

5 April 2024

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OIA 28981

Tēnā koe Personal Details Removed

I refer to your email of 15 December 2023 in which you request the following under the Official Information Act 1982 (OIA):

*I would like to request the following information under the Official Information and Meetings Act.*

*All correspondence relating to the iRex ferry project including between MFAT and other nations and between MFAT and other parts of the Government.*

*I would ask that this request covers the period from November 1 to December 15, 2023.*

On 16 January 2024, you were advised that responding to your request as currently worded would capture a significant volume of information and would require Ministry staff to review hundreds of emails to assess whether they may be in scope of your request. As such, it was likely that your request would have been refused under section 18(f) of the OIA, as it would require substantial collation and research. On the same day, we proposed a refinement to your request to be for:

*Formal documents relating to the iRex ferry project between MFAT and other nations and between MFAT and other parts of the Government.*

On 17 January 2024, you agreed to this refined request.

On 14 February 2024, the timeframes for responding to your request were extended by an additional 35 working days due to the consultations necessary to make a decision on your request (section 15A(1)(b) of the OIA refers).

The information relevant to your request is attached. We have withheld some information under the following sections of the OIA:

- 6(a): to avoid prejudicing the security or defence of New Zealand or the international relations of the New Zealand Government;
- 9(2)(b)(ii): to avoid prejudice to the commercial position of another party;
- 9(2)(g)(i): to protect the free and frank expression of opinions by departments;
- 9(2)(f)(iv): to protect the confidentiality of advice tendered by Ministers of the Crown and officials;

- 9(2)(h): to maintain legal professional privilege; and
- 9(2)(j): to avoid prejudice to negotiations.

Where the information has been withheld under section 9 of the OIA, we have identified no public interest in releasing the information that would override the reasons for withholding it.

Please note that it is our policy to proactively release our responses to official information requests where possible. Therefore, our response to your request (with your personal information removed) may be published on the Ministry website: [www.mfat.govt.nz/en/about-us/contact-us/official-information-act-responses/](http://www.mfat.govt.nz/en/about-us/contact-us/official-information-act-responses/)

If you have any questions about this decision, you can contact us by email at: [DM-ESD@mfat.govt.nz](mailto:DM-ESD@mfat.govt.nz). You have the right to seek an investigation and review by the Ombudsman of this decision by contacting [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz) or freephone 0800 802 602.

Nāku noa, nā

A handwritten signature in black ink, appearing to be 'SC', written over a light blue horizontal line.

Sarah Corbett  
for Acting Secretary of Foreign Affairs and Trade

## Aide Memoire — Foreign Affairs and Trade implications if Kiwi rail exit from iReX contract with Korean company Hyundai

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- At the request of the Minister of Finance, Treasury has provided advice to Cabinet regarding ongoing Crown funding for the KiwiRail iReX project. The advice proposes two options: (1) PROCEED or (2) STOP. Under Option 2 STOP, the Government funding committed for the IREX project (new electric ferries and terminals in Picton and Wellington) would be significantly reduced which will likely lead to the two ferries which have been ordered from Hyundai Mipo Dockyard (Hyundai) in the Republic of Korea (hereafter Korea) being cancelled.
- Exiting the ferry contract with Hyundai is a significant obligation to resolve if the decision is taken by Cabinet to rescind funding. s9(2)(b)(ii)

Construction of the vessels has not yet begun but steel cutting and keel laying, with associated payments to Hyundai, are due in early-2024. KiwiRail's latest estimate of the cost to exit contracts is s9(2)(b)(ii), s9(2)(j) for construction contracts and make good works, and in excess of s9(2)(b)(ii), s9(2)(j) to negotiate an exit from the ferry contracts with Hyundai.

### MFAT advice

#### (1) Risk to New Zealand's relationship with Korea

- s6(a), s9(2)(g)(i)
- Korea is New Zealand's 6th largest trading partner and a source of potential international investment, expertise and collaboration. s6(a)  
Hyundai previously built HMNZS Aotearoa for the New Zealand Defence Force.
- s6(a), s9(2)(g)(i)
- New Zealand has invested in enhancing our bilateral relationship with Korea in recent years building on our economic links and shared interests in the Indo-Pacific, including through the Indo-Pacific Four grouping (New Zealand, Japan, Australia and Korea) and cooperation in the Pacific, including participation in Korea's inaugural Korea Pacific Island Leaders' Summit held earlier this year.

s9(2)(h), s9(2)(b)(ii)

s9(2)(h), s9(2)(b)(ii)

*Next steps: Mitigation*

- The Minister of Finance has publicly spoken to media about this issue, which has been picked up Friday 8 December on the Radio New Zealand's webpage. We understand the Minister of Finance's office has suggested making an announcement at the post cabinet stand-up.
- If Cabinet decide on OPTION 2 STOP, and progress with the reduction in funding (and the likely cancellation of the ferries), careful and deliberate communications with the Korean Government would be required in advance of any public announcement  
s6(a), s9(2)(f)(iv)
- s6(a), s9(2)(g)(i)
- s9(2)(h), s9(2)(b)(ii)

*North Asia Division, Corporate Legal Unit and Trade Law Unit  
Ministry of Foreign Affairs and Trade  
8 December 2023*