to increase by \$280m.</p>
<p><i>February 2023</i></p> <p>Briefing from the KiwiRail Chair to Ministers.</p>	<p>Briefing advises of significant cost escalation to approximately \$2.6 billion.</p> <p>Further Crown funding is sought in addition to KiwiRail accessing the tagged contingency. The Board confirms its view that the project as scoped is the best commercial option, despite now having a significantly negative Net Present Value.</p>

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	Ministers request KiwiRail provide further information and work with officials to analyse different options for Ministers to consider.
<p data-bbox="204 309 408 338"><i>September 2023</i></p> <p data-bbox="204 371 480 432">Project iReX funding considered by Cabinet.</p>	Cabinet makes an in-principle funding decision regarding Project iReX and communicates this to KiwiRail, which is referenced in KiwiRail's FY23 Annual Report. This funding is not sufficient to complete the full project as scoped by KiwiRail.
<p data-bbox="204 454 472 483"><i>Early-November 2023</i></p> <p data-bbox="204 517 467 577">Incoming government briefed on project.</p>	Incoming government informed of the most recent cost escalation (approximately \$2.6 billion).
<p data-bbox="204 582 464 611"><i>Late-November 2023</i></p> <p data-bbox="204 645 517 705">KiwiRail advises of further cost escalation.</p>	KiwiRail advises of further cost escalation. Total project costs are now approximately \$3 billion.
<p data-bbox="204 741 400 770"><i>December 2023</i></p> <p data-bbox="204 804 512 864">Cabinet makes a decision and informs KiwiRail.</p>	Cabinet considers the project and on 12 December 2023 advises KiwiRail that the Crown will not meet the funding shortfall that has arisen since 2021.