



AGENDA

Council Workshop Thursday, 3 September 2026

I hereby give notice that a Council Workshop will be held on:

Date: Thursday, 3 September 2026

Time: 9:00am

**Location: Tauranga City Council Chambers
L1, 90 Devonport Road
Tauranga**

**Marty Grenfell
Chief Executive**

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1 BUSINESS

1.1 Cycle Strategy Workshop Briefing

File Number: A20984704

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Authoriser: Reneke van Soest, General Manager: Operations & Infrastructure

Presenter(s):

Karen Hay, Cara Phillips

External presenter(s):

Workshop information

Purpose of workshop

1. Provide Elected Members with an overview of Tauranga's walking and cycling context, current strategic direction and delivery considerations.
2. Seek feedback on the preferred next step for cycling strategy, investment planning and programme delivery.
3. Confirm what further information is needed to support future decisions on priorities, funding, staging and trade-offs.

Executive summary

4. Tauranga's growth is putting more pressure on the transport network, especially at peak times. Most people still rely on private vehicles. Walking, cycling and public transport make up a small share of trips.
5. Walking and cycling account for 13% of journeys to work but make up 37% of deaths and serious injuries. Community feedback also points to traffic speed, traffic volumes and lack of separation as key barriers to cycling.
6. Council already has direction for walking, cycling and active modes. This sits across UFTI, the Transport System Plan, TSOF, spatial plans and programme business cases. Because the information is spread across several documents, it is harder to show clear priorities, timing, funding and trade-offs.
7. Staff undertook a missing cycle links assessment to support Long-term Plan discussions. This identifies 20 minor missing cycling links, estimated at about \$6–8 million, and three key commuter links, including two previously designed routes, estimated at about \$10.3 million. These costs are still to be confirmed.
8. The wider TSOF programme identifies about \$195 million of further walking and cycling investment. This is not planned for the next three years. Some active mode outcomes will still be delivered through major projects, and growth area works, including Cameron Road Stage 2, 15th Avenue and Connecting Mount Maunganui.

9. The workshop provides an opportunity to discuss how active mode improvements should be presented, prioritised, funded and delivered. Options include updating the delivery plan, preparing an Active Modes Strategy, or testing active mode funding through the Long-term Plan process.

Background information

10. Council's current documents guide the direction and outcomes sought for walking, cycling and other active modes. These include UFTI, the Transport System Plan, TSOF, spatial plans and Tauranga City Council's Walking and Cycling Programme Business Case. Figure 1 summarises this context.

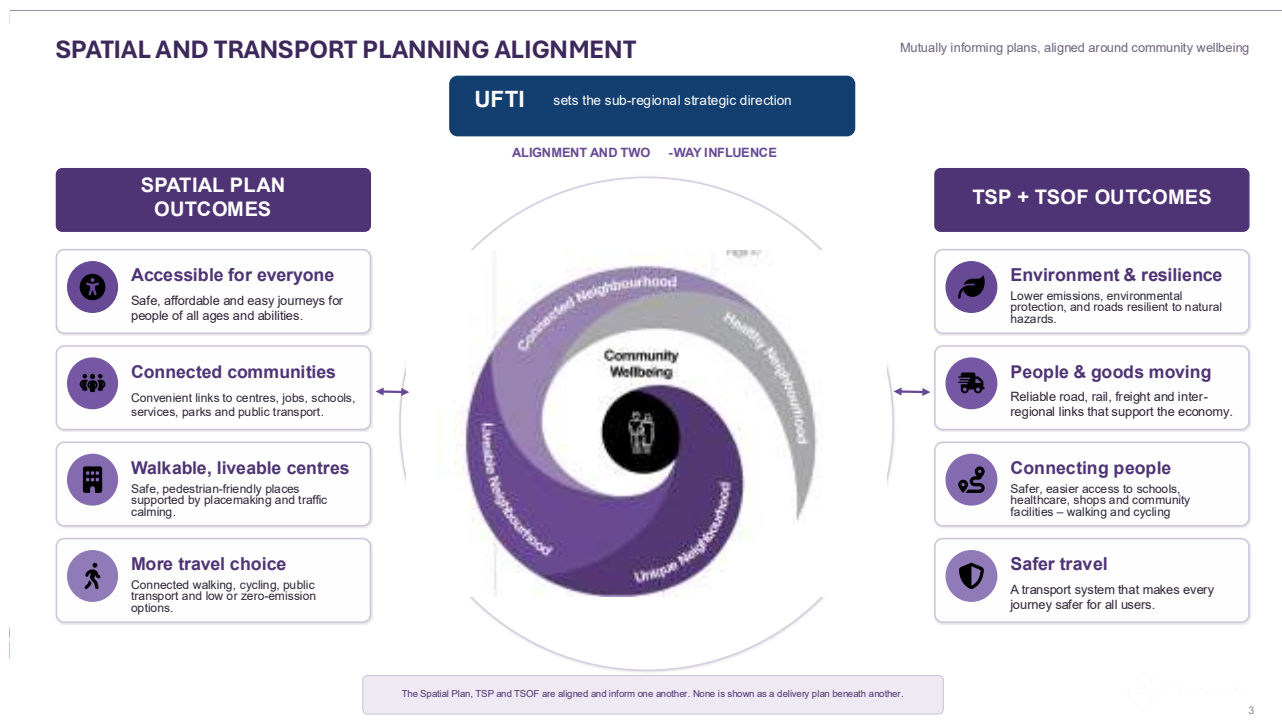


Figure 1: Strategic context for walking and cycling

11. Although Council does not have a standalone Walking and Cycling Strategy, existing documents provide clear direction and outcomes for active mode networks that improve connections and give people more travel choices.

How the cycle network was developed

12. Council developed a cycle model as part of the Walking and Cycling Programme Business Case. The model helps show where cycling trips are most likely across Tauranga. It used census data and assumed travel distances of 3 km to school and 5 km to work.
13. The model shows where safe and connected routes are likely to have the greatest benefit and where cycle demand and potential mode shift is highest. It shows the difference between key city-wide routes and local links.
14. The updated 2025 model was compared with the original 2018 model. Both show the same pattern of key routes and areas of high expected cycling demand. Demand is expected to grow as Tauranga grows, but the core network has not changed. This supports using the primary and secondary cycle network in Figure 2 for planning and investment.



Figure 2: Primary and secondary cycle network

Current network and safety context

15. The current cycling network includes about 46.1 km of off-road shared paths, 78 km of on-road cycle lanes and 4.8 km of protected or separated cycle lanes. This provides a base for cycling. However, most on-road cycle lanes are marked lanes only. Intersections, driveways and parked cars often require people biking to move into or near live traffic.
16. Safety remains a key issue. Walking and cycling account for around 13% of travel in Tauranga, but pedestrians and cyclists make up 37% of deaths and serious injuries. Community feedback also points to traffic speed, traffic volumes and lack of separation as key barriers to cycling.
17. Tauranga ranks 6th highest out of 67 local authorities for collective risk as outlined in Figure 3 below. In Urban KiwiRAP, collective risk measures crash density. It shows deaths and serious injuries per 100 km of road network. This reinforces the need to address high-risk locations for all modes as part of network review and road safety planning and prioritisation.

Rank	Territorial Authority	Base risk	Future risk
1	Wellington City	9.3	10.7
2	Auckland	8.1	11.4
3	Hamilton City	8.0	12.6
4	Porirua City	7.4	8.2
5	Napier City	7.3	9.9
6	Tauranga City	6.9	11.2

Figure 3: Collective risk ranking for Tauranga City Council

Short-term network gaps and possible investment pathway

18. Staff have completed a missing cycle links assessment. It identifies practical, lower-cost improvements that could be considered through the Minor Safety and Accessibility programme. This programme generally covers projects under \$2 million and targets safety, access and network gaps.

19. A network gap is a section of a planned or desired cycling route with no cycle path, a partial route, or a lower level of service. The assessment identifies 20 minor missing cycling links, estimated at about \$6–8 million, and three key commuter links, including previously designed routes such as Grenada Street and 13th Avenue, as well as a key connection along Carmichael Road, estimated at about \$10.3 million. These costs are indicative and still need to be confirmed.
20. Staff engaged with key cycling advocates to receive early feedback on the draft missing links assessment. The indicative project list is included in Attachment 1.
21. The high-priority cycling corridors identified in the wider programme would add about 55 km to the network. Some sections have already been completed, including Marine Parade, Maunganui Road to Golf Road and part of the Links Avenue transitional improvements.
22. This targeted package sits within a wider programme context. TSOF identifies about \$195 million of further walking and cycling-specific investment. This is not planned for the next three years. Medium-priority projects are identified for Mount / Pāpāmoa and Ōtūmoetai / Bellevue / Brookfield in years 4–10, with other corridors identified for years 11 and beyond. Major projects will also continue to deliver walking and cycling outcomes, including Cameron Road Stage 2, 15th Avenue and Connecting Mount Maunganui.
23. One pathway is to confirm the scope in years 0–1, consider minor missing links in years 1–3, progress the next pipeline in years 4–10, and address remaining strategic links over the longer term. This would be subject to Council decisions and available funding.
24. Figure 4 outlines the proposed investment pathway for the minor improvements programme.

LTP and NZTA Investment pathways



Figure 4: Minor Improvements investment pathway

25. The years 1–3 Safety and Accessibility proposal includes new crossings, low-cost tsunami evacuation routes and missing cycle links. Careful prioritisation will be needed. The initial Long-term Plan proposal currently allocates about \$4 million per year to minor improvements for walking and cycling.
26. Growth area projects and major Council projects may continue to deliver walking and cycling links as part of wider transport and land-use outcomes.

Issues and opportunities

27. Council has clear direction for walking, cycling and active modes, but it is spread across several documents. This can make it harder to show priorities, timing, funding and trade-offs in one place.
28. There is a gap between the identified walking and cycling programme and current funding. TSOF identifies about \$195 million of further walking and cycling investment. The targeted missing links package identifies about \$6–8 million of minor improvements and about \$10.3 million for three key commuter links.
29. Any further work needs to sit alongside wider Long-term Plan priorities, affordability, community consultation, delivery capacity and possible co-funding.

Outcomes sought

30. Confirm whether the current direction for walking, cycling and active modes remain the right basis for further work.
31. Provide feedback on the preferred next step before further work is scoped, including whether to update current delivery planning, prepare an Active Modes Strategy / Action and Investment Plan, or test active mode funding through the Long-term Plan after Transport System Plan consultation.
32. Identify any further information Elected Members need on costs, benefits, safety, design standards, timing, funding, resourcing and trade-offs.
33. Confirm how active mode priorities and trade-offs should be presented through future Long-term Plan, Annual Plan and RLTP processes.

Options

	Description	Pros	Cons
Option 1 Maintain existing strategies and update delivery planning. \$30 - \$40K	Retain the current strategic direction and update delivery planning, cost estimates, benefits information, and investment case material.	Lower resourcing requirement, estimated at around \$30k, and builds on existing adopted material.	May provide less public visibility than a standalone strategy.
Option 2 Prepare an Active Modes Strategy \$60-\$80K	Consolidate existing walking and cycling material into one strategy and review and update the current economic case and investment plan.	Could improve clarity for Elected Members, the community and funding partners.	Higher resourcing requirement and may duplicate existing material. Updating the walking and cycling strategy would need to be updated over time to align with future Spatial Plan or TSP changes as that work progresses.

	Description	Pros	Cons
Option 3 Consider active mode funding through the LTP	Consider a funding pathway for the minor improvements package and three priority commuter links, subject to confirmed costs, consultation, and Council decisions.	Provides a clear pathway to test priorities, staging and trade-offs through the LTP.	Would need to be considered alongside other LTP priorities, affordability, delivery capacity, and co-funding assumptions.

Next steps

34. Confirm Elected Member feedback on the options and any preferred direction.
35. If required, refine the missing cycle links package, including costs, staging, design assumptions and funding constraints.
36. Prepare any additional summary material needed to explain how current strategies, network gaps and investment choices fit together.
37. Use future LTP, Annual Plan and RLTP processes to test any agreed investment pathway and trade-offs.
38. Include cycling matters in Transport System Plan engagement and wider transport discussions ahead of the LTP, aligned with workshop feedback.

Attachments

1. **Attachment 1 Missing Cycle Links - A21022034** [↓](#) 

Attachment 1 - Missing Cycle Links

TOTAL \$18,206,523
Minor works \$ 8,083,019
Major works \$10,123,504

	Project/Charter name	Location details	Road	Type	Estimated Cost	Cumulative Spend (FY27)	Current Status	Overall Rank	Ward	Reason (Council Summary)
Minor works (<\$2M)										
1	Domain Road Path Gap Closure	Domain Road, immediately north of Doncaster Drive	Domain Road	Path Gap Closure	\$ 46,836	\$ 46,836	Pre-Initiate	1	Papamoa	Small 20m section of 1.5m wide footpath between sections of shared path, on the western side of Domain Rd. Path is used by school children should be completed to appropriate width.
2	Pacific View Waterways Connection	Pacific View Road, between Papamoa Waterways path and Grenada Street	Pacific View Road	Shared Path Upgrade	\$ 60,172	\$ 107,008	Pre-Initiate	2	Papamoa	Links the Papamoa Waterways path to park/playground at cnr Pacific View Rd & Grenada St. Part of future off-road connection through Papamoa.
3	Vale Street Walking & Cycling Improvements	Vale Street, between Bureta Road and Chapel Street	Vale Street	Shared Path Connection	\$ 347,228	\$ 454,236	Pre-Initiate	2	Matua - Otumoetai	Provides off-road link for commuters, school students and local residents. Connects to piece of shared path along Vale St which is being constructed in 26/27FY.
4	Parton Road Shared Path Upgrade	Parton Road, between Papamoa Primary School and Gordon Spratt Reserve/Papamoa Waterways path	Parton Road	Shared Path Upgrade	\$ 311,848	\$ 766,083	Pre-Initiate	4	Papamoa	Link to existing widened path outside Papamoa Primary School, south to Papamoa waterways path and skate park /Gordon Spratt Reserve. Widen existing path by 1-2m. Note, Parton Rd from Papamoa Beach Rd to Dickson Rd is proposed to be widened as part of Parton/Papamoa Beach Rd crossing upgrade. Simpson Reserve playground being built in 2027 which may increase demand.
5	Girven Road Shared Path Completion	Girven Road, between Gloucester Road and the MGI/Maunganui Road roundabout	Girven Road	Shared Path Completion	\$ 149,047	\$ 915,130	Pre-Initiate	5	Arataki	Significant numbers of commuter cyclists ride on Girven Rd to access the Matapihi cycleway. Westbound cyclists have to ride on the footpath or on road with zero shoulder for half of the block between Gloucester Rd and Maunganui Rd. Currently cyclists directed off road where the road width improves and shoulder develops. Eastbound cyclists are directed back onto the road where there no shoulder. The current shared paths commence/finish halfway along this block due to extent of the NZTA B2B project.
6	Cross Road Cycleway	Cross Road, between SH2 and the boat ramp, including Mirrielees Road approach	Cross Road	Separated Cycleway	\$ 486,792	\$ 1,401,922	Pre-Initiate	6	Te Papa	Part of cycle route between Matua/Otumoetai and city, which would provide a connected separated cycle route all the way from Matua to the City Centre (approx 6km).
7	Banks Avenue Coastal Link	Banks Avenue, between Marine Parade and Maunganui Road	Banks Avenue	Shared Path Upgrade	\$ 94,193	\$ 1,496,115	Pre-Initiate	7	Mauao - Mt. Maunganui	Connection from Marine Parade Coastal Pathway (average 580 cyclists per day, 1000 per day in summer) to Mount main street.
8	Windsor Road Cycleway (Previously Approved as part of Council Minor Safety and Accessibility programme FY27)	Windsor Road, between Charles Street and Princess Road	Windsor Road	Separated Cycleway		\$ 1,496,115	Concept Design	8	Matua - Otumoetai	The project aims to improve road safety and create a safer, more accessible route for cyclists by converting Windsor Road into a one-way street and adding a separated cycleway. Peak hour count 136 active mode users.
9	18th Avenue Shared Path Upgrade	18th Avenue, between Fraser Street and the boardwalk	18th Avenue	Shared Path Upgrade	\$ 339,366	\$ 1,835,481	Pre-Initiate	9	Te Papa	Provides off-road connection from Fraser St to Tauranga Intermediate, and onto boardwalk (recreational route)
10	13th Avenue Cycleway Upgrade	13th Avenue, between Edgecumbe Road and Grace Road	13th Avenue	Separated Cycleway	\$ 1,457,500	\$ 3,292,981	Detailed Design	10	Te Papa	The 13th Avenue cycleway was developed to improve safety and connectivity for people walking and cycling, particularly school students, while linking key destinations and existing cycleway networks within the Te Papa area
11	Dive Crescent Waterfront Link	Dive Crescent, between existing shared path terminus and waterfront pathway	Dive Crescent	Cycle Facility Upgrade	\$ 268,604	\$ 3,561,586	Pre-Initiate	11	Te Papa	Part of cycle route between Mt Maunganui and City Centre, which would provide a connected separated cycle route all the way from Matua to the City Centre. Provides a completed route of around 6km's.
12	Grove Avenue Shared Path Upgrade	Grove Avenue, between Pitau Road and Maunganui Road, Mount Maunganui	Grove Avenue	Shared Path Upgrade	\$ 85,035	\$ 3,646,621	Pre-Initiate	12	Mauao - Mt. Maunganui	Provide a connected link between the Pitau Rd shared path (to be constructed late 2026) to Maunganui Rd shops / cycle lane
13	Arataki Park Shared Path Connection	Arataki Park, between Monowai Street and Girven Road	Arataki Park	Shared Path Connection	\$ 91,446	\$ 3,738,067	Detailed design	13	Arataki	Provides an off-road transport link through Arataki Park, connecting to new Monowai St shared crossing, past pump track, past Community Centre, to Girven Rd midblock signalised crossing near Marlin St.
14	Mulberry-Windsor Path Upgrade	Existing pathway between Mulberry Lane and Windsor Road	Windsor Road	Shared Path Upgrade	\$ 268,604	\$ 4,006,671	Pre-Initiate	13	Matua - Otumoetai	Opportunity to improve connection between Mulberry Lane and Windsor Rd, which is used by commuters and school students. Existing path is in poor condition - needs upgrade.
15	Tilby-Cleveden School Link Upgrade	Tilby Drive and Cleveden Street, between Fergusson Park and Matua School	Tilby Drive / Cleveden Street	Shared Path Upgrade	\$ 533,966	\$ 4,540,637	Pre-Initiate	15	Matua - Otumoetai	Improves access and safety for school students, local residents, and recreational users travelling between Fergusson Park and Matua School along Tilby Drive.
16	Elizabeth Street Shared Path Upgrade	Elizabeth Street, between SH2 and Cameron Road	Elizabeth Street	Shared Path Upgrade	\$ 219,809	\$ 4,760,446	Pre-Initiate	16	Te Papa	Provides a safer and more accessible walking and cycling connection between Cameron Road and the city centre. Upgrading the existing narrow path will improve comfort and capacity for commuters, school students, and recreational users along this key transport corridor.

	Project/Charter name	Location details	Road	Type	Estimated Cost	Cumulative Spend (FY27)	Current Status	Overall Rank	Ward	Reason (Council Summary)
17	Chapel Street Shared Path Upgrade	Chapel Street, between the Wastewater Treatment Plant and Chapel Street Shopping Centre	Chapel Street	Shared Path Upgrade	\$ 172,634	\$ 4,933,081	Concept Design	17	Te Papa	Narrow path which is highly used by commuters, recreational riders and people walking/biking to shops. Improve wayfinding signage to direct cyclists to safe road crossing points at shopping centre and Maxwells Rd.
18	Carmichael Road Shared Path	Carmichael Road near SH2	Carmichael Road	Shared Path Connection	\$ 292,192	\$ 5,225,272	Pre-Initiate	17	Bethlehem	Ties in with Water Project. AADT only 720 vpd.
19	Marshall Avenue Cycle Connection	Marshall Avenue, between Cameron Road and K-Valley path network	Marshall Avenue	Wayfinding & On-Road Cycling Improvements	\$ 471,067	\$ 5,696,339	Pre-Initiate	20	Te Papa	Connects Cameron Rd to K-Valley paths
20	Carmichael Road Cycle Connection (SH2 to reserve)	Carmichael Road, between SH2 and the off-road path near 137 Carmichael Road	Carmichael Road	Cycle Connection	\$ 905,880	\$ 6,602,219	Pre-initiate	19	Bethlehem	Tie in to Waters project, approx 105 cyclists per day on Wairoa cycleway and most cross SH2 then continue onto Carmichael Rd; up to 250 per day in peak. Provides off-road connection from SH2 to Gordon Carmichael Reserve path
21	K Valley Cycle Connection	McCord Avenue, Koromiko Street and Waihi Road/Birch Avenue intersection	McCord Avenue / Koromiko Street	Cycle Connection	\$ 1,480,800	\$ 8,083,019	TBC	21	Te Papa	Cyclists currently have to carry their bikes up steps on either side of McCord Ave bridge, which connects the K Valley path to the Daisy Hardwick. This is a barrier for those with e-bikes. Suggest installing a ramp that cyclists can ride up. Cycleway ramps were designed previously but was never constructed. May need some traffic calming on road as well.
Major works (>\$2M)										
22	Grenada Street Cycleway Upgrade	Grenada Street, between Girven Road and Evans Road	Grenada Street	Separated Cycleway	\$ 7,923,504	\$ 16,006,523	Detailed Design		Arataki	Commuter and school student route to 3 schools (Arataki School, Mt Intermediate and Mt College), as well as local trips to Bayfair, Baywave etc.
Majorworks - Resilience										
23	Tara Road Cycleway Connection	Tara Road, from approximately 197 Tara Road to Doncaster Drive roundabout and from east of the roundabout to Tara Road Medical Centre	Tara Road	Cycleway Connection	\$ 2,200,000	\$ 18,206,523	TBC		Papamoa	Comjmunter and School route to Papamoa College. Supports resilience business case for a Tsunami Evacuation Ro

1.2 State Highway 2 (SH2) Revocation Programme

File Number: A21017067

Author: Nick Denyer, Senior Project Manager
Anthony Pearce, Senior Strategic Transport Planner

Authoriser: Mike Seabourne, Head of Transport

Presenter(s):

Nick Denyer, Anthony Pearce

External presenter(s):

Workshop information

Purpose of workshop

1. Provide elected members with a concise overview of the State Highway 2 (SH2) corridor, forecast traffic volumes and the SH2 Revocation Programme work completed by New Zealand Transport Agency Waka Kotahi (NZTA) and Tauranga City Council (TCC) to date.
2. Explain the legislative and policy tests for revocation, including the requirement for the new route to have replaced the transport function of the existing route.
3. Consider the opportunities, transport and strategic concerns, handover requirements, financial exposure, and Long-term Plan (LTP) implications of a potential transfer of SH2 to TCC ownership.
4. Seek elected member feedback on TCC's position, funding and liability expectations, handover requirements and the further information needed before Council forms a formal position.
5. This workshop is for information and discussion. It does not seek a formal Council decision on whether SH2 should be revoked.

Executive summary

6. NZTA is progressing the SH2 Revocation Programme associated with the delivery of Takitimu North Link (TNL). If revocation proceeds, responsibility for the existing SH2 corridor between the Tauranga City boundary and Cameron Road would transfer to TCC. TNL Stage 1 is expected to open in early 2028, creating a parallel route to the existing SH2 corridor.
7. The central strategic issue is whether TNL will replace the transport function of the existing SH2. Forecast traffic on SH2 reduces from approximately 28,700 vehicles per day to approximately 9,000 in 2031 if TNL is not tolled, but approximately 20,500 vehicles per day are forecast to remain on SH2 under the decided tolling scenario. This indicates that SH2 may continue to perform a significant function as the free alternative route.
8. To support LTP planning, TCC commissioned an independent valuation and lifecycle assessment. The current planning estimate is a replacement value of \$337.4 million, a depreciated replacement value of approximately \$223.5 million and an annual lifecycle cost of approximately \$4.80 million. Assuming continuation of the current 51% FAR, the indicative

TCC share is approximately \$2.35 million per annum, broadly equivalent to 0.9% of rates. These are planning-level estimates, not final transfer costs.

9. The principal financial risk is not the accounting depreciation charge itself, but whether future renewals and maintenance continue to qualify for National Land Transport Fund co-investment at the current rate and without restrictive funding caps. Any reduction in FAR or eligibility would increase Council and ratepayer exposure.
10. Staff do not currently support revocation on the information available and recommend that Council reserve its position while TCC continues evidence-based engagement with NZTA. Before a formal position is formed, further work is required on the policy tests, tolling and network function, asset condition and safety, handover standards, funding and liability arrangements, and the final transfer boundary.

Location overview and why this matters

11. TNL is one of the Government's Roads of National Significance projects and has been under construction since 2021. It is expected to open in early 2028, creating a parallel route to the existing SH2.
12. NZTA is progressing the SH2 revocation programme with TCC and Western Bay of Plenty District Council (WBOPDC).

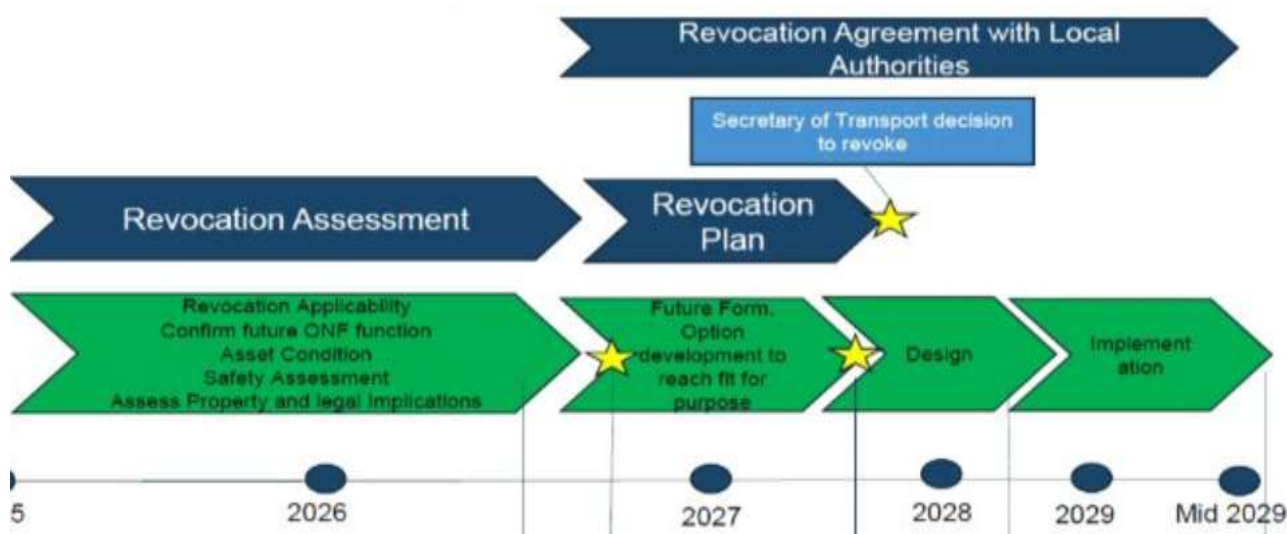
Traffic volumes and tolling implications

13. Traffic modelling indicates that SH2 traffic volumes could reduce from approximately 28,700 vehicles per day today to approximately 9,000 vehicles per day in 2031 if TNL were not tolled. Under the decided tolling scenario, approximately 20,500 vehicles per day are forecast to continue using SH2, with a similar volume forecast in 2048.
14. These forecasts suggest that tolling may influence the future function of SH2 relative to TNL. Under the tolled scenario, SH2 is expected to continue carrying significant traffic volumes as the free alternative route, which raises questions regarding whether SH2 and TNL perform the same transport function.
15. TCC's review has therefore questioned whether SH2 and TNL perform the same transport function where tolling results in continued strategic use of SH2 as the free alternative route.

Legislation and policy process

16. Section 103 of the Land Transport Management Act 2003 provides the statutory mechanism to declare, vary or revoke a state highway. NZTA's State Highway Revocation Policy and Guidance 2021 sets out the policy framework for revocation.
17. SH2 has been signaled for revocation for some time, with the 2021 Urban Form and Transport Initiative (UFTI) Connected Centre's northern corridor package listing 'revocation planning for old SH2 through Te Puna and Bethlehem' as a committed project.
18. TCC staff have participated constructively in the revocation process while consistently recording concerns regarding the evidence base for key revocation assumptions, including Clause 26 and Clause 27 Revocation Policy considerations, TNL Stage 2A/2B uncertainty, traffic modelling assumptions, safety outcomes, asset condition, and fit-for-purpose requirements.

Project phases and timeline



19. NZTA have completed the Revocation Applicability Assessment and various technical assessments relating to network planning, safety, and fit-for-purpose requirements. The programme is approaching the next stage of the Revocation Plan phase.
20. TCC staff will continue to participate in the process to ensure that Council's position is clearly recorded and that unresolved technical, legal, financial, and strategic matters are addressed.
21. Council's views are an important input to the revocation process, but the final decision sits outside TCC's jurisdiction and NZTA is not required to reach consensus with Council. TCC's influence is therefore likely to be strongest through evidence-based advocacy, formal reservation of its position, negotiation of conditions and outcomes, and escalation of unresolved matters where necessary.
22. Accordingly, practical focus should be on:
 - (a) ensure TCC's position is clearly recorded.
 - (b) challenge assumptions and evidence where appropriate.
 - (c) seek further assessment of where circumstances have materially changed.
 - (d) negotiate funding, handover, and liability arrangements.
 - (e) secure community and transport outcomes; and
 - (f) consider political or Ministry-level engagement if material issues remain unresolved.

Implications for Council

23. If revocation proceeds, TCC would assume responsibility for the ongoing operation, maintenance, renewal, and management of the corridor.
24. Accordingly, the key issue for Council is not only whether revocation should occur, but whether the future risks, costs, liabilities, corridor outcomes, and funding implications are sufficiently understood before future Long Term Plan decisions are made.

Opportunities and concerns

25. Opportunities:

- (a) Changes to the corridor could reflect its future function and enable stronger connections to the local road network.
- (b) Potential outcomes include planting and green-corridor improvements and an enhanced Bethlehem main-street environment.
- (c) The Land Transport Amendment (Revenue) Bill may provide a basis for local authorities to seek additional maintenance funding for a free alternative route.

26. Key concerns:

- (a) Policy compliance: if the requirement for TNL to have replaced the function of SH2 is not demonstrated, revocation may not be justified.
- (b) Future network function: SH2 may continue to perform a strategic, freight, resilience, or detour function, particularly because TNL will be tolled.
- (c) Modelling assumptions: the revocation assessment depends on future traffic assumptions remaining dependable.
- (d) Safety and handover: Council could inherit unresolved safety, asset-condition, or operational issues.
- (e) Asset liability: ratepayers could carry long-term maintenance and renewal costs, particularly if future NZTA co-investment reduces.

Long-term Plan and financial implications

27. A valuation and lifecycle assessment has been undertaken by WSP to support Long Term Plan planning and to develop an indicative estimate of the potential funding and asset management implications associated with future ownership of SH2. The assessment was prepared using available asset inventory information, valuation records, bridge, and structures information, forward works programme data and NZTA operational expenditure information, together with independent review undertaken on behalf of TCC.

28. The assessment indicates the corridor could represent:

Item	Estimate
Asset Replacement Value (RCV)	\$337.4M
Depreciated Replacement Value (DRC)	\$223.5M
Annual depreciation funding requirement	\$4.13M
Annual Operations & Maintenance Costs	\$0.67M
Total Estimated Annual Lifecycle Cost	\$4.80M

29. The annual lifecycle cost represents the long-term average funding requirement necessary to maintain the corridor at its current level of service and condition. Actual expenditure is expected to vary depending on asset conditions, final transfer boundaries, handover standards, funding approvals, and future service level expectations.

How the Valuation Was Developed

30. The original NZTA valuation identified a replacement value of approximately \$229 million and an annual depreciation allowance of approximately \$2.1 million. Following independent review by WSP, the replacement value increased to approximately \$337 million, and the Annual depreciation funding requirement increased to approximately \$4.13 million.
31. The increase was primarily driven by:
- (a) Updated bridge replacement costs using current construction rates.
 - (b) Development of a Forward Works Programme to assess future pavement and surfacing renewals rather than relying solely on depreciation assumptions.
32. Importantly, the Annual depreciation funding requirement is not calculated by applying a percentage to the total asset value. Pavement and surfacing costs were informed by forecast renewal demand and available forward works information, bridge costs were reassessed using updated replacement values, and depreciation-derived renewal allowances were retained for most remaining asset classes. These individual annual costs were then combined to produce the estimated Annual depreciation funding requirement of approximately \$4.13 million per annum.

Adjusted Asset Valuation Summary

Asset Group	Replacement Cost	Depreciated Replacement Cost	Annual Renewal / Cost
Basecourse Depth	\$40.7M	\$6.4M	\$1.08M
Surface Structure	\$11.5M	\$3.1M	\$0.94M
Bridges	\$114.2M	\$70.2M	\$1.27M
Barriers	\$8.4M	\$0.9M	\$0.33M
Retaining Walls	\$22.5M	\$14.4M	\$0.23M
Other Assets	\$139.9M	\$128.5M	\$0.29M
Total	\$337.4M	\$223.5M	\$4.13M

Rates and funding Implications

33. The current valuation assessment estimates an annual lifecycle cost of approximately \$4.80 million per annum, comprising approximately \$4.13 million of annual depreciation and approximately \$0.67 million of maintenance and operational expenditure.
34. Assuming future eligible activities continue to attract the current 51% Funding Assistance Rate (FAR), the indicative annual funding responsibility would be:

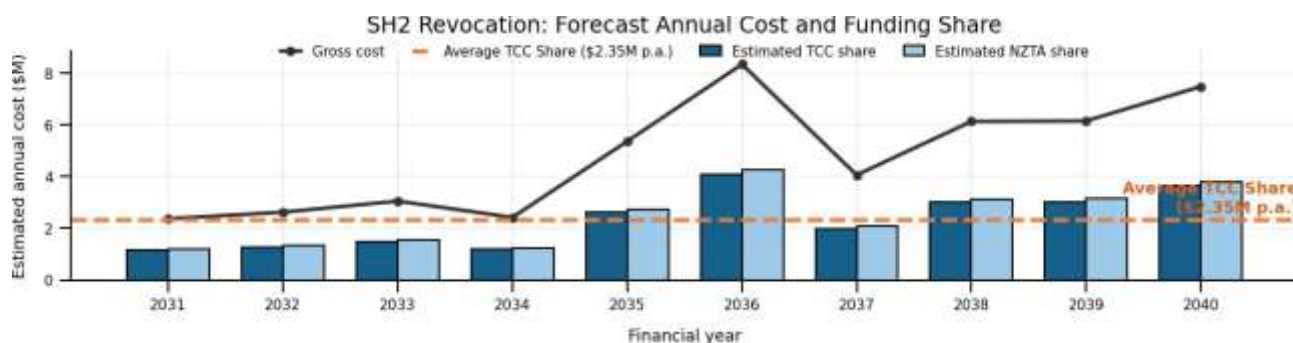
Item	Gross Cost	NZTA Share (51%)	TCC Share (49%)
Renewals	\$4.13M	\$2.11M	\$2.02M
Operations & Maintenance	\$0.67M	\$0.34M	\$0.33M
Total Annual Cost	\$4.80M	\$2.45M	\$2.35M

35. Based on current assumptions, TCC's indicative local share is approximately \$2.35 million per annum. This assumes future maintenance; operational and renewal activities remain eligible for NLTF co-funding at current funding assistance rates. Future FAR settings, eligibility criteria, and funding approvals remain uncertain and may affect Council's future funding exposure.
36. For context, Finance has advised that 1% rates equate to approximately \$2.5 million of additional annual rates revenue (excluding waters activities). On this basis, the current indicative local share of approximately \$2.35 million per annum is broadly equivalent to 0.9% rates increase. This should be treated as an order-of-magnitude indication only and not forecast rates increase. The actual impact on rates will depend on future funding assistance rates, Council priorities, borrowing strategies, growth assumptions, expenditure timing and how any future costs are funded through future Long-Term Plan and Annual Plan processes.
37. Finance has confirmed that depreciation associated with transport assets is currently split between funded and unfunded depreciation. The funded depreciation component is recovered through rates and contributes towards future renewal funding requirements, while the unfunded depreciation component reflects the proportion of future renewals expected to be funded by NZTA through the FAR mechanism.
38. Accordingly, staff do not consider the depreciation expense itself to be the primary risk. The principal financial risk is that future NZTA funding assistance rates, renewal funding policies or funding caps may change. If FAR eligibility reduces, or NZTA limits future renewal funding, a greater proportion of corridor costs would need to be funded by Council and ratepayers.
39. Staff will continue working with Finance and NZTA to better understand long-term funding assumptions, renewals eligibility, FAR settings and any implications for future Long Term Plan affordability assessments.

Indicative Future Cost Profile

40. While the long-term TCC share (49%) average funding requirement is estimated at approximately \$2.35M per annum, actual expenditure is expected to vary significantly depending on the timing of renewal activities.
41. An indicative future expenditure profile has been prepared using available pavement and surfacing forward works information together with renewal allowances for the remaining asset classes.

Year	Gross Cost (\$M)	Estimated NZTA Share (\$M)	Estimated TCC Share (\$M)
2031	2.37	1.21	1.16
2032	2.62	1.34	1.28
2033	3.05	1.56	1.49
2034	2.42	1.23	1.19
2035	5.36	2.73	2.63
2036	8.34	4.25	4.09
2037	4.06	2.07	1.99
2038	6.13	3.13	3.00
2039	6.15	3.14	3.01
2040	7.48	3.81	3.67



Legal and governance implications

42. The principal legal and governance risk is that TCC's continued participation in the revocation process could be interpreted as acceptance of NZTA's assessment conclusions, unless TCC's position is clearly and consistently recorded.
43. Staff have adopted a formal position-recording approach to ensure their concerns are preserved within the official decision record. This remains important given the potential long-term transfer of asset ownership, funding responsibility, and operational risk.
44. The key legal and process risks include:
 - (a) uncertainty regarding whether Clauses 26 and 27 have been adequately demonstrated.
 - (b) reliance on assumptions that may have changed due to TNL Stage 2A/2B uncertainty.
 - (c) transfer of asset condition, safety, or lifecycle risks to Council.
 - (d) insufficient clarity on handover standards and fit-for-purpose requirements.
 - (e) future funding exposure if FAR eligibility or NZTA funding priorities change; and
 - (f) inadequate recording of TCC's position in the formal revocation decision record.
45. Further legal advice may be required to confirm the extent of TCC's influence under section 103 of the LTMA and the NZTA Revocation Policy, particularly if TCC does not support revocation or considers that the relevant policy tests have not been met.

Te Ao Māori Approach

46. The SH2 Revocation Programme is being led by NZTA, which is responsible for engagement and consultation. Iwi/hapū engagement is guided by the Revocation Policy clause 17-20. Staff acknowledge that the proposed transfer of a significant transport corridor may be of interest to mana whenua, particularly in relation to future corridor management, access, connectivity, active mode outcomes, the Wairoa cycleway connection, and potential land severance matters.
47. As future RCA, there is a risk that unresolved issues identified through engagement could become TCC matters. Accordingly, staff will continue to monitor engagement outcomes and consider any implications for future phases of the programme.
48. At this stage, no specific Te Ao Māori matters have been identified that would alter the discussion points contained in this report.

Consultation / Engagement

49. Ongoing engagement has occurred through the SH2 Revocation Programme including:

- (a) NZTA.
- (b) Western Bay of Plenty District Council.
- (c) WSP.
- (d) Aurecon.
- (e) TCC Transport.
- (f) TCC Finance.
- (g) TCC City Planning and Growth; and
- (h) legal and technical advisors were required.

50. There has been no public consultation or engagement undertaken by NZTA, this is likely to change as the project moves into the revocation plan phase, where corridor and road alterations may be explored.

51. Should the programme progress to later stages involving corridor form, service levels, funding arrangements, land use outcomes, physical work or other matters of public interest, further engagement requirements will be considered in accordance with Council's Significance and Engagement Policy, alongside NZTA's engagement requirements.

Options for consideration and discussion

52. Staff do not currently support revocation on the information available and recommend reserving Council's position while the key policy, network, handover, and funding issues are resolved. The following matters are proposed for elected member discussion:

- (a) **TCC's position on revocation:** should Council support revocation, not support it, or reserve its position until the outstanding matters are resolved? Staff's current view is that SH2 status should not be removed while tolling causes the corridor to remain a significantly free alternative route.
- (b) **Funding and liability:** if NZTA decides to revoke SH2, should Council seek a contribution beyond the standard FAR to recognise the cost and network effects of tolling?
- (c) **Handover requirements:** what safety, asset-condition, corridor-standard and upgrade matters must be resolved before any transfer?

Options for consideration and discussion

53. The project team seeks elected member views on the strategic issues, preferred position, funding and liability expectations, handover requirements and further information needed before the programme progresses

Next Steps

54. Subject to the Committee direction, the next steps are to:

- (a) Continue to update Council through quarterly programme reporting.
- (b) Hold a further Council workshop during the Revocation Plan phase to consider potential corridor changes and emerging evidence.
- (c) Invite NZTA representatives to future workshops at Council's request.
- (d) Refine the valuation, lifecycle cost, final transfer boundary and FAR assumptions.
- (e) Identify and negotiate potential funding, handover, liability, and risk-sharing arrangements.
- (f) obtain further legal and technical advice where required; and
- (g) Report back to Council before any position is taken that may materially affect TCC's future ownership, funding, or operational obligations.

Attachments

1. **Appendix 1 - SH2 Councillor Workshop Presentation - A21025964** [↓](#) 
2. **Appendix 2 - State Highway 2 Revocation Valuation (WSP Report) - A21025849** [↓](#) 
3. **Appendix 3 - NZTA State Highway Revocation Policy and Guidance - A21025848** [↓](#) 



State Highway 2 Revocation

3 September 2026



Agenda

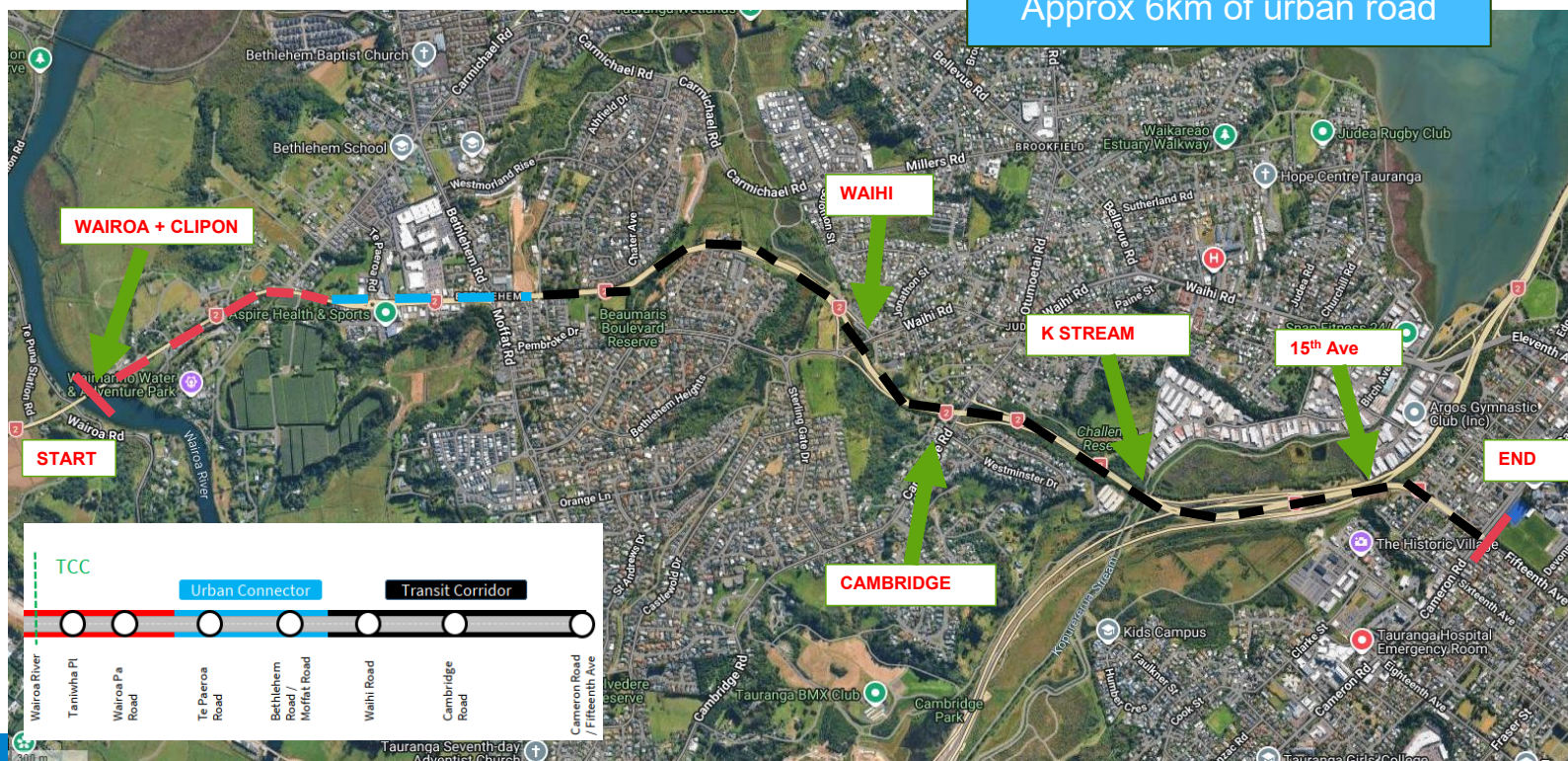
1. Location overview
2. Traffic Volumes
3. Revocation – Legislation, Policy process
4. Project phases and timeline
5. Opportunities
6. Concerns
7. Long Term Plan and Financial
8. Options for consideration/discussion



Tauranga City

1. Location Overview

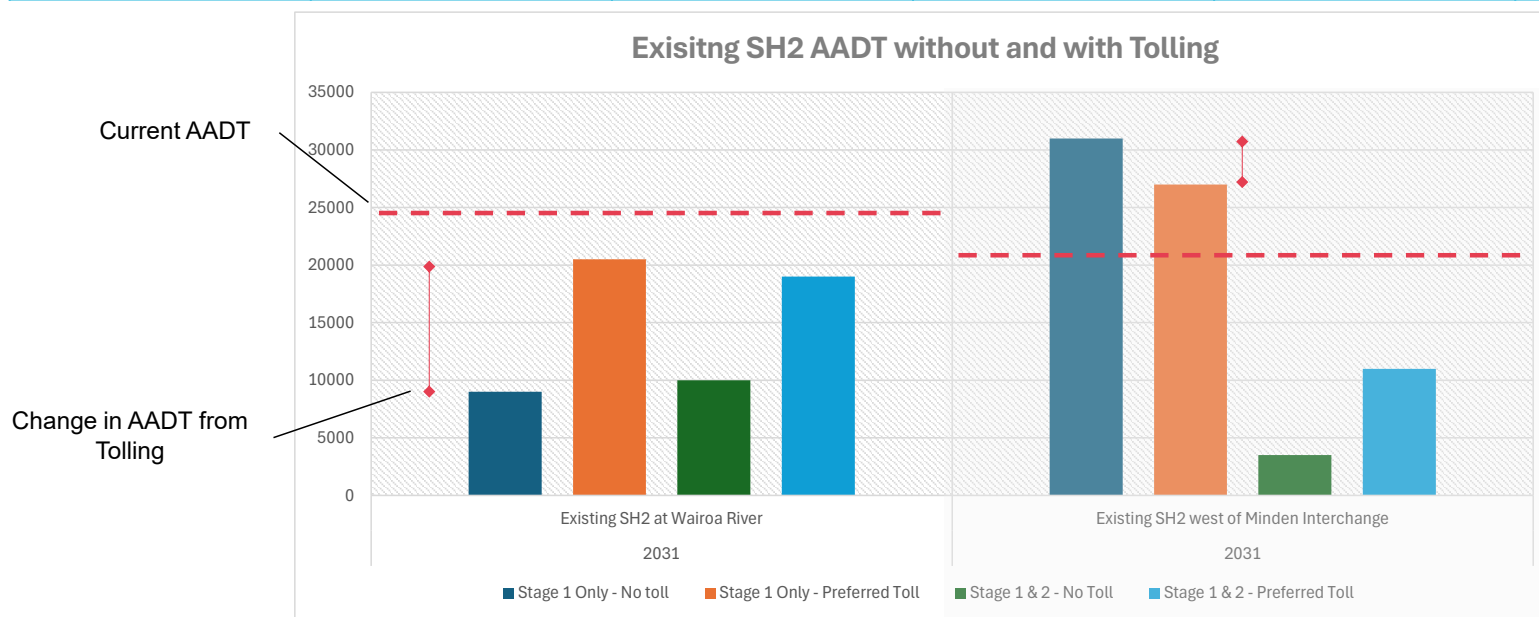
Takitimu North Link (stage 1) is expected to open early 2028



Tauranga City Council

2. Traffic volumes on existing SH2

2025 (Wairoa)	2025 (Bethlehem)	No TNL Toll 2031	TNL Tolloed 2031	No TNL Toll 2048	TNL Tolloed 2048
24,000	28,700	9,000	20,500	12,000	20,500



*Source Adapted from - - <https://nzta.govt.nz/assets/projects/takitimu-north-link/docs/takitimu-north-link-tolling-study-with-appendices-may-2024-redacted.pdf>

Tauranga City Council

3. Legislation and Policy process

- **Land Transport Management Act (2003)**
 - Section 103 gives NZTA (via the Secretary of Transport) permission to grant or revoke a road as State Highway
- **NZTA's State Highway Revocation – Policy and Guidance 2021**
 - This document outlines what NZTA 'must' and 'should' do, to revoke a state highway to a local road
 - Must ensure the roads transport function is fit for purpose
 - Should work with the future Road Controlling Authority (RCA) to identify the fit for purpose standard
- **What NZTA must demonstrate**
 - The new route has substantially replaced the function of the old route.
- **What TCC is testing**
 - Whether SH2 will still perform a strategic function after TNL Stage 1 opens, particularly as a result of traffic diversion due to TNL tolling.
- **Who decides**
 - Council is consulted, but the final decision sits with the Secretary for Transport.

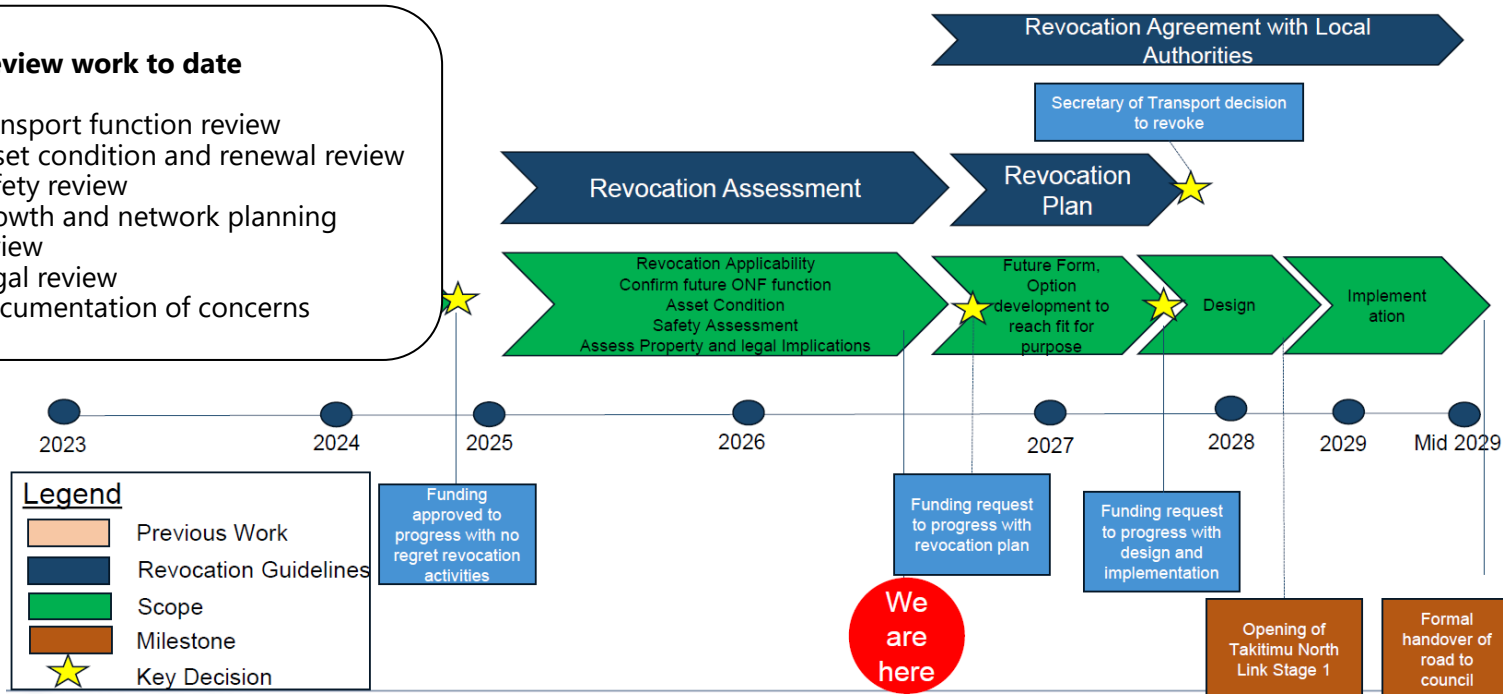
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4. Project phases and timeline

Indicative Revocation Schedule (Stage 1)

TCC review work to date

- Transport function review
- Asset condition and renewal review
- Safety review
- Growth and network planning review
- Legal review
- Documentation of concerns



Tauranga City Council

5. Opportunities & Concerns

Concern	Why it matters
Policy compliance	If the policy test is not met, revocation may not be justified.
Future network function	SH2 may still perform a strategic, freight, resilience or detour role. Particularly because of the TNL toll.
Modelling assumptions	Revocation decisions depend on future traffic assumptions being reliable.
Safety and handover	Council could inherit unresolved safety or operational issues.
Asset liability	Ratepayers could carry long-term maintenance and renewal costs.

Opportunities
Changes to the road to reflect change in function
Connections onto the local road network could be enabled
Planting and green corridor opportunities
Enhanced Bethlehem 'main street'
Land Transport Amendment (Revenue) Bill – potential for local authorities to seek further maintenance funding for the free alternative

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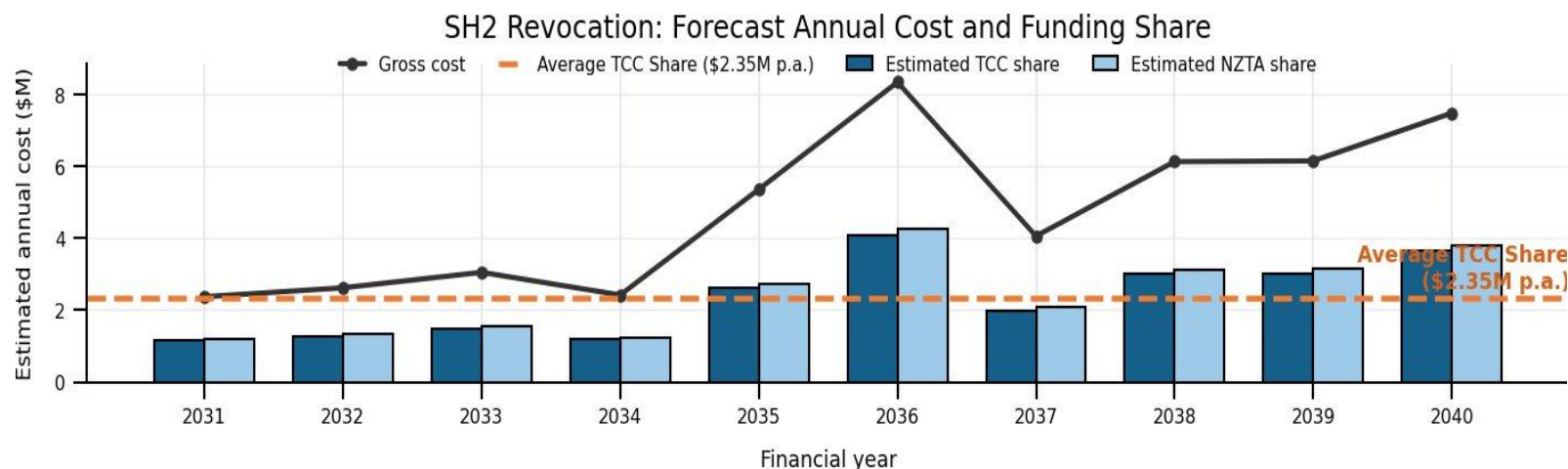
7. Valuation

Asset group	Replacement Cost	Depreciated Replacement Cost	Annual Depreciation/Cost
Land	\$104,244	\$104,244	\$
Formation	\$16,823	\$16,823	\$
Shoulder Formation	\$2,774	\$2,774	\$
Depth of Sub-base	\$5,380	\$5,380	\$
Basecourse Depth	\$40,651	\$6,407	\$1,078
Shoulder Basecourse			
Surface Structure	\$11,547	\$3,105	\$936
Channel	\$5,101	\$2,973	\$102
Chamber	\$1,482	\$797	\$30
Pipe	\$2,341	\$1,211	\$47
Traffic Facilities	\$1,070	\$535	\$71
Sign	\$526	\$78	\$31
Rail	\$147	\$65	\$6
Barrier	\$8,429	\$918	\$332
Barrier Terminal	\$70	\$11	\$3
Crash Cushion	\$72	\$6	\$3
Bridge	\$114,204	\$70,245	\$1,269
Retaining Wall	\$22,540	\$14,369	\$225
Total	\$337M	\$230M	\$4.1M

Prudent planning estimate based on the currently assessed full corridor scope.
The estimate will be refined as the final asset boundary, pre-handover works,
traffic loading, asset condition and funding arrangements are confirmed.

Tauranga City Council

8. Long Term Plan & Asset Liability Implications



Item	Estimate
Asset Replacement Value (RCV)	\$337.4M
Annual Depreciation Requirement	\$4.13M
Annual Operations & Maintenance Costs	\$0.67M
Total Estimated Annual Lifecycle Cost	\$4.80M p.a
Indicative TCC Operational Share (49%)	~\$2.35M p.a.

Based on the current valuation assessment and existing 51% FAR funding assumptions, the indicative local share is approximately \$2.35 million per annum, equivalent to **approximately 0.9% of rates**. The principal financial risk is not the depreciation charge itself, but whether future renewals continue to receive the same level of NLTF co-funding over the long term.

Tauranga City Council

9. Discussion Points

Discussion Area	Key Question	Staff View
1. TCC's position on revocation	Should Council support, not support, or reserve its position until key issues are resolved?	SH status should not be removed until tolling of TNL is removed
2. Funding and liability	If revocation proceeds, should Council seek a greater NZTA contribution beyond standard FAR?	If NZTA decide to revoke the SH, to recognise the impact of tolling, then a greater FAR would be justified
3. Handover requirements	What safety, asset condition, corridor standard or upgrade matters need to be addressed before transfer?	Revocation Plan phase of the project will provide more information and opportunities for more Council updates
4. Further information required	What does Council need before forming a formal position?	

The purpose is to understand councillors' views and clarify the issues staff should focus on as the programme progresses

Tauranga City Council



State Highway 2 Revocation Valuation

Prepared for: Tauranga City Council (TCC)

Prepared by: Shahaanan Arulgnanapragasam (WSP NZ)

CC: Paul Anderson (WSP NZ)

Project title State Highway 2 Revocation Valuation

Client: Nick Denyer (TCC)

Project number: NZL-WSP-2-TA007.00

Purpose: Support TCC understanding of the potential asset value and forward funding requirements associated with the proposed SH2 revocation.

Date: 24 August 2026



1. Executive Summary

NZ Transport Agency Waka Kotahi is proposing to revoke a section of State Highway 2 between the Tauranga City boundary at Bethlehem and Cameron Road. Following revocation, the corridor would transfer to Tauranga City Council as a local road, with TCC assuming responsibility for its ongoing operation, maintenance, renewal and asset management.

This assessment provides an initial indication of the value of the assets that may transfer and the associated long-term funding implications for TCC. It draws on NZTA asset valuation data, structures information, forward work programme outputs and recent operational expenditure for the Bay of Plenty West State Highway network.

Based on the assumed revocation extent, the assessment indicates an adjusted annual capital renewal requirement of approximately **\$4.13** million and annual operations and maintenance expenditure of approximately **\$0.67** million. This results in a total indicative funding requirement of approximately **\$4.80** million per annum.

The capital renewal estimate represents a long-term average rather than a forecast of annual cash flow. Actual expenditure is expected to vary depending on the timing and scale of pavement, surfacing, structural and other asset renewals. The estimate is also subject to confirmation of the final revocation boundary, transferred asset schedule, pre-handover works, required level of service and TCC delivery costs. It should therefore be used as an initial allowance for long-term planning and affordability assessment and refined as further information becomes available.



2. Revocation context and extent

NZTA is planning to revoke a section of State Highway 2 from the Tauranga City Boundary in Bethlehem to Cameron Road as part of the wider Takitimu North Link network changes. Following revocation, this section of SH2 would transfer to Tauranga City Council as a local road, with TCC assuming responsibility for ongoing operations, maintenance, renewals and asset management. The purpose of this report is to support TCC in understanding the value of the assets that may be vested, and the future funding implications associated with maintaining those assets. The assessment draws on:

- NZTA-supplied valuation information, including AWM/RAMM, HSIMS and land valuation data
- NZTA supplied annual OPEX data
- NZTA structures and HSIMS data
- NZTA Forward work programme (FWP) outputs

The revocation extent has been defined only at a geographic level and does not provide a confirmed asset boundary by RAMM road ID, route position, HSIMS structure list or land parcel schedule. WSP understands NZTA is still considering the exact extents of highway proposed to be revoked and transferred to Tauranga City Council.

Accordingly, for the purposes of this report the extent of the revocation is assumed to include the following roads as labelled in the State highway Database. See Appendix A for a detailed carriageway list and map view:

Table 2-1: List of Road Extents of SH2 Revocation as Labelled in AWM

Road	Start (m)	End (m)	Length (m)
002-0146	0	1128	1128
002-0146/01.13-D	1128	1249	121
002-0146/01.13-I	1128	1249	121
002-0146/01.30-D	1298	1694	396
002-0146/01.30-I	1298	1694	396
002-0146/01.75	1746	2133	387
002-0146/02.13-D	2133	5162	3029
002-0146/02.13-I	2133	5137	3004
002-0147-W	0	92	92
002-0148-W	0	88	88
002-0149-R1	0	185	185
002-0149-R2	0	203	203
002-0149-R3	0	175	175
002-0150-R1	0	211	211
002-0150-R2	0	291	291
002-0151-R1	0	1273	1273
002-0151-R2	0	946	946



It is assumed the following structures which are associated with the extents in **Table 2-1** are also included in the revocation:

Table 2-2: List of Structures of SH2 Revocation as Labelled in HSIMS

Bridge ID	Name	Road	Start (m)	End (m)
36227	CAMBRIDGE RD OVERBRIDGE	002-0146/02.13-I	3810	3880
32409	WAIROA RIVER BRIDGE #1460	002-0146	0	178
36228	WAIHI RD OVERBR No.1(OVER SH2)	002-0146/02.13-I	3314	3356
36226	KOPURERERUA STREAM BR #1506	002-0146/02.13-I	4590	4610
	Takitimu Drive Overbridge (15th Ave)	002-151 R1R1	780	913



3. State highway Valuation Data

The NZTA-supplied State Highway valuation data has been used as a high-level basis to estimate the indicative annual depreciation associated with the assets that may be vested to Tauranga City Council through the SH2 revocation process. The valuation extract includes replacement cost, depreciated replacement cost and annual depreciation values for transport assets recorded in AWM/Data Pilot, structures recorded through HSIMS, and land values associated with the corridor.

These annual depreciation values have been used as a proxy for the long-term annualised renewal funding requirement and therefore provide an indicative estimate of the annual capital expenditure budget that may be required to maintain the revoked road extent over time. This approach is appropriate for early planning and LTP affordability purposes, as it provides a broad indication of the scale of future renewal obligations associated with the asset base proposed to transfer to TCC.

3.1 AWM/RAMM Valuation

Table 3-1 shows the summary of the RC, DRC and AD values of the following SH roads as per the 2026 SH roading assets valuation. Note this value excludes Land as well as any structures.

Table 3-1: SH2 Revocation AWM Valuation Data Summarised by Road Name

Road Name	Replacement Cost (\$ RC)	Depreciated Replacement Cost (\$ DRC)	Annual Depreciation (\$ AD)
002-0146	\$5,582,020	\$4,579,653	\$119,869
002-0146/01.13-D	\$264,066	\$209,677	\$8,015
002-0146/01.13-I	\$386,801	\$249,634	\$10,579
002-0146/01.30-D	\$1,620,521	\$963,107	\$55,914
002-0146/01.30-I	\$2,826,876	\$2,004,976	\$52,554
002-0146/01.75	\$2,355,469	\$1,623,331	\$66,915
002-0146/02.13-D	\$21,089,986	\$13,138,262	\$331,006
002-0146/02.13-I	\$18,322,624	\$11,368,675	\$409,250
002-0147-W	\$2,049,090	\$1,438,072	\$45,125
002-0148-W	\$351,654	\$219,148	\$9,620
002-0149-R1	\$702,482	\$435,130	\$13,959
002-0149-R2	\$3,539,451	\$2,561,605	\$42,255
002-0149-R3	\$500,638	\$360,180	\$8,339
002-0150-R1	\$2,261,285	\$1,632,177	\$31,604
002-0150-R2	\$4,934,365	\$3,725,408	\$61,887
002-0151-R1	\$11,029,086	\$6,449,738	\$253,178
002-0151-R2	\$6,984,796	\$4,493,134	\$117,130
Total	\$84,801,210	\$55,451,907	\$1,637,199



3.2 HSIMS/Structures Valuation

Table 3-2 shows the summary of the RC, DRC and AD values of the following SH structures as per the 2026 SH roading valuation. Note this value excludes land and the Takitimu Drive Overbridge (15th Ave).

Table 3-2: SH2 Revocation HSIMS Valuation Data Summarised by Structure Name

Structure Name	Replacement Cost (\$ RC)	Depreciated Replacement Cost (\$ DRC)	Annual Depreciation (\$ AD)
CAMBRIDGE RD OVERBRIDGE	\$11,718,619	\$8,463,447	\$130,207
WAIROA RIVER BRIDGE #1460	\$17,315,920	\$6,156,772	\$192,400
WAIHI RD OVERBR No.1(OVER SH2)	\$5,672,074	\$4,159,521	\$63,024
KOPURERERUA STREAM BR #1506	\$4,903,359	\$3,595,796	\$54,482
Total	\$39,609,972	\$22,375,536	\$440,113

3.3 Land Valuation

Table 3-3 shows the summary of the RC, DRC and AD values of the following SH roads as per the 2026 SH land valuation. Note this value excludes any infrastructure assets.

Table 3-3: SH2 Revocation Land Valuation Data Summarised by Road Name

Road Name	Replacement Cost (\$ RC)	Depreciated Replacement Cost (\$ DRC)	Annual Depreciation (\$ AD)
002-0146	\$2,678,144	\$2,678,144	\$0
002-0146/01.13-D	\$876,527	\$876,527	\$0
002-0146/01.13-I	\$856,764	\$856,764	\$0
002-0146/01.30-D	\$3,078,504	\$3,078,504	\$0
002-0146/01.30-I	\$3,259,616	\$3,259,616	\$0
002-0146/01.75	\$5,975,582	\$5,975,582	\$0
002-0146/02.13-D	\$28,581,556	\$28,581,556	\$0
002-0146/02.13-I	\$24,557,772	\$24,557,772	\$0
002-0147-W	\$1,589,272	\$1,589,272	\$0
002-0148-W	\$1,077,185	\$1,077,185	\$0
002-0149-R1	\$1,594,655	\$1,594,655	\$0
002-0149-R2	\$1,949,050	\$1,949,050	\$0
002-0149-R3	\$1,652,535	\$1,652,535	\$0
002-0150-R1	\$941,245	\$941,245	\$0
002-0150-R2	\$2,554,636	\$2,554,636	\$0
002-0151-R1	\$12,338,504	\$12,338,504	\$0
002-0151-R2	\$10,682,448	\$10,682,448	\$0
Total	\$104,243,995	\$104,243,995	\$0



3.4 Summary of SH Valuation Results

Table 3-4 shows the combination of the AWM, HSIMS and Land valuation results for the extents of the SH2 Revocation as defined in Appendix A.

Table 3-4: SH2 Revocation Valuation Results by Asset Group

Asset group	Replacement Cost (\$ RC)	Depreciated Replacement Cost (\$ DRC)	Annual Depreciation (\$ AD)
Land	\$104,243,995	\$104,243,995	\$0
Formation	\$16,823,023	\$16,823,023	\$0
Shoulder Formation	\$2,773,843	\$2,773,843	\$0
Depth of Sub-base	\$5,380,251	\$5,380,251	\$0
Basecourse Depth	\$7,047,244	\$5,726,843	\$78,128
Shoulder Basecourse	\$847,387	\$680,278	\$8,925
Surface Structure	\$10,151,511	\$3,105,252	\$700,313
Channel	\$5,100,997	\$2,972,910	\$102,017
Chamber	\$1,481,952	\$797,132	\$29,652
Pipe	\$2,340,896	\$1,211,037	\$46,537
Traffic Facilities	\$1,069,913	\$534,956	\$71,325
Sign	\$525,913	\$77,790	\$31,068
Rail	\$147,032	\$65,293	\$5,881
Barrier	\$8,429,456	\$917,816	\$332,274
Barrier Terminal	\$69,614	\$11,370	\$2,783
Crash Cushion	\$72,461	\$5,574	\$2,898
Bridge	\$39,609,972	\$22,375,536	\$440,113
Retaining Wall	\$22,539,717	\$14,368,539	\$225,398
Total	\$228,655,177	\$182,071,438	\$2,077,312

The reason for utilising the SH valuation data is to understand the estimated annual depreciation (AD) of the assets contained within this revocation. This AD value serves as a proxy for the estimated renewal/Capex investment required to maintain the highway.

Based on the analysis performed it is estimated that approximately \$2,077,312 NZD is required per annum as capex/renewals funds to maintain this extent of highway. Please note that this is a very high-level estimate and is subject to the limitations and assumptions covered in Section 3.5.



3.5 Limitations and assumptions of using Valuation Data

The use of high-level State Highway valuation data provides a useful planning estimate, but it has several important limitations:

- **Limited gap analysis:** The valuation data has generally been provided at a road-name and asset-group level, with the exception of structures. This means that, aside from the four structures identified, we are unable to validate the number, location or individual attributes of assets within each road section. For example, the data may show the total value of signs on Road ID 002-0146, but it does not identify the number of signs, their locations, condition, age or individual replacement values. While this level of detail is not essential for producing a high-level estimate of annual depreciation, it would provide an additional level of verification and confidence in the accuracy of the State Highway valuation results.

Discussions with local WSP SME's have already identified that noise walls have potentially been excluded in the valuation. It is uncertain if there any other examples of missing assets.

- **Depreciation is not the same as actual annual capex.** Annual depreciation represents an accounting-based annualised consumption of asset value. Actual renewal expenditure is likely to be uneven over time, with larger renewal interventions occurring in specific years rather than as a smooth annual cost. This is expected to be explored in more detail in Section 4 which compares the asset group results with existing forward programme estimates.
- **Forward works programme timing is not captured.** The valuation data does not confirm when pavement, surfacing, structures, drainage, barriers or other assets will actually require renewal. The annual depreciation figure should therefore be checked against the validated 10-year and 20-year forward works programmes once available.
- **Routine maintenance and operations are excluded.** The annual depreciation value can inform renewal capex, but it does not include routine maintenance, inspections, network management, emergency works, vegetation control, incident response, drainage maintenance, or other operational costs. This is expected to be covered in Section 5.
- **Valuation rates may differ from TCC renewal costs.** NZTA valuation rates may not align with TCC's local renewal rates, delivery model, procurement arrangements, overhead allocation or treatment selection. Local rate benchmarking is required before the annual capex estimate is finalised. This is especially true for overheads (OH) such as P&G and on-costs, as NZTA likely have significantly higher overheads than local authority contracts.

However, it is noted that TCC expects to maintain this highway using the current NZTA defined Level of Service (LOS) which may mean that local rates and assumptions may not apply to this stretch of road unless TCC have other examples of meeting this LOS. Existing local data has not been provided or considered as part of the assessment in Section 3.



- **Retaining Structures Valuations has not been reviewed.** The values included in updated valuation are based on the NZTA valuations. These could be reviewed further to refine the valuation confidence.
- **Revocation Works.** The pavement and surfacing forward works programme does not consider renewals undertaken as part of a revocation plan. Renewals delivered through a revocation package over and above the NZTA supplied forward work programme will reduce the forecast cost of renewals. Once revocation works have been confirmed the forward work programme post revocation should be reviewed.
- **Asset condition has not been independently verified.** The depreciated replacement cost and annual depreciation values rely on existing asset data, assumed useful lives and remaining lives. Currently the SH valuation data does not provide any evidence that this has been included or excluded in the analysis.

These may change to the DRC once condition data, inspections and FWP validation are completed. It is currently estimated that prior to handover the highway will be renewed to a suitable LOS. While useful to know this information is not essential for a high-level analysis of AD.

4. Forward Work Programme Summary

The annual depreciation values provide a starting point to understand cash flow requirements for the asset owner. However, the actual cashflow requirements are dependent on the timing of asset renewals required to maintain levels of service.

Cashflow requirements can be better informed by assessing the forward work programme for renewals of the higher value assets. Pavement and surfacing renewals expenditure can account for a significant proportion of costs to maintain transport infrastructure. Structures replacements are less frequent than pavement and surfacing renewals but are a significant cost when they are renewed. Refinement of replacement cost of significant structures will further refine annual depreciation estimates. These assets are discussed further herein.

4.1 Structures

Major structures include bridges, retaining structures and noise walls. A high-level review of available asset data and inspection reports has been carried out. This found the expected lives used in the NZTA valuation is realistic. There are identified maintenance and component replacements likely to be required soon. For the purpose of this exercise, it is assumed that NZTA will ensure any maintenance backlog and scheduled structures component replacements are carried out by NZTA prior to proposed handover date in accordance with best practice.



The expected remaining life of the existing major structures reported by NZTA appears realistic and falls outside of the LTP analysis period. Regardless of the expected renewal timing, the replacement cost of the structures has a large bearing on the annual depreciation.

The NZTA valuation is based on assumptions applied to highway structures across the country. As a check on the highway valuation, the rates used in the NZTA valuation have been compared to the outturn costs of recently completed bridge projects around the Country.

Analysis of five recently completed structures found average cost to construct a highway bridge is \$8,700/m², excluding P&G, margin and overhead assuming an average amount of ancillary works. The NZTA valuation applies a rate of \$5,622.81/m² and an overhead factor of 1.58.

The NZTA valuation does not include the cost of the recent construction clip-on on the Wairoa River bridge.

Accounting for the clip-on bridge cost and recent bridge construction cost, the updated replacement cost, depreciated replacement cost and annual depreciation estimate for the bridge structures is included in Table 4-1 below.

Table 4-1: Updated Bridge Valuation

Bridge ID	Name	NZTA RC	UPDATED RC	UPDATED DRC	UPDATED AD
36227	CAMBRIDGE RD OVERBRIDGE	\$11,718,619	\$18,068,000	\$13,049,111	\$200,755
32409	WAIROA RIVER BRIDGE #1460	\$17,315,920	\$38,107,000	\$13,549,155	\$423,411
	WAIROA RIVER BRIDGE CLIPON	\$0	\$4,680,218	\$4,524,210	\$52,002
36228	WAIHI RD OVERBR No.1(OVER SH2)	\$5,672,074	\$8,669,000	\$6,357,267	\$96,322
36226	KOPURERERUA STREAM BR #1506	\$4,903,359	\$5,739,000	\$4,208,600	\$63,766
	Takitimu Drive Overbridge (15th Ave)		\$38,941,000	\$28,556,733	\$432,677
Total		\$39,609,972	\$114,204,218	\$70,245,077	\$1,268,936

Comparing Table 4-1 against Table 3-2 we note that the adjustments made for structures has led to a 68% increase in expected annual depreciation, predominantly from the revised unit rates and inclusion of the Wairoa bridge clip-on.

4.2 Pavement and Surfacing Forward Work Programme

To refine the valuation, a 10-year pavement and surfacing forward work programme has been developed for the period from 2031 to 2040.

The following assumptions are made:

- The existing assets comprise 120,193m² of surfaced pavements.



- The forward work programme provided by NZTA for 2025 – 2030 is assumed to proceed as planned prior to revocation in 2031. No additional asset renewals are anticipated prior to handover.
- Pavement renewal cost is estimated at \$435.59/m2 inclusive of asphalt wearing course.
- Surfacing renewal is estimated at:
 - o \$97.37/m2 for asphalt surfacing renewal.
 - o \$14.42/m2 for chipseal surfacing renewal.
- Renewal areas are based on the NZTA treatment length segmentation.
- Renewal timing is informed by asset age, current condition and past performance.

The pavement and surfacing renewals forward work programme cost for the 10-year period is summarised in the following table:

Table 4-2 : Pavement & Surfacing FWP Summary (000s)

Year	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	TOTAL
Pavement		197	126	40	758	1,669	1,111	1,490	3,143	2,248	10,782
Surfacing			438		1,710	3,284	292	1,635		1,991	9,350
Total		197	565	40	2,467	4,953	1,404	3,125	3,143	4,239	20,132

The detailed forward work programme is included in **Appendix B**.

Over the 10-year analysis period, the average annual renewal costs are as follows:

- Pavement – \$1,078,183 per annum
- Surfacing – \$935,975 per annum

The replacement cost of the pavements and surfacing can also be evaluated by using the renewal rates and treatment length areas. The replacement costs are summarised as follows:

Asset	Area	Rate	Amount
Pavement (Basecourse)/ shoulder	120,194 m2	\$338.22 / m2	\$40,651,361
Surfacing	1890 m2	\$14.42 / m2	\$11,546,560
	118,303 m2	\$93.37 / m2	

The pavement and surfacing forward work programme assessment indicates that the replacement cost and annual depreciation for pavements and surfacing reported in the NZTA valuation are low.

This is likely because the NZTA valuation is based on like for like replacement of the current AWM data which still shows that a large proportion of the extents have a granular basecourse, however, to meet the desired level of service it is expected that many of these will need to be upgraded to structural asphalt layers consistent with approach taken by NZTA in recent years hence the significant discrepancy between the basecourse annual depreciation from the SH



valuation against the results of the 10 year FWP. The forward work programme costings have been informed by recent highway maintenance contract rates and are likely to be higher than the rates used in the NZTA valuation.



5. Adjusted Valuation

The pavement and surfacing forward work programme demonstrates that renewal costs in the 10-year period following revocation is likely to exceed the annual depreciation derived from the SH Valuation. The SH Valuation can be adjusted to account for this.

The adjusted valuation figures are provided in Table 5-1 below:

Table 5-1: Adjusted Asset Valuation Figures

Asset group	Replacement Cost (\$ RC)	Depreciated Replacement Cost (\$ DRC)	Annual Depreciation/Cost ¹ (\$ AD)
Land	\$104,243,995	\$104,243,995	\$0
Formation	\$16,823,023	\$16,823,023	\$0
Shoulder Formation	\$2,773,843	\$2,773,843	\$0
Depth of Sub-base	\$5,380,251	\$5,380,251	\$0
Basecourse Depth	\$40,651,361	\$6,407,121²	\$1,078,183
Shoulder Basecourse			
Surface Structure	\$11,546,560	\$3,105,252	\$935,975
Channel	\$5,100,997	\$2,972,910	\$102,017
Chamber	\$1,481,952	\$797,132	\$29,652
Pipe	\$2,340,896	\$1,211,037	\$46,537
Traffic Facilities	\$1,069,913	\$534,956	\$71,325
Sign	\$525,913	\$77,790	\$31,068
Rail	\$147,032	\$65,293	\$5,881
Barrier	\$8,429,456	\$917,816	\$332,274
Barrier Terminal	\$69,614	\$11,370	\$2,783
Crash Cushion	\$72,461	\$5,574	\$2,898
Bridge	\$114,204,218	\$70,245,077	\$1,268,936
Retaining Wall	\$22,539,717	\$14,368,539	\$225,398
Total	\$337,401,202	\$229,940,979	\$4,132,927

¹ Annual depreciation here acts as a proxy for annual replacement cost, note that for pavement the proxy has been replaced with annualised spend over a 10-year period from the use of the FWP

² This is the current value of the asset as at 30th June 2026 prior to upgrading the remaining granular basecourse to Structural AC



6. OPEX/Maintenance Costs Summary

It has been noted in the section 3.5, the annual depreciation value can inform renewal capex, but it does not inform operational expenditure.

A high-level estimate of annual operating expenditure may be developed by considering the state highway expenditure.

The Bay of Plenty West State Highway network is the network area defined by the previous Network Outcomes Contracts Maintenance boundaries and has a centreline length of 265.3km.

The proposed revocation has a centreline length of 12.0km or 4.5% of the Bay of Plenty West Network.

NZTA does not account for operational expenditure at an asset level. NZTA has provided the operational expenditure by activity for the Bay of Plenty West State Highway network for the period from July 2024 – April 2026.



The following table presents the maintenance costs for the BOP West State Highway and estimates the operational expenditure for the revocation length by pro-rata.

Work Category	BOP West Expenditure July 24 - April 26, \$	BOP West Expenditure, \$/year	Revocation Estimate, \$/year
114 Structures Maintenance	1,323,620	721,975	32,773
121 Environmental Maintenance	5,718,121	3,118,975	141,582
122 Traffic Services Maintenance	2,471,719	1,348,210	61,201
123 Traffic Counts & Other Ops	94,586	51,592	2,342
151 Network Management	5,689,775	3,103,514	140,881
111 Pavement Maintenance	9,388,792	5,121,159	232,469
113 Drainage Maintenance	2,287,375	1,247,659	56,636
124 Cycle Path Maintenance	65,451	35,701	1,621
TOTAL	27,039,439	14,748,785	669,505

Based on pro-rata of highway expenditure the estimated cost of operational costs to maintain the revoked state highway is **\$669,505 per annum**.

It should be noted this cost estimate does not make provision for the following costs:

- Internal overhead. Costs provided by NZTA are external costs only.
- Contribution to Tauranga Transport Operations Centre Costs.



7. Results of Cost Analysis

This section combines the results of the Valuation, FWP and OPEX analysis to produce high level total cost estimate. The valuation, forward work programme and operational expenditure assessments indicate that Tauranga City Council may require approximately \$4.27 million per annum to maintain the proposed revoked section of State Highway 2 at the assumed level of service.

The estimated annual funding requirement comprises:

- \$3.60 million per annum for capital renewals, based on the adjusted asset valuation and the anticipated pavement, surfacing and structural renewal requirements; and
- \$0.67 million per annum for operations and maintenance, based on a pro-rata allocation of recent expenditure across the Bay of Plenty West State Highway network.

The capital renewal estimate represents a long-term average funding requirement. Actual expenditure is expected to vary between years depending on the timing and scale of renewal activities, with some years requiring significantly greater investment than the annualised estimate. The operational expenditure estimate is also indicative and excludes TCC internal overheads and any contribution to Tauranga Transport Operations Centre costs.

The estimated \$4.27 million annual cost should therefore be used as an initial allowance for long-term planning and affordability assessment. The estimate should be refined once the final revocation boundary, transferred asset schedule, pre-handover works, required level of service and TCC delivery costs have been confirmed.

Table 7-1: Annualised Cost for SH2 Revocation

Category	\$ Annual Cost (NZD)
Adjusted Capex/Renewal investment	\$4,132,927
OPEX	\$669,505
Total Estimated Annual Cost	\$4,802,432



Appendix A Detailed AWM Extents of SH2 Revocation

Appendix A contains map snapshots from AWM highlighting the road extents of the SH2 Revocation that is discussed within this report. The maps also highlight the structures that are included in the revocation as well as those that are excluded despite being within close proximity to the revocation.

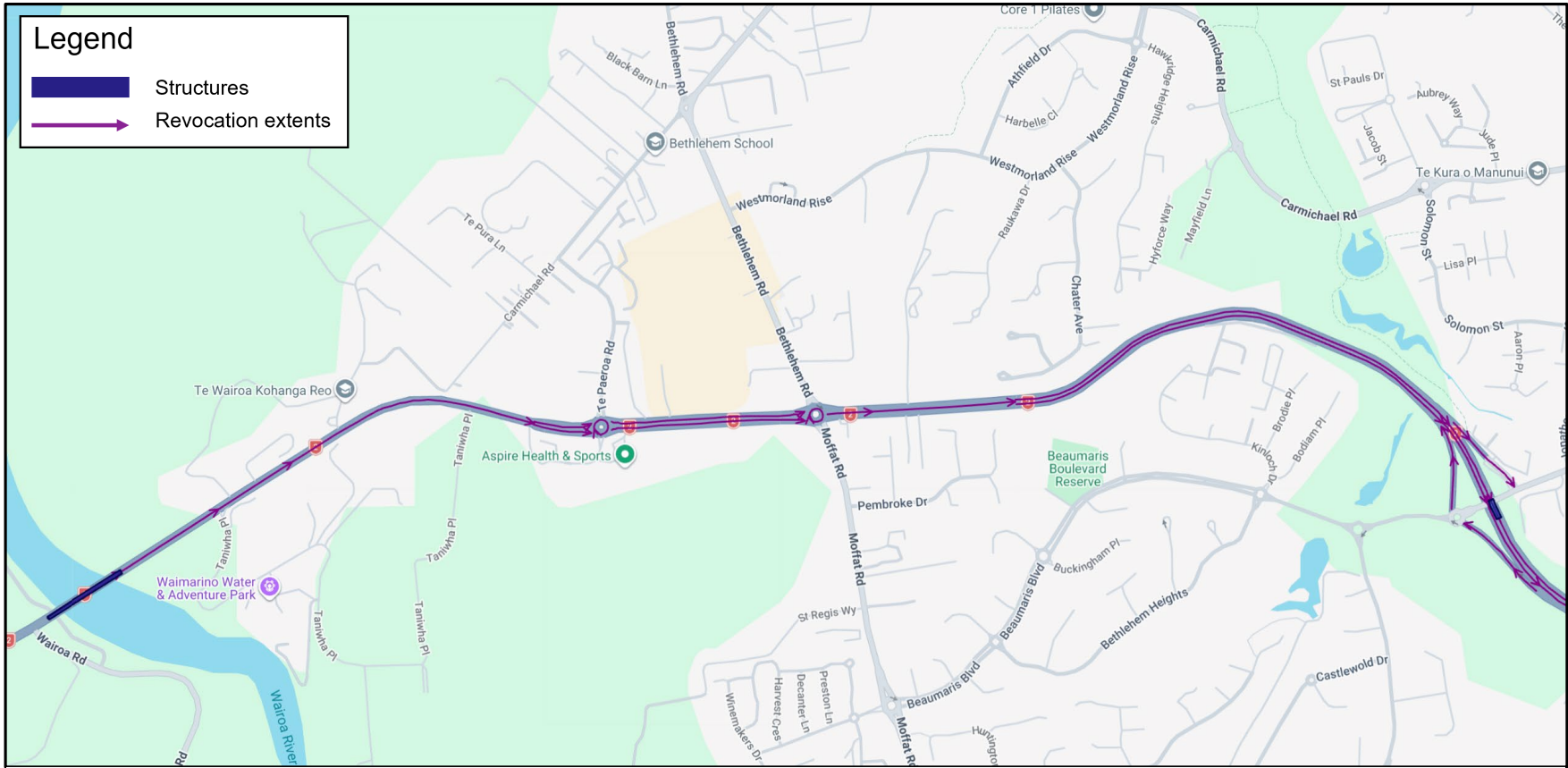


Figure 2-1: SH2 Revocation Extents - Wairoa River Bridge to Waihi Road Overbridge

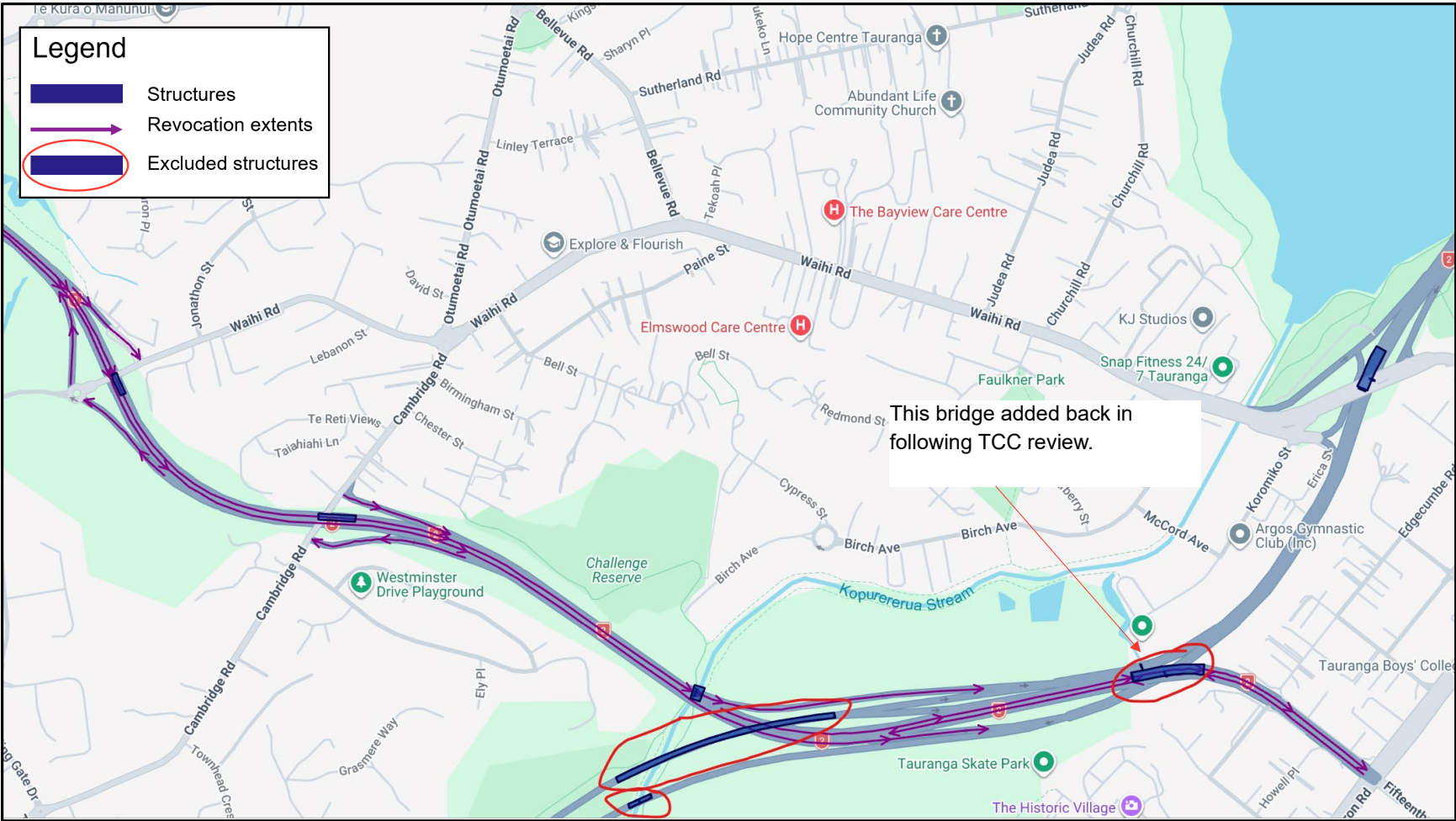


Figure 2-2: SH2 Revocation Extents – Waihi Road Overbridge to Cameron Road Intersection



Carriageway No	Road	Start (m)	End (m)	Length (m)	Width	Total Area	Hierarchy	Pavement Type	Pavement Use	Start Name	End Name
4022	002-0146	0	178	178	8	1,424	NSHS R1	Bridge	ADT > 20000	WAIROA RIVER BRIDGE (1ST ABUTMENT)	WAIROA RIVER BRIDGE (2ND ABUTMENT)
4023	002-0146	178	415	237	11.5	2,925.50	NSHS R1	Thin Surfaced Flexible	ADT > 20000	WAIROA RIVER BRIDGE (2ND ABUTMENT)	TANIWHA PL
4026	002-0146	415	594	179	14.5	2,595.50	NSHS R1	Thin Surfaced Flexible	ADT > 20000	TANIWHA PL	SPEED RESTRICTION
10525	002-0146	594	1128	534	14.5	7,743	NSHS URBAN	Thin Surfaced Flexible	ADT > 20000	SPEED RESTRICTION	LANE CHANGE (START ISLAND RHS)
11482	002-0146/01.13-D	1128	1249	121	7.5	907.5	NSHS URBAN	Thin Surfaced Flexible	ADT 10000-20000	START OF MEDIAN ISLAND	TE PAEROA RD RAB
9134	002-0146/01.13-I	1128	1249	121	8.5	1,028.50	NSHS URBAN	Thin Surfaced Flexible	ADT 10000-20000	LANE CHANGE (START ISLAND RHS)	TE PAEROA RD RAB
9137	002-0146/01.30-D	1298	1694	396	9.8	3,880.80	NSHS URBAN	Structural Asphaltic Concrete	ADT 10000-20000	TE PAEROA RD RAB	BETHLEHEM RD RAB
9139	002-0146/01.30-I	1298	1694	396	10.1	3,999.60	NSHS URBAN	Structural Asphaltic Concrete	ADT 10000-20000	TE PAEROA RD RAB	BETHLEHEM RD RAB
10524	002-0146/01.75	1746	1839	93	10.4	967.2	NSHS URBAN	Thin Surfaced Flexible	ADT > 20000	BETHLEHEM RD RAB	LANE CHANGE (LIGHTPOLE LHS)
10	002-0146/01.75	1839	2133	294	15.6	4,586.40	NSHS URBAN	Thin Surfaced Flexible	ADT > 20000	LANE CHANGE (LIGHTPOLE LHS)	START DIVIDED MEDIAN
10148	002-0146/02.13-D	2133	3121	988	9.8	9,682.40	NSHS R2	Thin Surfaced Flexible	ADT 10000-20000	START DIVIDED MEDIAN	WAIHI RD ONRAMP
1648	002-0146/02.13-D	3121	3308	187	11.9	2,225.30	NSHS R2	Thin Surfaced Flexible	ADT 10000-20000	WAIHI RD ONRAMP	WAIHI RD OVERBRIDGE (CENTRE PILLAR)
1650	002-0146/02.13-D	3308	3511	203	10.6	2,151.80	NSHS R2	Thin Surfaced Flexible	ADT 10000-20000	WAIHI RD OVERBRIDGE (CENTRE PILLAR)	WAIHI RD OFFRAMP
10522	002-0146/02.13-D	3511	4097	586	10.6	6,211.60	NSHS R2	Thin Surfaced Flexible	ADT 10000-20000	WAIHI RD OFFRAMP	CAMBRIDGE RD OFFRAMP
10523	002-0146/02.13-D	4097	4980	883	10.6	9,359.80	NSHS R2	Thin Surfaced Flexible	ADT 10000-20000	CAMBRIDGE RD OFFRAMP	CAMERON RD ONRAMP
1658	002-0146/02.13-D	4980	5162	182	6.4	1,164.80	NSHS R2	Structural Asphaltic Concrete	ADT 4000-10000	CAMERON RD ONRAMP	SH 29/14 INCREASING (END ISLAND RHS)
10147	002-0146/02.13-I	2133	3138	1005	6.5	6,532.50	NSHS R2	Thin Surfaced Flexible	ADT 10000-20000	START DIVIDED MEDIAN	WAIHI RD OFFRAMP
1647	002-0146/02.13-I	3138	3318	180	6	1,080	NSHS R2	Thin Surfaced Flexible	ADT 10000-20000	WAIHI RD OFFRAMP	WAIHI RD OVERBRIDGE (CENTRE PILLAR)
1642	002-0146/02.13-I	3318	4058	740	15.6	11,544	NSHS R2	Thin Surfaced Flexible	ADT 10000-20000	WAIHI RD OVERBRIDGE (CENTRE PILLAR)	CAMBRIDGE RD ONRAMP
10521	002-0146/02.13-I	4058	4590	532	15.6	8,299.20	NSHS R2	Thin Surfaced Flexible	ADT 10000-20000	CAMBRIDGE RD ONRAMP	KOPURERERUA STREAM BRIDGE START
11641	002-0146/02.13-I	4590	4610	20	15.6	312	NSHS R2	Bridge	ADT 10000-20000	KOPURERERUA STREAM BRIDGE START	KOPURERERUA STREAM BRIDGE END
11642	002-0146/02.13-I	4610	4651	41	15.6	639.6	NSHS R2	Thin Surfaced Flexible	ADT 10000-20000	KOPURERERUA STREAM BRIDGE END	CAMERON RD OFFRAMP
2102	002-0146/02.13-I	4651	5137	486	10.5	5,103	NSHS R2	Thin Surfaced Flexible	ADT > 20000	CAMERON RD OFFRAMP	SH 29/14 DECREASING (END ISLAND RHS)
9461	002-0147-W	0	92	92	9.3	855.6	NSHS URBAN	Structural Asphaltic Concrete	ADT > 20000	SH 2 (WEST)	SH 2 (WEST)
9140	002-0148-W	0	88	88	10.4	915.2	NSHS URBAN	Thin Surfaced Flexible	ADT > 20000	SH 2 (WEST)	SH 2 (WEST)
2103	002-0149-R1	0	50	50	5.5	275	NSHS R2	Thin Surfaced Flexible	ADT 4000-10000	SH 2 (BULLNOSE)	SPEED RESTRICTION (LHS)
10528	002-0149-R1	50	185	135	5.5	742.5	NSHS URBAN	Thin Surfaced Flexible	ADT 4000-10000	SPEED RESTRICTION (LHS)	WAIHI RD (KERBLINE)
2100	002-0149-R2	0	64	64	5.4	345.6	NSHS R3	Thin Surfaced Flexible	ADT 500-2000	SH 2 (BULLNOSE)	SPEED RESTRICTION
10529	002-0149-R2	64	203	139	5.4	750.6	NSHS URBAN	Thin Surfaced Flexible	ADT 500-2000	SPEED RESTRICTION	WAIHI RD RAB
4021	002-0149-R3	0	108	108	5.4	583.2	NSHS URBAN	Thin Surfaced Flexible	ADT 4000-10000	WAIHI RD RAB	SPEED DERESTRICTION
10530	002-0149-R3	108	175	67	5.4	361.8	NSHS R2	Thin Surfaced Flexible	ADT 4000-10000	SPEED DERESTRICTION	SH 2 (BULLNOSE)
975	002-0150-R1	0	73	73	5.5	401.5	NSHS URBAN	Thin Surfaced Flexible	ADT 4000-10000	CAMBRIDGE RD (START ISLAND LHS)	SPEED DERESTRICTION
10531	002-0150-R1	73	211	138	5.5	759	NSHS R2	Thin Surfaced Flexible	ADT 4000-10000	SPEED DERESTRICTION	SH 2 (BULLNOSE)
2101	002-0150-R2	0	161	161	6	966	NSHS R2	Thin Surfaced Flexible	ADT 4000-10000	SH 2 (BULLNOSE)	SPEED RESTRICTION
10532	002-0150-R2	161	291	130	6	780	NSHS URBAN	Thin Surfaced Flexible	ADT 4000-10000	SPEED RESTRICTION	CAMBRIDGE RD (KERBLINE/MANHOLE RHS)
8828	002-0151-R1	0	421	421	12	5,052	NSHS R2	Structural Asphaltic Concrete	ADT 10000-20000	SH 2 (BULLNOSE)	SH 29 OFFRAMP (END BARRIER)
8894	002-0151-R1	421	779	358	9.9	3,544.20	NSHS R2	Structural Asphaltic Concrete	ADT 10000-20000	SH 29 OFFRAMP (END BARRIER)	SH 2 OVERBRIDGE (1ST ABUTMENT)
8886	002-0151-R1	779	914	135	9	1,215	NSHS URBAN	Bridge	ADT 10000-20000	SH 2 OVERBRIDGE (1ST ABUTMENT)	SH 2 OVERBRIDGE (2ND ABUTMENT)
8887	002-0151-R1	914	1099	185	9.9	1,831.50	NSHS URBAN	Thin Surfaced Flexible	ADT 10000-20000	SH 2 OVERBRIDGE (2ND ABUTMENT)	LANE CHANGE (END MEDIAN BARRIER)
1646	002-0151-R1	1099	1273	174	10.3	1,792.20	NSHS URBAN	Thin Surfaced Flexible	ADT 10000-20000	LANE CHANGE (END MEDIAN BARRIER)	CAMERON RD (END ISLAND RHS)
1655	002-0151-R2	0	350	350	8.9	3,115	NSHS URBAN	Thin Surfaced Flexible	ADT 4000-10000	CAMERON RD (START ISLAND RHS)	SH 2 OVERBRIDGE (1ST ABUTMENT)
8888	002-0151-R2	350	484	134	9	1,206	NSHS URBAN	Bridge	ADT 4000-10000	SH 2 OVERBRIDGE (1ST ABUTMENT)	SH 2 OVERBRIDGE (2ND ABUTMENT)
1654	002-0151-R2	484	946	462	9.5	4,389	NSHS R2	Structural Asphaltic Concrete	ADT 4000-10000	SH 2 OVERBRIDGE (2ND ABUTMENT)	SH 2 (END ISLAND)

Table 7-2: List of SH2 Revocation Extents as Labelled in AWM



Appendix B Bridge Estimate Calculation

Basis of Cost Estimation for Bridge Replacement SH2 Revocation Tauranga

The table below summarises actual costs of 8 bridges either recently completed or still under construction in August 2026 on NZTA projects throughout NZ,

Bridge	Completion Cost	Deck Area m2	All in Cost \$/m2	Temp Works Cost / MSE Walls	Base Bridge Cost	Base Cost \$/m2	Const Material	Base cost TCC valuations \$/m2	All in cost / base cost Ratio
1	6,670,000	424	15731	4,443,600	2,226,400	5251	Super Tee		3.00
2	5,405,000	477	11331	2,650,750	2,754,250	5774	Super Tee		1.96
3	4,255,000	555	7667	1,437,500	2,817,500	5077	Super Tee		1.51
4	4,140,000	425	9741	2,071,150	2,068,850	4868	Super Tee		2.00
					Average =	5242	use	5250	
5	9,528,900	1,600	5956	1,153,450	8,375,450	5235	HollowCore		1.14
6	9,801,450	1,600	6126	1,062,600	8,738,850	5462	HollowCore		1.12
					Average =	5348	use	5350	
7	30,705,000	4,537	6768	5,820,150	24,884,850	5485	2m Deep I Precast I Beams		1.23
8	22,770,000	4,446	5121	3,565,000	19,205,000	4320	Super Tee		1.19
					Average =	4902	ave excl Br 1		1.45

Notes

1. Bridges above are all SH bridge and have 2 lanes in each direction i.e 4 traffic lanes.
2. Temporary works include - Temporary staging, site access, Crane pad construction, hard stand areas, water management – the costs are site specific and vary depending on complexity of construction e.g. working over water, heavy crane requirement, steep terrain, working around live traffic or green fields.
3. MSE Walls - Bridges 1 & 2 overall costs include MSE abutment retaining walls. These are specific to the particular sites and are excluded from general base costs.
4. Costs above exclude all P&G costs
5. Two lane structures are more expensive than 4 lane structures estimates at 1.3 to 1.5 times more costly
6. P&G rates typically range from 30 to 50% of the cost of construction cost

Basis of WSP Valuation

- A) Use base cost of \$5250/m2 for Waihi and Cambridge Road bridges; Use 1.45 temporary works allowance as typical multispan bridges not over water
- B) Use base cost of \$5350/m2 for Wairoa River and Kopurererua Stream; use temporary works allowance of 2.00 for Wairoa being a long bridge over tidal waters and 1.25 for Kopurererua as a single span bridge.
- C) Use base cost of \$6560/m2 for Takitimu Drive Overbridge (15th Ave); use temporary works allowance of 1.6 being over traffic lanes and curved form. Multi lane factor taken as 1.0 (4 lanes).
- D) For final estimate use an average for Multi lan factor of 1.4 (range 1.3-1.5x) and an average P&G allowance of 40% (range 30-50% project dependent).

ESTIMATE	base cost \$/m2	temp works factor	multi lane Factor	Deck Area m2	Adj Unit Rate \$/m2	Base Cost	Overhead (P&G)	RC Valuation
Wairoa River Bridge	5350	2.00	1.4	1817	\$ 14,980	\$ 27,219,000	1.4	\$ 38,107,000
Waihi Road	5250	1.45	1.4	581	\$ 10,658	\$ 6,192,000	1.4	\$ 8,669,000
Cambridge Road	5250	1.45	1.4	1211	\$ 10,658	\$ 12,906,000	1.4	\$ 18,068,000
Kopurererua Stream Bridge	5350	1.25	1.0	613	\$ 6,688	\$ 4,099,000	1.4	\$ 5,739,000
Takitimu Drive Overbridge (15th Ave)	6563	1.6	1.0	2649	\$ 10,500	\$ 27,815,000	1.4	\$ 38,941,000
								\$ 109,524,000
						Wairoa Cycleway		\$ 4,680,218
						Total Bridge Structure Estimate		\$ 114,204,218



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Permitted Purpose

This Report has been prepared expressly for the purpose of supporting TCC understand the potential asset value and forward funding requirements associated with the proposed SH2 revocation. ('Permitted Purpose'). WSP accepts no liability whatsoever for the use of the Report, in whole or in part, for any purpose other than the Permitted Purpose. Unless expressly stated otherwise, this Report has been prepared without regard to any special interest of any party other than the Client.

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STATE HIGHWAY REVOCATION: POLICY AND GUIDANCE

Date of issue: September 2021



Objective

1. The objective of this policy and guidance is to promote effective, consistent and timely decisions regarding revocation of state highways.

Context

2. State highways help to facilitate the safe and efficient movement of people and goods throughout the entire length and breadth of the country. Waka Kotahi NZ Transport Agency (Waka Kotahi) is the Road Controlling Authority (RCA) for the state highway network and is therefore responsible for its planning, design, construction, maintenance and operation. The state highway network currently spans approximately 11,000 kilometres and is valued at over \$52 billion (as at 30 June 2020).
3. Section 103 of the Land Transport Management Act 2003 (LTMA) empowers Waka Kotahi, with the consent of the Secretary of Transport, to revoke a state highway (referred to as "revocation" for the purposes of this policy and guidance).¹ Revocation of a state highway constitutes the road as a "local road" for the purposes of the LTMA and any other legislation. This will in effect transfer ownership, control and funding responsibility of the road to the future RCA (or potentially multiple RCAs where the section of state highway to be revoked crosses council/jurisdictional boundaries).
4. The definition of road includes a street, motorway, footpaths, bridle paths, and any related structures (e.g. bridges) that form part of a road.
5. Revocation decisions are important for Waka Kotahi and future RCAs because, irrespective of ownership, there are ongoing financial implications for the operation and maintenance of a revoked state highway. There may also be upfront costs associated with revocation, which can in some cases be significant, to ensure that the revoked state highway is fit for its new purpose (e.g. the revoked state highway needs to accommodate slower speeds and align with the character of the particular township). In order to effectively consider, determine and implement revocation decisions, sufficient attention must be given to discussing it and making provision for its costs at the earliest opportunity - which is at the business case stage of the improvement project (i.e. the project that creates the need to revoke a state highway or a section of it).²
6. But the implications of revocation extend beyond those of a financial nature. Tools such as Waka Kotahi's intervention hierarchy, the One Network Framework (ONF) and Network Operating Framework, help to guide revocation decisions in respect of the future function of the road and opportunities that might better support the use of other modes of transport, achievement of outcomes for communities (e.g. improving the "place function" of the road through the town centre) and also supporting progress towards wider government objectives (e.g. contributing to New Zealand's carbon zero objective).

Scope

7. This policy and guidance applies to Waka Kotahi processes and decisions regarding revocation of state highways. Links to related policy and guidance can be found in the "Related information" section

¹ A State highway is a road that is declared to be a State highway under section 11 of the National Roads Act 1953, section 60 of the Government Roadways Powers Act 1989, or under s103 of the Land Transport Management Act 2003.

² Situations may arise where revocation is not as a result of an improvement project or project funding has lapsed or closed out. In this instance a new business case pathway will need to be developed, starting from a Point of Entry and seeking of an appropriate funding mechanism.

below as they are out of scope or contain more detail than is needed for the purposes of this document (e.g. legally stopping a road that is no longer required as a road).

Policy and guidance

8. This section of the document outlines requirements to be adhered to (“must”) and recommended practices (“should”) in the revocation decision-making process. It is important to note that the requirements are predominantly derived from legislative provisions and Waka Kotahi policies.

Revocation is to be recognised and factored into the early stages of the improvement project

Indicative/optioneering phase and detailed business case stage of improvement project

9. Waka Kotahi should include, as part of the budget for the improvement project, provision for the key stages of revocation, namely consultation, investigation and ensuring the former state highway is fit for its new purpose at handover.
10. Waka Kotahi’s intervention hierarchy should be applied with all business cases associated with the improvement project and work to make the former state highway fit for its new purpose. This means that alternative and option selection should start with lowest cost alternatives and options, including making best use of existing transport capacity, before considering higher cost alternatives and options.
11. If the function of a road changes (e.g. from being a state highway with a primary movement purpose, to one that is more access focused), then the associated costs and timing implications of the change should be recognised and incorporated into the improvement project (or standalone revocation project).
12. During development of the business case for the improvement project, Waka Kotahi should work to agree with the future RCA on the condition of the road (including consideration of safety and whole of network implications) and timing for handover. The level of service for the road at handover should also be agreed during the development of the improvement project’s business case, and before work on a consenting or implementation design is started. These should be documented and incorporated within the overall project plan for the improvement project/revocation project.

Early planning for revocation decisions is important

13. The project plan should recognise the matters relevant to revocation as part of the business case process for the improvement project, but also activities needed to take the substantive decision and those activities relating to the handover of the road. Some of the key handover activities, which are separately discussed later in this document, include the following:
 - agreeing fit for purpose standard for handover
 - physical works to make the road “fit for purpose”
 - review and, if applicable, remove Limited Access Road status
 - legalisation of road corridor
 - review and transfer of any Resource Management Act 1991 designations and resource consents
 - road naming and changes to property addresses
 - review, update (where required) and transfer of any third-party agreements
 - review, update (where required) and transfer of any bylaws or other controls; and
 - budgeting for ongoing maintenance of revoked state highway section.
14. The project plan should also identify appropriate expertise, and resourcing requirements for the activities needed to enable handover as well as identifying the key risks or uncertainties.

Importance of documenting the process and key decisions

15. Ongoing, clear and detailed documentation ensures:

- that Waka Kotahi is acting transparently
 - continuity should the revocation timeline extend over several years
 - the focus is kept on the areas to be resolved; and
 - that matters that have been agreed are not revisited.
16. All key agreements with RCAs should be included within key project documentation such as a business case, Urban Design and Landscaping Framework, multi-party funding agreement and a Network Operating Plan before funding for implementation is confirmed.

Matters relevant to the substantive revocation decision

Consultation

17. Waka Kotahi must consult with the following stakeholders prior to taking any decision to revoke a state highway:³
- any regional council or territorial authority that may be affected by the proposed revocation,
 - the landholding trustee of land registered in the name of Pōtatau Te Wherowhero under section 19 of the Waikato Raupatu Claims Settlement Act 1995;
 - iwi or hapū who may be affected;
 - Auckland Council and Auckland Transport (if the road is in Auckland); and
 - Kāinga Ora-Homes and Communities if the road is within a specified development project area.
18. Where Māori land or interests are potentially affected, specific advice and guidance should be sought from Te Mātangi in Waka Kotahi.
19. While it is mandatory to consult with the above list of stakeholders, Waka Kotahi should also carefully consider consulting with others, including owners of adjacent land, local communities and other departments that may have an interest (e.g. Heritage New Zealand, KiwiRail, Department of Conservation⁴).
20. While Waka Kotahi must consult with stakeholders as part of its revocation decision process, it is not required to reach an agreement with them nor obtain their consent.

Adopt a whole of network approach to the decision

21. Waka Kotahi should adopt a strategic whole of network approach to its revocation decision. Consideration of the implications for all road users (e.g. cyclists, pedestrians, public transport users) is important.
22. Waka Kotahi must consider the revocation decision within the context of the surrounding road hierarchy, surrounding land use, and multi-modal transport networks and use the ONF along with the Network Operating Framework for this purpose.
23. Decisions should be informed by local, regional and national plans and strategies.
24. Appropriate skills and expertise should be secured to understand and advise on these issues (e.g. relevant local authorities, other government agencies).
25. If the road is no longer required as a road it can be legally stopped.

³ Section 103(6) and (8) of the LTMA.

⁴ The Department of Conservation is also a RCA for roads within national parks and reserves.

Duplicate state highway routes are possible but should be avoided

26. Waka Kotahi *should* revoke state highways when changes to the state highway network result in duplicate sections of state highway that serve substantially the same function for the surrounding network.
27. Two parallel routes can exist if they provide two different state highway functions, and in such instances, state highway status for both may be appropriate. Where this is a consideration, Waka Kotahi *should* undertake an evaluation of a state highway's network function, subject to the revocation proposal and where a new road is to be constructed.

Matters relevant to an effective handover of the road

Ensuring the road is "fit for purpose" at handover

28. Waka Kotahi *must* ensure that the revoked road's transport function is fit for purpose at the time of handover. Fit for purpose means the revoked state highway section will provide a similar level of service to other roads with the same function in the local network and that the road is safe despite its change in function.
29. Wherever possible, Waka Kotahi *should* work jointly with the future RCA to identify the fit for purpose standard for the revoked section of state highway at the time of handover. The following approach *should* be undertaken:
 - Identify the network function of the road (at the time of handover) based on the existing local road hierarchy and surrounding land use;
 - Identify the level of service that will reasonably meet the network function of the road (e.g. from existing asset management plans, district plans, physical inspection and assessment of the surrounding network and land use); and
 - Complete a safety assessment to ensure that the road will be safe at the time of handover and the change in function will not create a safety issue that did not previously exist.
30. Where agreement of the future RCA is not possible (including efforts to escalate to senior or executive management levels), Waka Kotahi *should* still use the criteria above to ensure that the revoked road is fit for purpose at the time of handover.
31. Any works to change the road beyond fit for purpose *must not* be funded by the primary project and so other funding sources should be investigated.

Resource consent and designation process for the state highway improvement project

32. Care is needed to ensure that any new designation or consent conditions associated with the state highway improvement project are not unintentionally applied to the section of state highway to be revoked. If new conditions are intentionally applied, then it is important to ensure that these obligations can be transferred at the same time as control and ownership of the road.
33. The designation or resource consent application for the state highway improvement project *should* only refer to changes to the section of state highway to be revoked where these are required to mitigate adverse effects of the improvement project. Such changes *should* be considered part of the scope of the state highway improvement project.
34. If Waka Kotahi and the future RCA have agreed on other changes to the section of state highway proposed to be revoked and have agreed and documented funding arrangements for these changes, these could also be referred to in the consent documentation that is lodged with the consent authority.

Existing designation and resource consent conditions associated with the state highway to be revoked

35. If the road to be revoked is also subject to an RMA designation for state highway purposes or motorway purposes, then Waka Kotahi *must* initiate the alteration/transfer/uplift of the designation for the sections that are to be handed over.

36. In the event of a transfer of designation, Waka Kotahi must inform the Minister for the Environment.⁵
37. Waka Kotahi must also identify if there are ongoing consent conditions that need to be transferred to the new RCA (in part or in full). Waka Kotahi should also review maintenance boundary agreements to ensure that any activities necessary to comply with the consent conditions are clearly allocated.

Land and property matters (encroachment and licences to occupy)

38. Before handover, Waka Kotahi must ensure that the legal basis for the state highway is properly established. This will ensure that revocation and transfer of control of the road to the future RCA do not inadvertently pass on legal issues that impact on the safety of the road or make the road (or parts of it) illegal. This may include private property encroachments or ambiguous land ownership.
39. In the case of the road corridor encroaching onto private property, this should be resolved to ensure the legality of the road. This process can take time, so it is important to start early. Not all encroachments into the legal road corridor need to be resolved. Many have no material impact and others may have been intentionally put in place.
40. The Waka Kotahi Property Team can help ensure that any implications are identified early and enough time is allowed for consideration of legal and/or legislative implications. In some cases, it may be necessary to arrange a survey of the boundaries of the section of state highway to be revoked, and lodge changes to the land registry. These issues must be identified early with remedial actions identified in the plan for handing over the road.
41. Waka Kotahi must also review any licenses to occupy⁶ and other agreements (e.g. regarding stock underpasses) and work with the future RCA to agree where licenses or agreements are still needed. If licenses cannot be transferred to the new RCA then replacement licenses will need to be established where required.

Road naming and property addresses

42. Waka Kotahi should work with the future RCA to determine what the road will be called once it is no longer a state highway. Iwi and hapū are often interested in being involved in road naming in conjunction with the future RCA. It will also be necessary to work with the postal service to update postal addresses or delivery arrangements to address any issues triggered by the revocation.

Limited Access Roads

43. Limited Access Road (LAR) status will be retained unless there is a conscious effort to remove it. Under the Government Rounding Powers Act 1989 (GRPA), when the state highway status of a road that has previously been declared a LAR is revoked, it will automatically become a limited access "local" road under section 96(1) of the GRPA.
44. If a state highway has been declared a LAR, Waka Kotahi may agree with the future RCA to remove all or part of its LAR status under section 88 of the GRPA as part of the preparations for handover.
45. If LAR status is to remain and Waka Kotahi is to retain land outside, but adjacent to the road corridor, the registered crossing places must be identified. This will enable legal access when Waka Kotahi is no longer the RCA.

Bylaws

46. Waka Kotahi must review, update (where required), and transfer any speed limit bylaws or any other bylaws such as clearways or stock control, to the future RCA by agreement.

⁵ Section 180(2) of the Resource Management Act 1991.

⁶ A legal agreement that allows someone other than the owner (a third party) to use a specific area of the owner's land for a permitted purpose.

Utility Operators

47. Waka Kotahi must notify affected utility operators of the proposed revocation, amending and transferring any utility agreement to the future RCA as required.

KiwiRail

48. Waka Kotahi must consider any agreements to railway grants and arrangements for the likes of level crossings and rail structures, including bridges over or under the existing highway. It should engage early with KiwiRail on these issues.

Maintenance and works required prior to handover

49. Waka Kotahi must not defer any planned maintenance or renewals on the section of the revoked road without the agreement of the future RCA. This could take account of changes in planned maintenance and renewals as a result of reduced traffic on the future local road.
50. Waka Kotahi should not direct additional maintenance funds to the road to raise its current standard of maintenance, outside of its normal annual budgets or programme for the road's maintenance.
51. Waka Kotahi must consider if the maintenance handover will be handled in stages. Maintenance before revocation is funded from state highways operations budget unless responsibility for maintaining the road is formally delegated to the future RCA prior to revocation due to an early handover.
52. Any works that have been identified to ensure that the road is fit for purpose should be completed before the state highway is revoked, but there is the opportunity for the RCA to complete the work after revocation with funding provided by Waka Kotahi.
53. Once the state highway is revoked, funding responsibility is also transferred to the RCA and therefore any ongoing Waka Kotahi funding will be provided at the appropriate Funding Assistance Rate (FAR) for the activity.
54. Transitional funding assistance may be available for RCAs due to the revocation of a state highway and Waka Kotahi's planning and investment group can be contacted for advice on this.

Timing of handover

55. Consideration should be given to how the revocation can be timed to suit the needs of the RCA (e.g. to align with the start of a new financial year and this does not unduly delay the handover). The notice to be published in the Gazette regarding the revocation decision (discussed in the next section of the document) will specify the date revocation will take effect, so there is flexibility to accommodate timing preferences where appropriate.

Consent must be obtained from the Secretary of Transport and decision Gazetted

56. Waka Kotahi must obtain consent from the Secretary of Transport to revoke a section of state highway. Consent is sought through a letter to the Ministry of Transport from the Chief Executive of Waka Kotahi which recommends that the state highway be revoked. The matters and information that must be covered in the letter include:
- a map of the state highway proposed to be revoked
 - a definition of the route of the state highway, by town, road name or route position
 - a statement confirming that the requirements of section 103(6) of the LTMA have been satisfied if Māori land is affected
 - a statement that the requirements of section 103(8) of the LTMA have been met (i.e. consultation with relevant local, regional, and central government authorities); and
 - proposed timing (i.e. when is the revocation is intended to come into effect).
57. An example letter of recommendation is included in **appendix one**.

58. If the Secretary of Transport provides their consent, Waka Kotahi will by notice in the Gazette, revoke the state highway with effect from the date specified in the Gazette notice.
59. An example Gazette notice is included in **appendix two**.

Related information

- Waka Kotahi One Network Framework <https://www.nzta.govt.nz/roads-and-rail/road-efficiency-group/one-network-framework/>
- Waka Kotahi Intervention Hierarchy <https://www.nzta.govt.nz/assets/resources/The-Business-Case-Approach/PBC-intervention-hierarchy.pdf>
- Waka Kotahi policy regarding transitional funding assistance for maintenance of revoked state highway <https://www.nzta.govt.nz/planning-and-investment/planning-and-investment-knowledge-base/201821-nltp/activity-classes-and-work-categories/road-improvements-other-road-related-funding-policies-guidance/revoked-or-declared-state-highways/>
- Process and requirements to legally stop a road that it is no longer required as a road <https://www.lin.govt.nz/regulatory/15002>

Appendix One: Example letter to Secretary of Transport recommending revocation

[date]

Mr/Ms xxx
Chief Legal Advisor
Ministry of Transport
PO Box 3175
WELLINGTON

Dear xx,

Revocation of a section of State Highway 23 at Raglan, Waikato District Council

Growth in Raglan is encompassing the existing State Highway (SH) 23, which currently finishes at what once was the edge of the township. This growth includes the Lorenzen Bay Structure Plan development that is under way and which will result in the migration of the urban fringe further along SH23. There are safety issues regarding speed and crash risk, access onto SH23 and future proofing complexities for the growth of the town. Some of these issues have featured in service requests received by Waikato District Council and submissions from residents at the recent Speed Bylaw Hearing.

This revocation was initiated by Waikato District Council through their letter received on 17 July 2019 and formalised through a subsequent letter received on the 14 July 2020 following joint site inspections and exchange of forward works programmes and RAMM asset data. The revocation was also supported by Council staff at the Infrastructure Committee meeting on the 13 February 2019.

Waikato District Council also considers it desirable to revoke an additional 400m of SH23 in the future, following the replacement, by Waka Kotahi, of the culvert located at RS/RP 32/10.541, which is coming to the end of its working life. The process to replace it is already underway.

Waikato District Council have stated that no further actions need to be completed and that the section of SH23 can be revoked and transferred to Waikato District Council in its current condition. The revocation can take effect immediately.

I would be grateful if you could consider these changes and advise whether the Secretary consents to them being notified by way of Public Notice in the New Zealand Gazette.

Please find attached the following documents to facilitate the above request:

- 1) Layout drawing showing location and the section of State highway to be revoked;
- 2) Letters from Waikato District Council requesting the revocation;
- 3) A letter of support from Ngaati Maahanga;
- 4) A message of support from Waikato Tainui; and
- 5) A draft Gazette notice for your consideration.

Pursuant to Section 103(6) of the Land Transport Management Act 2003, both the iwi and the hapū have been consulted. The Ngāa Uri o Maahanga Trust (Ngaati Maahanga), being Mana Whenua for the Raglan area, have provided a letter of support for the change. Waikato Tainui, as iwi, has been consulted and have indicated support for the hapu decision. I consider this meets the requirements of the Act to consult Māori.

Pursuant to Section 103(8) of the Land Transport Management Act 2003, I can confirm that this action is at the behest of Waikato District Council and I consider this meets the requirements of the Act.

There is no Kāinga Ora-Homes and Communities development project area adjacent to the revocation and therefore there is no requirement to consult.

I confirm that I have the delegation from the Waka Kotahi Board to make this request on behalf of Waka Kotahi.

If you require any further information please contact xx in the Waka Kotahi Hamilton Office ph. xx.

Yours sincerely

Nicole Rosie
Chief Executive

Appendix Two: Example Gazette notice regarding revocation

Revoking a section of state highway and declaring a section of state highway—State Highway 36, Tauranga

Pursuant to section 103 of the Land Transport Management Act 2003, Waka Kotahi, with the consent of the Secretary for Transport, gives notice that, with effect from 1 June 2011:

- a) Part of State Highway 36, described in the First Schedule, is revoked;
- b) the section of new road, described in the Second Schedule, is declared to be State Highway 36.

First Schedule

Part of State Highway 36, commencing at RP 0/0 at the intersection of State Highway 29 and Pyes Pa Road extending in a generally southerly direction to RP 2/1.93 (on Pyes Pa Road). The length of road to be revoked is 3.93 kilometres.

Second Schedule

Part of State Highway 36 in Tauranga, commencing at RP 0/0 at the intersection of State Highway 29 and Takitimu Drive and extending in a generally south easterly direction along the recently constructed Pyes Pa Bypass road and ends at RP 0/4.50 (about 160m south of the recently constructed intersection with Pyes Pa Road); a total distance of 4.50 kilometres.

1.3 Sport and Recreation Investment Prioritisation (Presentation)

ATTACHMENTS

Nil

1.4 Network of Community Centres (Presentation)

ATTACHMENTS

Nil

1.5 Long-term Plan 2027-37 - Rating Policy and Revenue and Financing Policy**File Number:** A21029645**Author:** Holly Riddell, Corporate Planner
Kathryn Sharplin, Acting GM: Chief Operating & Financial Office
Jim Taylor, Manager: Rating Policy and Revenue
Frazer Smith, Manager: Strategic Finance & Growth**Authoriser:** Kathryn Sharplin, Acting GM: Chief Operating & Financial Office**Presenter(s):**Kathryn Sharplin
Jim Taylor
Frazer Smith
Holly Riddell**External presenter(s):**

Workshop information

Purpose of workshop

1. The workshop will provide the Mayor and Councillors with an overview of the statutory rating framework, the proposed rates cap, and key features of Council's rating system. These include rating differentials, the uniform annual general charge, growth-related targeted rates, remissions, and wastewater and stormwater rating arrangements under the new water organisation.
2. The workshop will also provide the Mayor and Councillors with an understanding of the Revenue and Financing Policy which sits within the 2027-37 Long-term Plan.

Executive summary

Rates Policy

3. Council's rating system is governed by the Local Government Act 2002 (LGA) and the Local Government (Rating) Act 2002. The legislation outlines the statutory sequence from funding needs analysis through to consultation that is required to support legally robust rating decisions.
4. The Local Government (Rates Capping) Amendment Bill proposes an initial annual rate increase target of 2% to 4% from 1 July 2029, based on average rates per rating unit. The cap would include general rates, the UAGC, targeted rates and penalties, but exclude drinking water, wastewater and stormwater rates. The first two years of the LTP would not be capped which enables Council to transition and plan. The level of rates in Year two would establish the base on which the future 2%-4% increases are calculated.
5. Council will collect \$256 million in rates in 2026/27, plus \$142 million for three waters. General rates of \$228 million currently (with 3 waters included) represent 57% of all rates and fund around half of Council activity. Key policy settings are the commercial and industrial differentials of 2.25 and 2.7 respectively, which generate 34% of general rate revenue, and the UAGC of \$349 per rating unit, or around 10% of total rates.

Revenue and Financing Policy

6. The LGA requires Council to adopt and maintain a Revenue and Financing Policy as part of its Long-term Plan. The policy establishes how Council funds its activities and provides the rationale for funding decisions, ensuring costs are allocated in a fair, transparent, and legally compliant manner.
7. As part of the review process, staff have been undertaking the Funding Needs Analysis required under section 101(3)(a) of the Act. This analysis assesses each activity's beneficiaries, the drivers of demand, the community outcomes supported, and the appropriateness of alternative funding mechanisms. The results of this work will be presented to Council for approval at the 10 November 2026 meeting.
8. Following Council's consideration of the Funding Needs Analysis, staff will complete the second stage of the review, which considers the cumulative impact of funding decisions across all Council activities. A draft Revenue and Financing Policy will then be presented to Council in December 2026 for consideration.

Background

Rating Policy

9. The Local Government (Rating) Act 2002 provides the statutory framework for Council to set general rates, differential rates, a uniform annual general charge, and targeted rates.
10. Council has progressively increased the commercial and industrial differentials over the past four years, informed by analysis of transportation benefits and demand associated with the Port of Tauranga. Tauranga's industrial differential of 2.7 and commercial differential of 2.25 are within the range applied by other metropolitan councils.
11. The previous LTP set a target distribution of 65% residential, 15% commercial and 20% industrial by 2027/28. The current distribution is 66%, 15% and 19% respectively. Council will need to consider whether the distribution should be determined by formula or reviewed annually, whether the current differentials remain appropriate, and whether a separate industrial category should be retained.
12. The uniform annual general charge (UAGC) provides a minimum contribution from each property towards community-wide services. It has been reduced on affordability grounds, shifting a greater proportion of rates onto property value. Tauranga's UAGC is \$349, or 8% of total rates, compared with \$925 in Hamilton, \$663 in Auckland and \$213 in Christchurch. Wellington and Dunedin do not apply a UAGC.
13. Council introduced two growth-related targeted rates in 2024/25:
 - (a) the Papāmoa East Interchange targeted rate funds part of the interest on debt associated with Te Tumu. Construction was deferred beyond the 2024–34 LTP, but the debt remains and compounding interest may affect the development's feasibility; and
 - (b) the Pyes Pa West targeted rate funds the growth area's share of the development contributions backlog, rather than leaving the debt to be funded by all ratepayers. A targeted rate for Bethlehem West was considered in 2023 but was not introduced.
14. Council's remission policies provide relief where charging full rates would be inequitable or inconsistent with community outcomes. Nine policies are delegated to staff, while Council retains responsibility for natural disaster and emergency relief. Matters identified for review include the clear-history requirement for penalty remission, the remission threshold, recurring cases such as uninhabitable properties and house fires, and delegation for small-scale events.

Revenue and Financing Policy

15. The LGA requires Council to adopt a Revenue and Financing Policy, which forms part of the Long-term Plan (LTP).
16. The Revenue and Financing Policy outlines how Council intends to fund its activities and provides the rationale for those funding decisions.
17. The policy is a critical component of Council's overall funding framework. It guides the setting of rates, development contributions, user fees, and charges. A policy that does not comply with statutory requirements, or is found to be unreasonable, may compromise the validity of funding decisions made in reliance on it.
18. The LGA prescribes a two-step process for developing and reviewing a Revenue and Financing Policy. The first step is the Funding Needs Analysis (FNA), as required by section 101(3)(a) of the LGA. This analysis requires Council to consider, for each activity:
 - (a) the community outcomes to which the activity contributes;
 - (b) the distribution of benefits between the community as a whole, identifiable groups, and individuals;
 - (c) the extent to which the actions or inaction of particular individuals or groups contribute to the need for the activity; and
 - (d) the costs and benefits of funding the activity distinctly from other activities.
19. The second step is to consider the cumulative impact of the funding decisions across all Council activities. This involves assessing the aggregated outcomes of the Funding Needs Analysis and their overall effect on the community. Matters considered include rating differentials, the proportion of rates set on a uniform basis, and the factors used to determine targeted rates.

Next steps

20. Rating policy decisions will return to Council at the appropriate stage of the LTP process. Matters that will come back include the UAGC policy direction given the waters transition, options for charging for stormwater and wastewater through rates, and the allocation of the general rate including differential and proportion following the revenue and financing policy step.
21. Staff are currently completing the first stage of the review and will present the Funding Needs Analysis to Council for approval at its meeting on 10 November 2026.
22. Following Council's consideration of the Funding Needs Analysis in November, staff will complete the second stage of the review and prepare a draft Revenue and Financing Policy for Council consideration in December 2026. Rating policy matters will also be presented to Council at this stage, including options and recommendations on the allocation of rates across the community.

Attachments

1. **Rating Policy for the 2027-37 LTP - Workshop 3 September 2026 - A21030356**  
2. **Revenue and Financing Policy Presentation - 3 September 2026 - A21029640**  



Rating Policy for the 2027-2037 Long Term Plan

Strategic direction from Council
Workshop 3 September 2026

Purpose and topics covered in this workshop

To discuss rating matters Councillors may want to consider further during the 2027-37 LTP process.

Context for rating - Legislated process and impact of rates capping

Specific items of TCC's rating system and policies

- Rating differential
- Uniform annual general charge
- Targeted rates for growth costs PEI, Pyes Pa and Bethlehem
- Remissions
- Wastewater and stormwater revenue arrangements for water organisation



Local Government (Rates Capping) Amendment Bill

- From 1 July 2029 annual council rates increases would be required to remain within an initial **2% to 4% target range**.
- Purpose to improve **rates affordability and predictability**, strengthen fiscal discipline and focus councils on core services.
- The calculation applies to the **average rates price per rating unit**, rather than simply limiting total rates revenue. It covers:
 - general rates
 - uniform annual general charges (UAGC)
 - targeted rates
 - penalties on unpaid rates
- Drinking water, wastewater and stormwater rates are excluded from the cap

Timing and Consideration of Rates Cap

The rates cap is proposed to take **full effect from 1 July 2029**.

Considerations for LTP

- The first two years of the LTP will not have an enforced cap (transition and planning)
- The level of rates in year two will set the base for the future.
- TCC's bespoke borrowing covenant with LGFA will restrict loan funding of opex
- Targeted rates are part of the cap - look at levies as an alternative to targeted rates.
- The rates cap calculation is based on the average total rates movement per rating unit we have yet to fully work through the definition and its implications

The legal framework

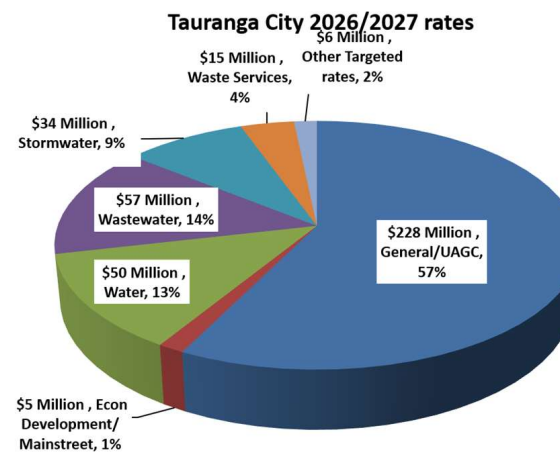
- **Local Government Act 2002 and Local Government (Rating) Act 2002**
- Council sets rating policy within section 101(3) requirements
- The statutory chain:
 1. Funding needs analysis
 2. Revenue and financing policy
 3. Develop an LTP
 4. Funding impact statement,
 5. Consultation
- Following the process protects rates from challenge
- Decisions on rates will come back to Council at the right LTP stage

Rates the Rating Act allows us to set

- **General rates (s13)** – across all properties
- **Differential rates** – different categories pay different shares
- **UAGC (s15)** – a flat base charge, capped at 30% of total rates
- **Targeted rates (s16)** – ring-fenced to a service or activity
- **Specific targeted rates** – kerbside waste, water supply, wastewater

Rating Toolbox

- **\$256m rates in 2026/27, plus \$142m for three waters**
- General rates fund public and community benefit
- Targeted rates fund specific services, levels of service, and growth
- Commercial and industrial fund Mainstreet and economic development
- Water and wastewater rates may be charged on behalf of the water organisation



General Rates

- **\$228m in 2026/27 – 57% of all rates collected**
- Funds around half of Council activity: community facilities, transport, spaces and places
- Set on capital value, and can be differentiated by category
- Flexible – surpluses can be redirected to the highest priority
- Will be a higher proportion once waters targeted rates are removed

General Rate Differential

- General rate differentials allow Council to distribute the cost of general services between different property groups in accordance with its funding and equity objectives
- **Industrial 2.7x, commercial 2.25x** – together 34% of general rate revenue
- Based on an independent review of transport benefit and cause
- **Metro comparison:** Wellington 3.68, Hamilton 2.99, Dunedin 2.5, Auckland 2.42, Christchurch 2.0

General rate differential proportion

- Council in the previous LTP also resolved to work toward 65% residential / 15% commercial / 20% industrial by 2027/28
- **Today:** 66% residential / 15% commercial (2.25x) / 19% industrial (2.7x)
- Set the distribution by formula, or decide it annually?
- Is the level of differential still right?
- Do we keep a separate industrial category?

Level of Uniform Annual General Charge (UAGC)

- A minimum contribution from every property toward community-wide services
- Limited by formula as a share of total rates, including waters
- Lowered from the 30% legal maximum to about 10% over the past decade, on affordability grounds
- **Metro comparison:** Hamilton \$925 (22%), Auckland \$663 (14%), Tauranga \$349 (8%), Christchurch \$213 (7%), Wellington and Dunedin none

For discussion: the level of the UAGC

- **Impact of waters moving out of rates UAGC calculation – Policy Change?**
Current TCC policy is 10% of all rates is a fixed charge
 - At 10% of total rates, the UAGC would fall from \$349 to \$115
 - At 10% of the remaining general rate, it would rise from \$349 to \$373
- A lower UAGC shifts the allocation of rates to commercial, industrial and higher-value homes
- A higher UAGC shifts the allocation of rates to lower-value homes
- This policy decision will come to Council after revenue and financing policy steps have been done.

Papamoa East Interchange rate

- Papamoa East Interchange targeted rate (originally named Urban Growth Rate) was introduced from 2024/25 year by Commissioners. The original Council report went to the 11 September 2023 Council (A14856800).
- Introduced in 2024/25 to cover part of the interest on Te Tumu-related debt
- Te Tumu construction was pushed outside the 2024-34 LTP, but the debt sits inside it
- Compounding interest puts Te Tumu feasibility at risk
- For discussion: retain the rate, or change how it is charged?

Pyes Pa West rate and the DC backlog

- The backlog is the gap between development contributions received and what was needed
- Since 2014 Council has shifted part of that backlog to rates-funded debt - borne by all ratepayers
- The Pyes Pa West targeted rate, introduced 2024/25, charges that area's share directly (4 September 2023 Council -A14981364)
- A Bethlehem West rate was considered in 2023 but not created
- For discussion: retain, extend to other areas, or amend?

Remissions: the policy framework

- Relief where full rates would be inequitable or work against community outcomes
- A good policy is clear, fair, targeted, affordable and consistently applied
- Nine policies delegated to staff; natural disaster and emergency relief sits with Council
- Covers penalties, community, water leaks, earthquake strengthening and unliveable dwellings

TCC Remission Policy – items to consider

- Penalty remission requires three years' clear history - it works against good collection
- The \$50 penalty remission threshold could drop to \$30
- Exceptions are handled under delegation where circumstances were unforeseen
- Recurring cases - yellow and red stickered properties, house fires - would be better as formal policy
- Should small-scale events be delegated to staff?

Summary of matters you may want reports on at the appropriate time

Matters that will come back in the course of LTP process

- UAGC – policy direction given impact of waters
- Options for charging for waters through rates (stormwater and wastewater)
- Allocation of the general rate including differential and proportion after RFP step.

Matters that can come back to Council if requested

- Growth targeted rates (PEI and Pyes Pa West rates)
- Continuation of three rating categories
- Remissions – any changes to policy e.g., penalty settings
- Other?



Revenue and Financing Policy

Review for the 2027-37 Long-term Plan

Setting the funding direction for the next 10 years

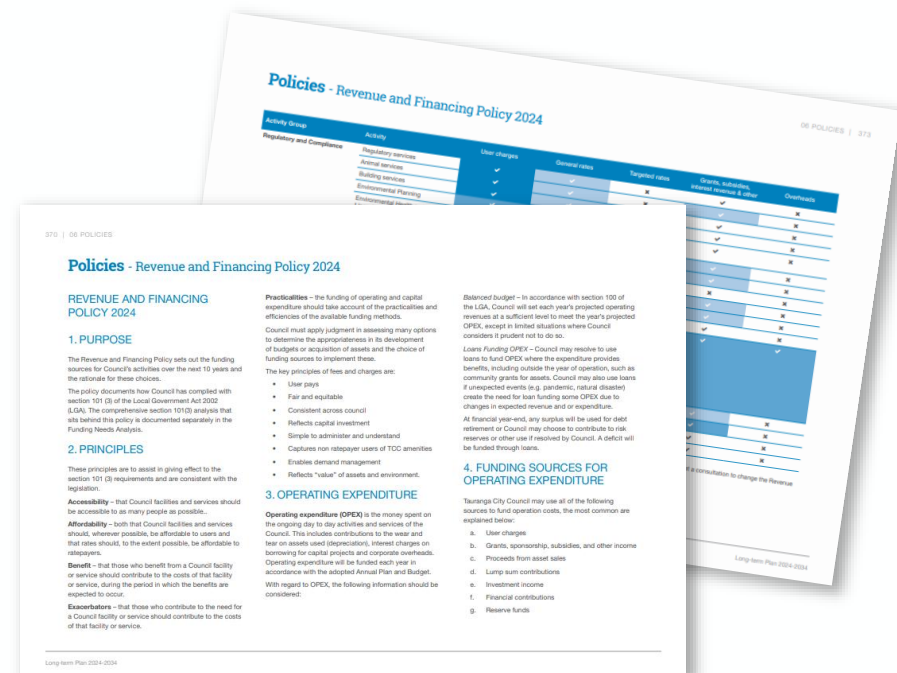
Purpose of the Revenue and Financing Policy

A statement of how the council intends to fund its operating and capital expenditure across each of its activities.

It is one of Council's mandatory policies under the *Local Government Act 2002* (section 103).

It explains, activity by activity, the mix of funding sources used to recover the cost of providing that service including user fees, general rates, targeted rates, grants, subsidies, etc.

It must be reviewed alongside every Long-term Plan.



Method to reviewing

Section 101(3) of the Local Government Act 2002 sets out a structured way to decide who pays for each council activity.

STEP ONE

Assess for each activity:

- Community outcomes the activity promotes
- Who benefits from the activity
- When the benefits occur
- Who creates the need
- The costs and benefits of funding separately



STEP TWO

Then, across all activities:

Assess the overall impact of those funding decisions on the wellbeing of the community.

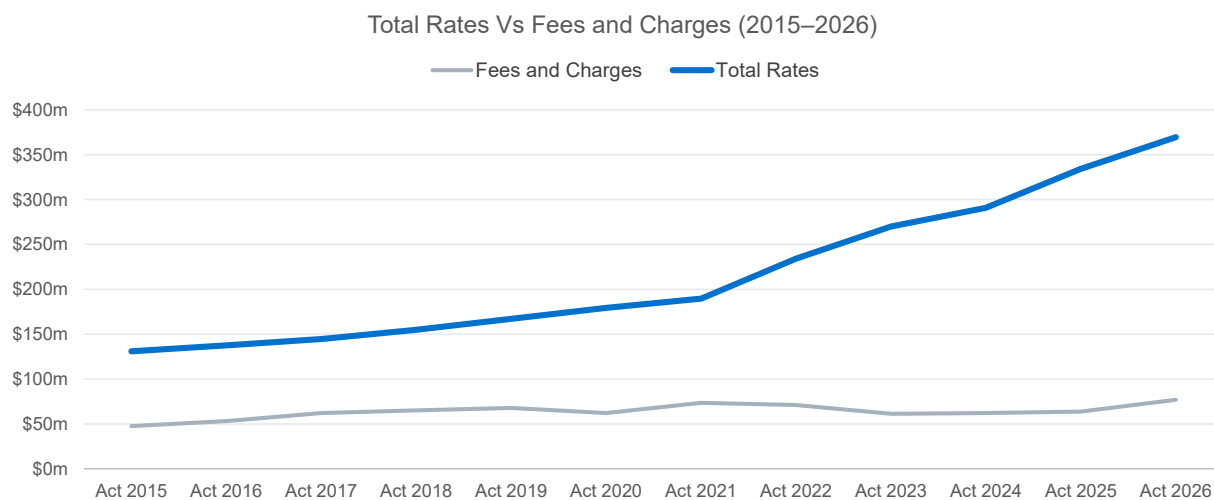
Sense-check: do the activity-level decisions, when added together, produce a balance that's fair, affordable, and consistent with the council's strategic direction?

The levers: Funding Sources

SOURCE	WHO PAYS	EXAMPLES
Fees & Charges	Direct users at point of service	<i>Building consents, dog registration, venue hire</i>
General Rates	All ratepayers	<i>Libraries, parks, governance, planning</i>
Targeted Rates	A defined group of beneficiaries	<i>Water, kerbside recycling</i>
Grants, Subsidies, Other	External funding bodies	<i>NZTA etc</i>
Overheads	Other activities within the organisation	<i>Finance, HR, IT, Legal — recovered across the council</i>

Rates have done the heavy lifting

Over the past decade, general rates have absorbed most of the cost increase while user-fees have moved much more slowly. The gap between them has widened.



RATES GROWTH*

+149%

cumulative, 2015 – 2026

FEEES GROWTH**

+62%

cumulative, 2015 – 2026

* Total Rates includes Water by meter, excluding Water by meter the net Rates growth is 187%

** Although TCC user fees have only increased moderately compared to rates, when compared to revenue mix ratios (see following slide), it is in the top 3 compared to the benchmarked 11 councils.

How our revenue mix compares with other councils

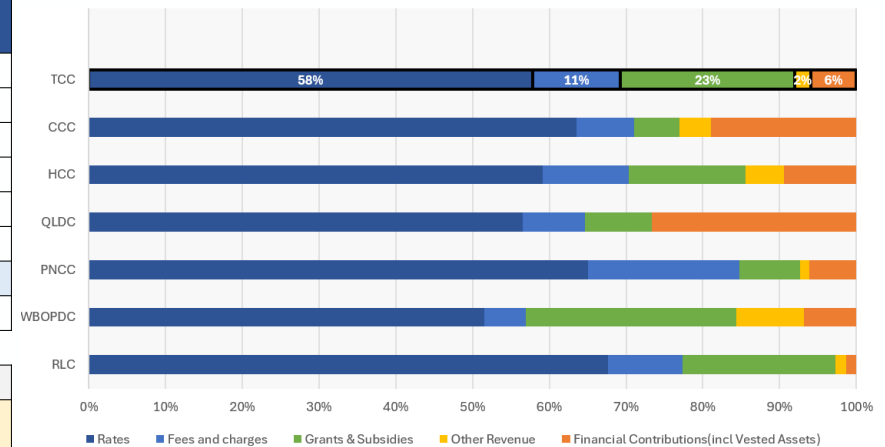
NZ Council Revenue Mix Comparison - Year Ended 30 June 2025

Council	Rates	Fees & Charges	Grants & Subsidies	Other Revenue	Financial Contributions	Total	Total Revenue (\$'000)
RLC	68%	10%	20%	1%	1%	100%	216,464
WBOPDC	51%	5%	27%	9%	7%	100%	201,897
PNCC	65%	20%	8%	1%	6%	100%	212,519
QLDC	57%	8%	9%	0%	27%	100%	260,914
HCC	59%	11%	15%	5%	9%	100%	514,623
CCC	63%	8%	6%	4%	19%	100%	1,218,059
TCC	58%	11%	23%	2%	6%	100%	578,243
BOPRC	42%	10%	19%	29%	0%	100%	220,309
Peer Average	58%	10%	16%	6%	9%	100%	427,879
TCC Rank (of 8)	4	2	2	5	6		2

Source: Council Annual Reports - Year Ended 30 June 2025

Note: TCC Rank shows position among 8 councils (1 = highest value, except Rates where 1 = lowest dependency)

Revenue Mix Comparison - NZ Councils FY2025



Potential rates capping

The Government has announced a rates model that will cap annual rate increases. The cap will phase in over the same period as the 2027–37 LTP. This means that this policy will need to be written considering the new constraint.

PROPOSED RATES CAP

2 – 4%

Per capita, per year — applied to all rates

PHASED START FROM

2027

Aligned with the start of the 2027–37 LTP

FULL IMPLEMENTATION BY

2029

Two-year transition; permission needed to exceed cap

BOTTOM LINE: If implemented as proposed, rates can no longer be the default way to absorb cost pressure.

Funding Bands

With the policy, Council uses funding bands to show the funding mix of the activity. A wider band range allows for more movement each year of the LTP without a requirement to change the policy while also providing transparency.

Name	% Range	Key
Unlikely	0%	✗
Low	0-30%	✓
Medium	30-70%	✓
High	70-100%	✓
Potential to be used		✓

Activity Group	Activity	User charges	General rates	Targeted rates	Grants interest revenue	Overheads
City and Infrastructure Planning	City and Infrastructure Planning	✓	✓	✗	✓	
Community, People and Relationships	Includes: Democracy Services, Customer Service, Community Relations, and Te Pou Takawaenga	✓	✗	✗	✓	
Community Services	Arts and Culture	✓	✓	✗	✓	✗
	Venues and Events	✓	✓	✗	✓	✗
	City Centre Development	✗	✓	✓	✓	✗
	Community Development	✗	✓	✗	✓	✗
	Libraries	✓	✓	✓	✓	✗
Economic Development	Airport	✓	✗	✗	✓	✗
	Economic Development	✗	✗	✓	✓	✗
Emergency Management	Emergency Management	✗	✓	✓	✓	✗
Marine Precinct ¹	Marine Precinct	✓	✓	✗	✓	✗

2024-34 LTP

