Hawke's Bay Expressway

Corridor Investment Case (the Project)

Note: The information in this document reflects a point in time. Timings are indicative only and may change during the next phase of development. Costs are subject to funding availability and approvals.

Te Kāwanatanga o Aotearoa
New Zealand Government

NZ TRANSPORT AGENCY
WAKA KOTAHI

Roads of National Significance

INVESTMENT SUMMARY

The Hawke's Bay Expressway RoNS Project will improve the reliability and efficiency of journeys between Napier and Hastings

The 27km Hawke's Bay Expressway (HBX) is part of the Region's strategic inter and intra-regional transport spine connecting New Zealand's primary production to international markets through the Port of Napier. It connects the people of Napier and Hastings to places of work, health, education, airport, recreation and goods and services. Without timely intervention, growing congestion, worsening travel time reliability, and critical safety and resilience risks – exacerbated by recent events like Cyclone Gabrielle – will constrain regional growth, disrupt freight movement, and limit access to key services between Napier and Hastings.

The recommended project

The Hawke's Bay Expressway Road of National Significant (RoNS) Project makes the connection between Napier and Hastings more efficient, reliable, resilient and safe. It will do this by reducing journey times and improving journey time reliability. It will make the regional transport network more resilient to severe weather events and localised disruption and make it safer.

The recommended option includes:

- Four laning 7km of the HBX between Taradale Road and Pākōwhai Road
- Duplicating the Meeanee Road and Kenedy Road overbridges
- Duplicating the Tutaekuri River bridge
- Grade separation of the Pākōwhai Road intersection.

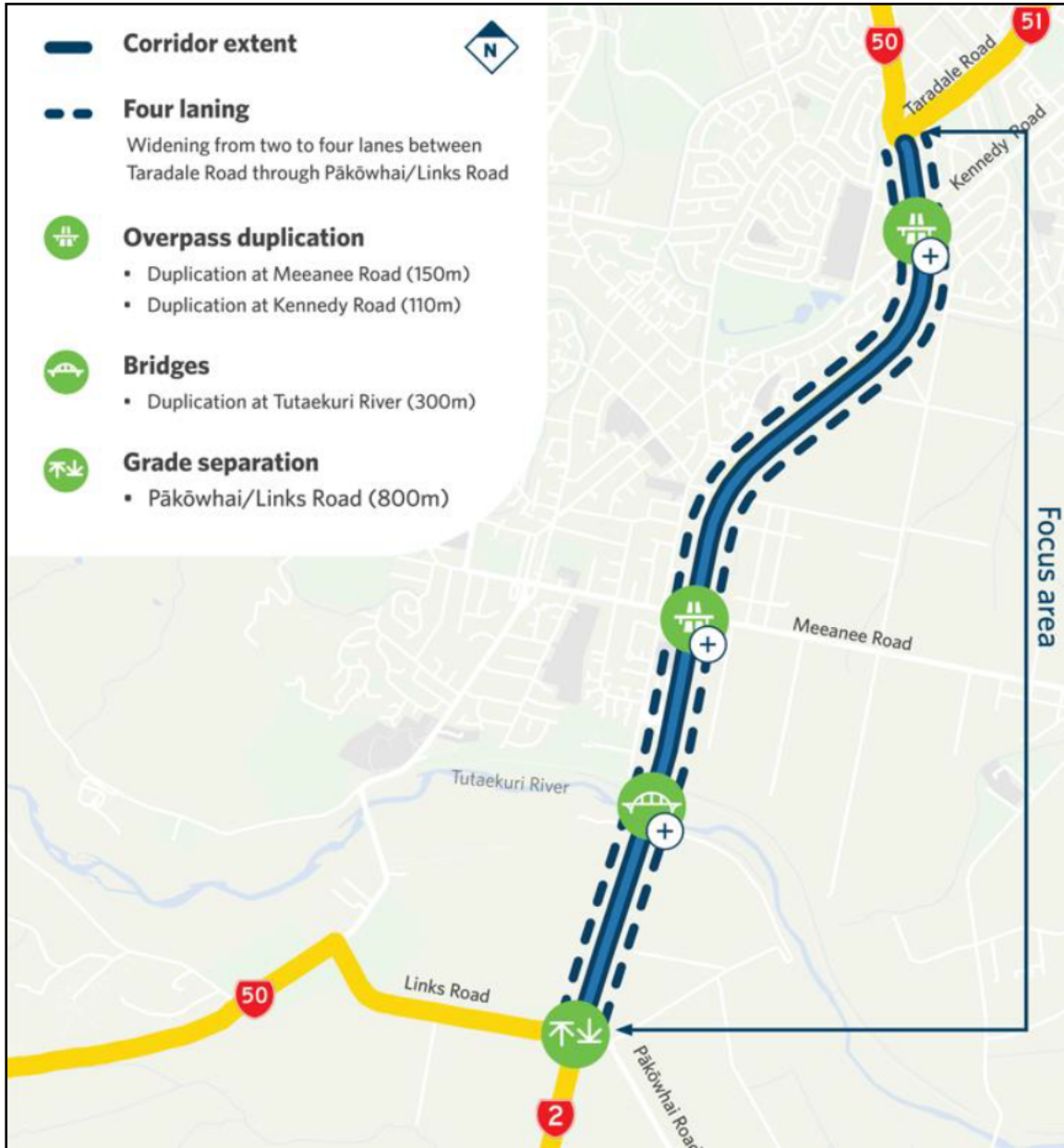
The cost to complete the project is estimated at s 9(2)(b)(ii) . The project has a BCR of 2.3-2.8 (exclusive of WEBS) and will deliver economic growth and productivity benefits of s 9(2)(b)(ii) from travel time, congestion and reliability improvements.

Average 21% improvement in peak travel time between Prebensen Drive and York Road

Reduction in DSIs of 5-7 between 2025 and 2048

Average 18% improvement in peak period travel time reliability between Prebensen Drive and York Road

5% reduction in risk of road closures



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Roads of National Significance

What's included in this RoNS Investment Case

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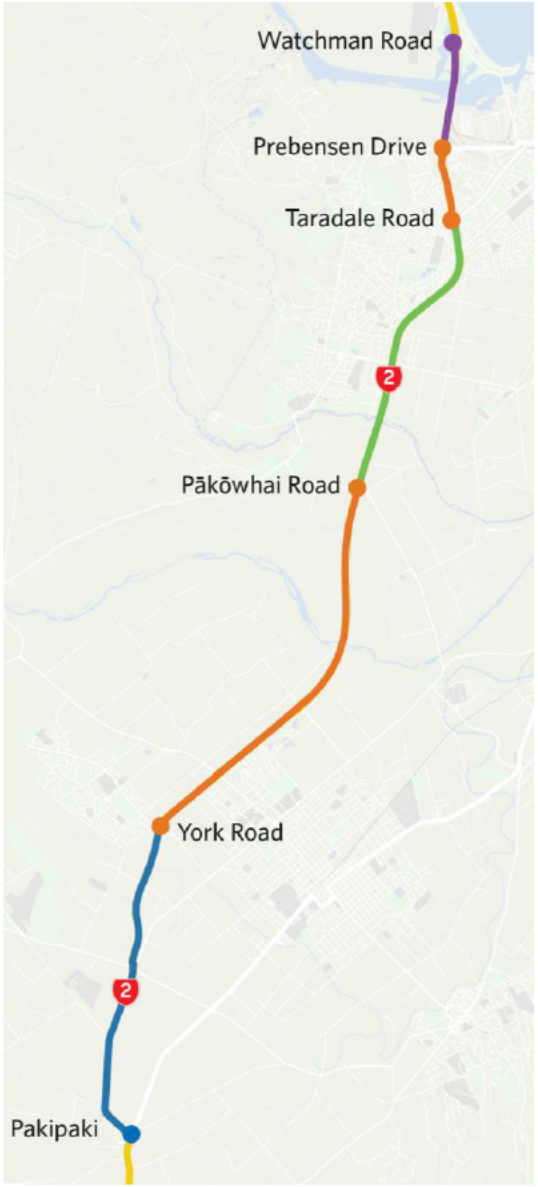
The scope of the project and why it is necessary



The Hawke's Bay Expressway is the regional transport spine which enables road users to access key locations including the HB Airport, Napier Port and the Fallen Soldier's Memorial Hospital in Hastings.

The 27km expressway includes 11 intersections—2 grade-separated—and 5 river bridges, with the Ngaruroro and Tutaekuri spanning roughly 300m each.

The corridor scope covers the highest value for money sections of the Expressway focusing on the 17.5km section between Prebensen Drive and York Road (Sections 1 and 2).

Sections taken forward:
**Section 1/Stage 1 is encompassed within the Section 2 geographical area. This section is in pre-implementation phase.*

Section 2* : Prebensen Drive – York Road.
AADT – 28,000-35,000 (2038)
Strongest alignment with investment objective.

Sections excluded from scope:
Section 3: Watchman Road – Prebensen Drive
AADT – 14,000 (2038)
Potential delivery risks to be mitigated surrounding the Ahuriri Estuary.

Section 4: York Road – Pakipaki
AADT – 12,000 (2038)
High impact on Māori land, designation and property.

The Hawke's Bay Expressway experiences congestion in the morning and evening peaks, causing travel time delays and unreliable journeys. With residential and commercial growth anticipated to occur, the congestion and travel times are expected to worsen without intervention.

The problem statements, benefits and outcomes for the project have been developed and confirmed through the approved Strategic Case.

Average peak travel times between Prebensen Drive and York Road are forecast to increase from 14-19 minutes in 2025 to 16-32 minutes in 2048.

Between 2019-2023 27 death and serious injury crashes (DSI) have occurred over the full Hawke's Bay Expressway corridor.

Average maximum travel times between Prebensen Drive and York Road are forecast to increase from 18-28 minutes in 2025 to 23-49 minutes in 2048.

There are around 30 closures per year on the Expressway lasting, on average, 4 hours each.

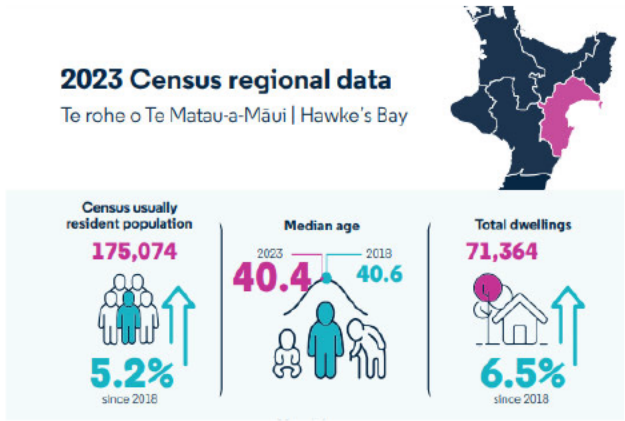
Problem	Investment Objective	Benefit	Outcomes
Constraints on the network result in unreliable travel time and multiple pinch points along the Expressway.	**Deliver an efficient and reliable connection between Napier and Hastings**	Improved travel time reliability and reduced delays leading to more efficient journeys.	Economic Growth and Productivity
Closures and infrastructure failure on the network result in poor connections to social and economic opportunities and lifeline services.		Upgrading the corridor will provide a resilient alternative and minimise disruption to social and economic movements.	Increased Maintenance and Resilience
There is an opportunity to further reduce Deaths and Serious Injuries.		Improved safety through high safety standards.	Safety

Refer to **Appendix 1: Strategic Case**

Hawke's Bay Expressway supports regional housing and population growth

Population growth

Over the next 25 years, StatsNZ is projecting that the population of Napier City and the Hastings District will increase to almost 180,000 people, an increase of over 30,000 people from 2018 numbers. Most of this increase will be accommodated in or around the main urban areas of Napier, Hastings, Flaxmere and Havelock North.

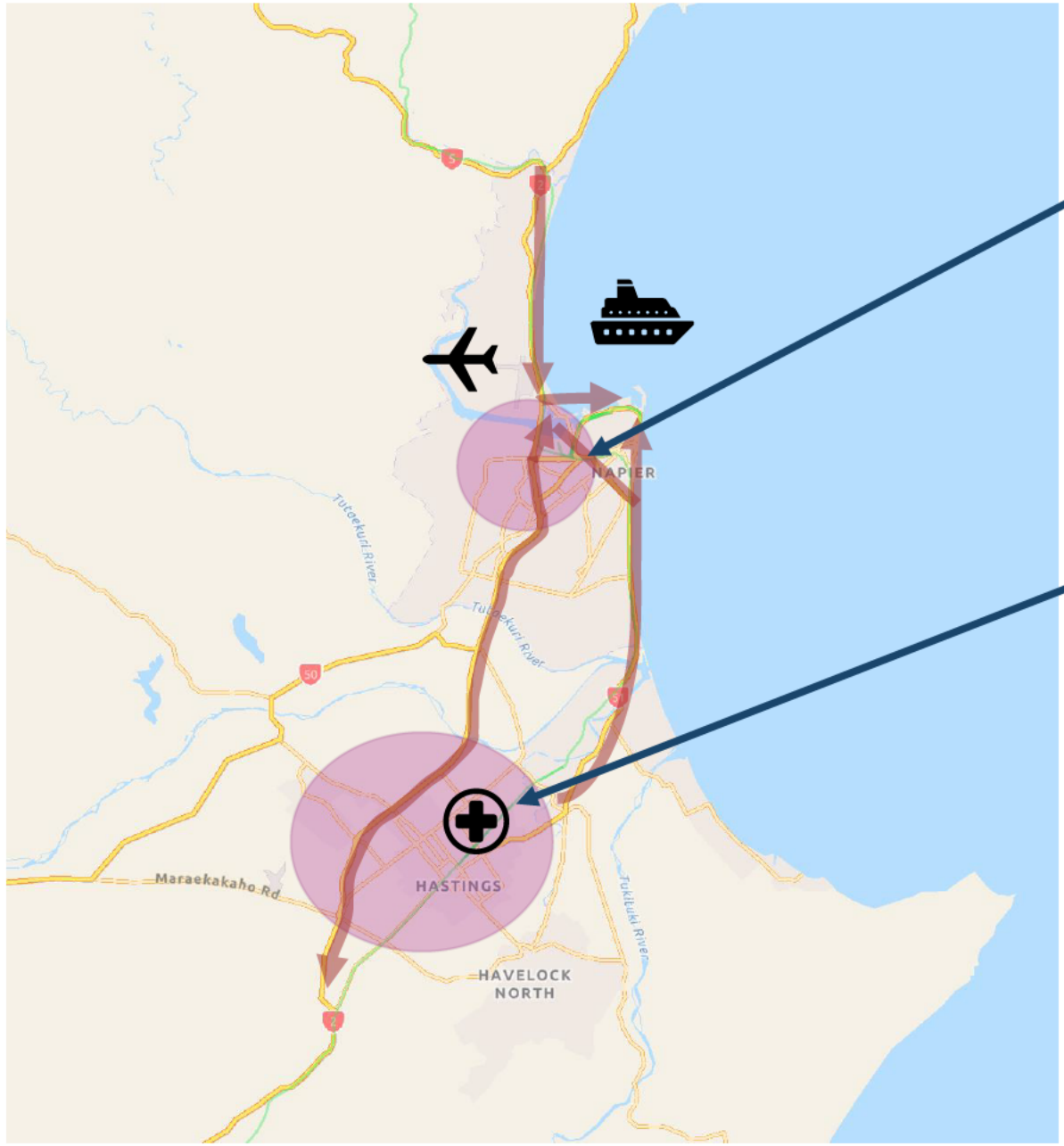


Development

The 'Napier & Hastings Future Development Strategy' (FDS) forecasts planned regional growth in the next 30 years of approximately 16,000 households and 32,000 new jobs, with many surrounding, and relying on, the Expressway.

Development constraints

Development is constrained by natural hazards, highly productive land, wetlands and areas of significance to mana whenua. Meaning areas to target housing and industrial growth are unlikely to change in the foreseeable future.



Intensification in Napier identified under the Future Development Strategy (FDS).

- 5,200 additional dwellings either side of the Expressway.
- Targeted release of greenfield land near urban areas.
- Ahuriri Estuary Master Plan

Growth in Hastings

- 9,600 additional dwellings in the coming 30 years.
- In 2023, 50,000 Māori lived in Te Matau-a-Māui, making up 28% of the region's population. This is almost 1.4 times the national rate of 19.6%. Most Māori live in Heretaunga (Hastings), where they make up 30% of the district's population.

Wider regional linkages

Commuters travel via the state highway network to education, employment and service in the major urban centres.

Refer to **Appendix 1: Strategic Case**

The Hawke's Bay Expressway will support regional and inter-regional economic growth and productivity

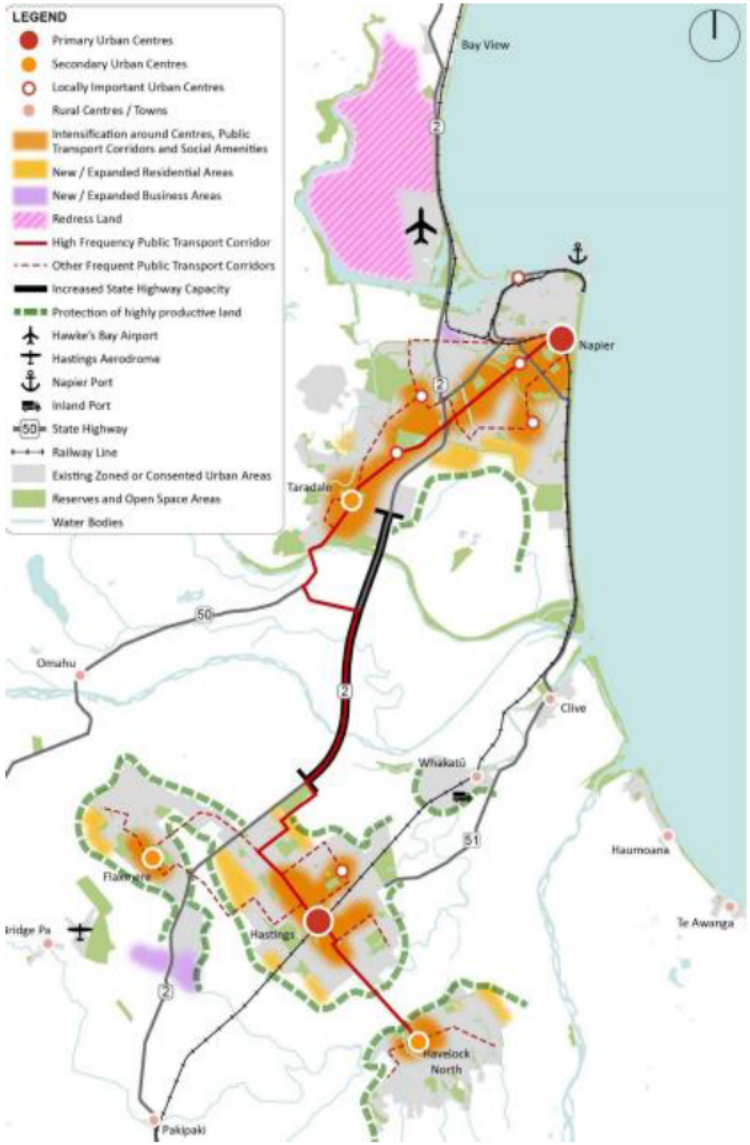
Hawke's Bay is one of New Zealand's largest export regions, with nearly one-third of local jobs tied to global trade. The region specializes in high-value, perishable goods which depend on fast, reliable logistics. Local processing and packaging hubs rely on just-in-time supply chains.

Exports flow through the Port of Napier handling 5million tonnes of cargo in 2024 up 8.1% on the previous year. It serves as a crucial gateway for producers. Connecting it all is the Hawke's Bay Expressway (SH2)—a nationally significant corridor linking production zones and the Central North Island directly to Napier Port.

Hawke's Bay production as percentage of national production[3]

- **12%** BEEF
- **8%** FORESTRY
- **11%** SHEEP
- **65%** LOGS
- **60%** APPLES
- **10%** PULP
- **69%** SQUASH
- **5%** TIMBER
- **10%** GRAPES

Wood products
80% of all exports through Napier Port



Regional Commercial & Industrial Growth Areas (Source: FDS)

Port of Napier[+]
- 83% Export / 17% Import split by cargo weight
- Inland freight hub JV in Manawatu with road/rail connections
- 5.0 million tonnes of cargo handled
- 2.9 million tonnes of log exports
- 89 cruise ship visits (c. 100,000 visitors) in 2023/2024.

Napier Airport
- Key economic asset as it brought in 654,000 passengers in 2024's financial year.
- Future industrial investigation area
- Ahuriri Station - Mana Ahuriri Trust aspire for redevelopment of the site into an ecologically sensitive freight, logistics and industrial hub.
- Airport has already requested a second access into/out of the airport on SH2 to the north of the current entry to support this development

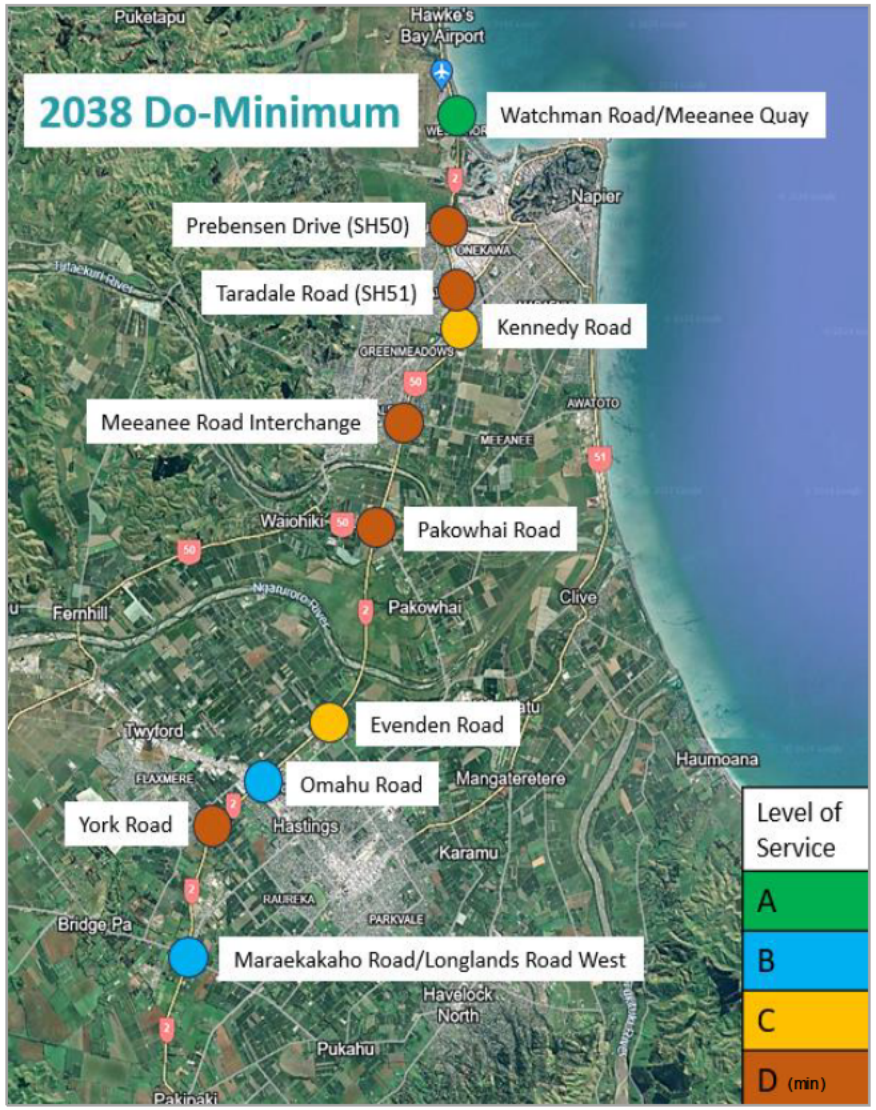
Hospital and Lifelines
- Hawke's Bay Fallen Soldiers' Memorial Hospital is located off SH2 in Hastings. It is the central hub for regional healthcare, with the Expressway a key link to the hospital from Napier and wider Hawke's Bay.

The 'Napier & Hastings Future Development Strategy'
- Identifies Industrial development potential at Whakatu (+50ha) and Irongate (+100ha) will require more time dependant traffic accessing these areas of employment and more produce needing to get to the Port of Napier. The capacity of the Expressway is a key factor when planning for growth and the forecast constraints on the corridor are a limiting factor on development potential.

[+]2024 data unless stated otherwise

Refer to **Appendix 1: Strategic Case**

Constraints on the network will increasingly lead to unreliable travel times and multiple pinch points along the expressway for road users



The Expressway currently experiences congestion during both morning and evening peak periods, resulting in travel time delays and unreliable journeys. Specifically:

- Meeanee Road to Pākōwhai Road: This section is operating at or above capacity, with congestion exacerbated by merging lanes near the Tutaekuri River bridge.
- Kennedy Road to Pākōwhai Road: This segment is under pressure, and as regional growth continues and traffic volumes increase, the stretch from Pākōwhai Road to Evenden Road is forecast to experience significant congestion by 2030–2035.
- Key intersections:
  - The Pākōwhai Road intersection is forecast to operate at Level of Service (LoS) E in 2028 and is projected to deteriorate to LoS F with the arrival of traffic from Section 1.
  - The Meeanee Road intersection is forecast to operate at LoS D in 2028

Overall, the Level of Service at all intersections along the corridor is expected to decline over time. The Section 1 Investment Case identified that, under a Do Minimum scenario, half of the Expressway's intersections are projected to reach LoS D by 2038—indicating ineffective operation and increased travel delays.

As congestion worsens and LoS degrades, travel time reliability will decline, prompting traffic rerouting. This is expected to place additional strain on the wider transport network, particularly local roads in Napier and Hastings, ultimately impacting the efficiency of productive journeys.

Modelled Average Peak Period Travel Time Between York & Prebensen (Mins)				
	2025		2048	
	Northbound	Southbound	Northbound	Southbound
AM	13.6	19.0	16.1	32.2
PM	15.0	14.5	26.1	25.6

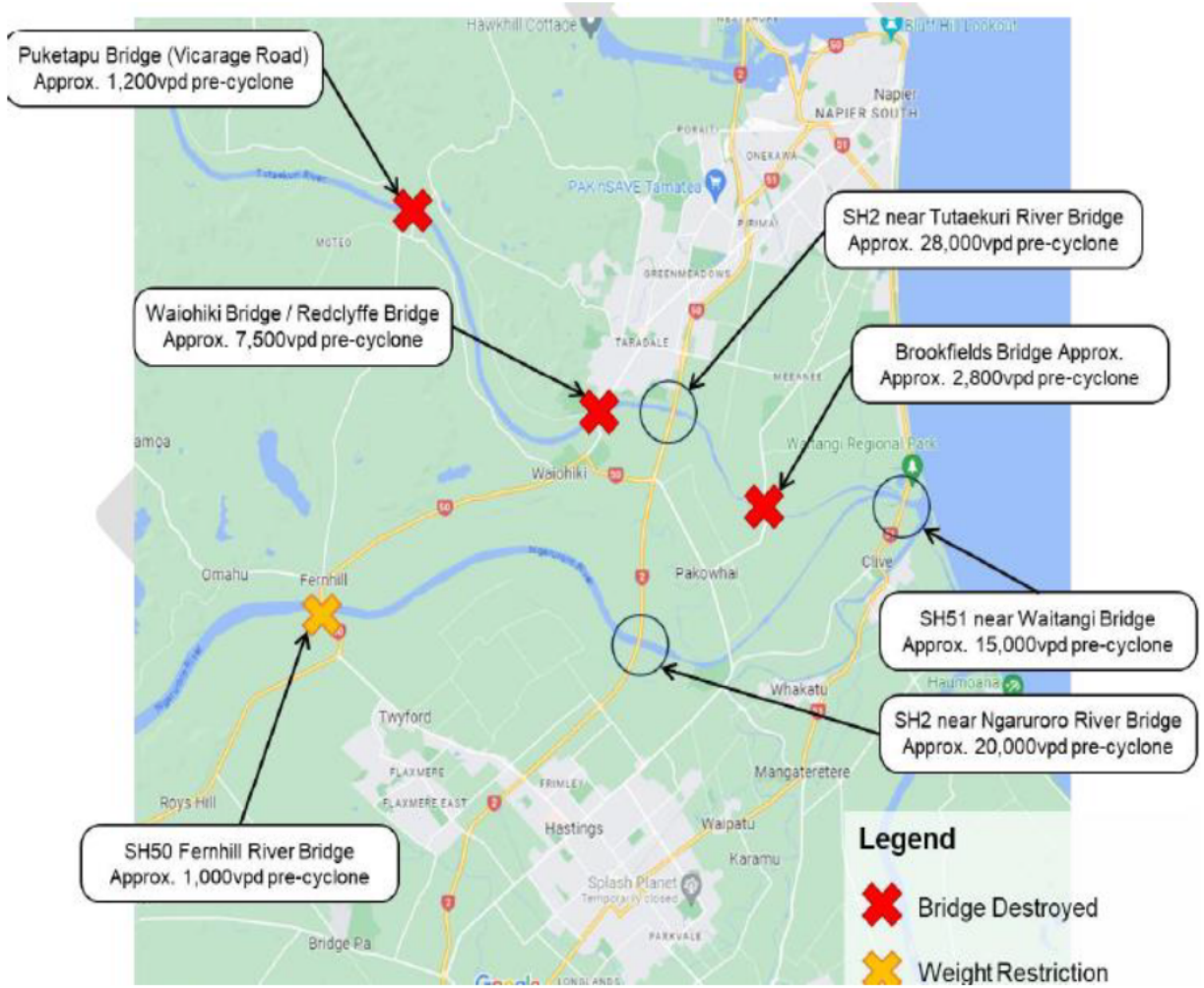
Modelled Average Maximum Peak Period Travel Time Between York & Prebensen (Mins)				
	2025		2048	
	Northbound	Southbound	Northbound	Southbound
AM	18.0	28.4	23.3	48.7
PM	21.2	21.5	45.7	39.8

Note: *Growth predications are modelled on the forecasts presented in the draft 'Napier & Hastings Future Development Strategy'.*

Refer to **Appendix 1: Strategic Case**

There are resilience risks on the nationally strategic state highway with the opportunity to further reduce deaths and serious injuries

Bridges damaged during Cyclone Gabrielle (2023) resulting in vehicles rerouting on to SH2



Resilience: Closures and infrastructure failure on the network result in poor connections to social and economic opportunities and lifeline services.

Following Cyclone Gabrielle in 2023, Napier Port was the first transport node open to allow goods and services into Napier.

The HBX being the strategic road transport corridor was able to connect Napier to Hastings (and to NZ) while other roads remained closed with approximately 11,500 vehicles rerouting on to SH2 or SH51. Many local bridges are still closed or have speed reductions, highlighting the importance of this route to be able to respond to emergencies and act as a key lifeline to services between Napier and Hastings within the wider network.

As the region's strategic transport spine and as a Nationally Strategic State highway its operation is critical to the resilience of the network.

- The current two-laned highway has limited capability to cater for planned and / or unplanned network outages. This limits the transport systems resilience to cater for network traffic. Currently there are around 30 closure a year lasting on average 4 hours each. The severity of these depends on the location, but can result in closure of one way or both directions.
- Existing structures are susceptible to 100-year events limiting the transport systems resilience when other parts of the network fail.
- A two laned highway is not well suited to slow moving traffic mixed with general vehicles e.g. primary product traffic such as tractors and house movers etc, which in turn limiting the transport systems resilience (journey time reliability).

Safety: There is an opportunity to further reduce Deaths and Serious Injuries following safety improvements.

The 2017-2021 Safety Improvements Project delivered a $36 million investment between Bayview to Pakipaki. However, there remain pinch points within the focus area particularly at the Tutaekuri and Ngaruroro Bridges.

Between 2022-2023, there was one death and serious injury within Stage One.

Refer to **Appendix 1: Strategic Case**

Communication and engagement is on-going

Communications and engagement to date

In line with the Decision Led Approach to project delivery, deliberate and targeted engagement with key stakeholders has been conducted. Engagement activities targeted the specific decisions needed in this planning phase and sought input from knowledgeable and technical stakeholders to help the project move through the decisions.

Engagement activities for the Corridor Investment Case have been carried out in parallel with Section 1 – Pre-implementation stakeholder and community engagement.

Various engagement activities had already been completed during the Stage One Investment Case phase, including stakeholder mapping, project launch communications, initial engagement with Treaty partners, discussing project outcomes with key stakeholders, and market sounding engagement.

Feedback received

Meaningful engagement was undertaken during the Corridor Investment Case phase. Information from key stakeholders was considered when developing the updated project focus area and the final recommended option.

Key stakeholder feedback:

- General support for the project, and investment in growth and efficiency, with full four laning and grade separation seen as the future goal and a view that the work is long overdue ("do it once, do it right").
- Recognition that affordable solutions within funding envelope are important. Council alignment on optimal solution including four-laning and grade separation at key intersections.
- Support for least affordable grade-separated intersections to get shovel-ready ASAP.
- Support for improvements not promoted now forming part of a future NLTP.
- Alignment on need for NZTA and councils to work together closely for local road network impacts and optimisation.
- Concern for Taiao (environmental) matters, including impacts on estuary.
- Concern about construction impacts, especially at intersections.
- Separate to the targeted Investment Case engagement, residents expressed concerns about noise impacts, vegetation removal, and pedestrian safety.

March 2025
Targeted engagement to understand project's wider impacts (transport network, environmental, cultural).

May 2025
Targeted engagement to progress cultural impact assessments, and confirm emerging preferred option

Corridor investment case development

April 2025
Targeted engagement to discuss intersection options and corridor scenarios.

Stakeholder Views

Supportive, but expressing a preference for a full RoNS standard rather than pursuing low-cost intersection optimisations - a 'do it once do it right' approach.

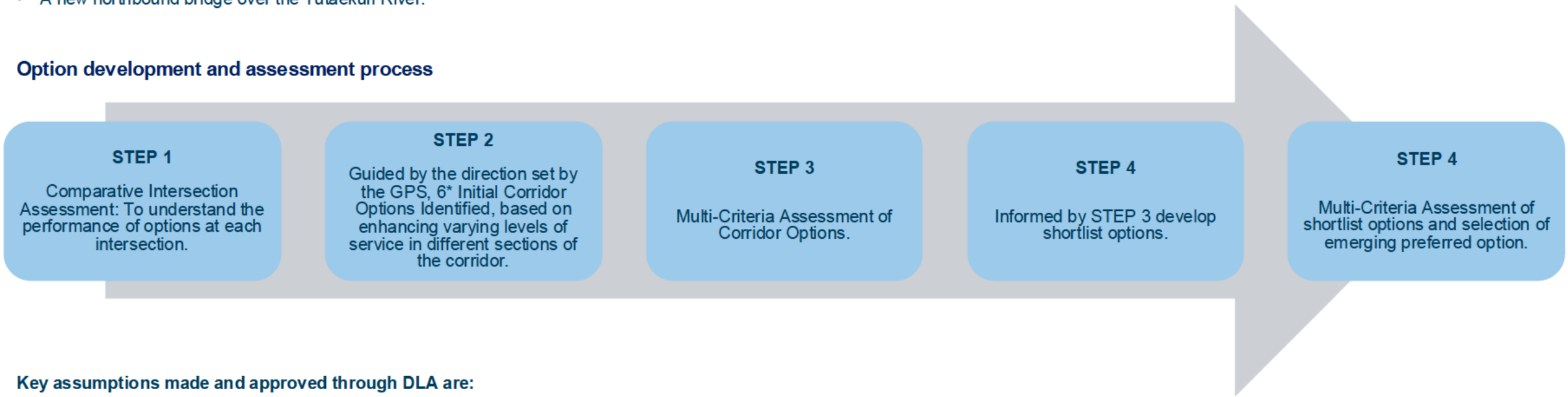
Option development and assessment process and assumptions

The Options development and assessment process is outlined below. The options assessment builds on the endorsed Section 1 Investment Case to develop solutions for the rest of the corridor.

The Scope of Section 1 is:

- Widening of 6.5 km of the Expressway to four lanes between Pākōwhai Road to Taradale Road;
- Construction of 2 new overpasses at Meeanee Rd and Kennedy Rd; and,
- A new northbound bridge over the Tutaekuri River.

Option development and assessment process



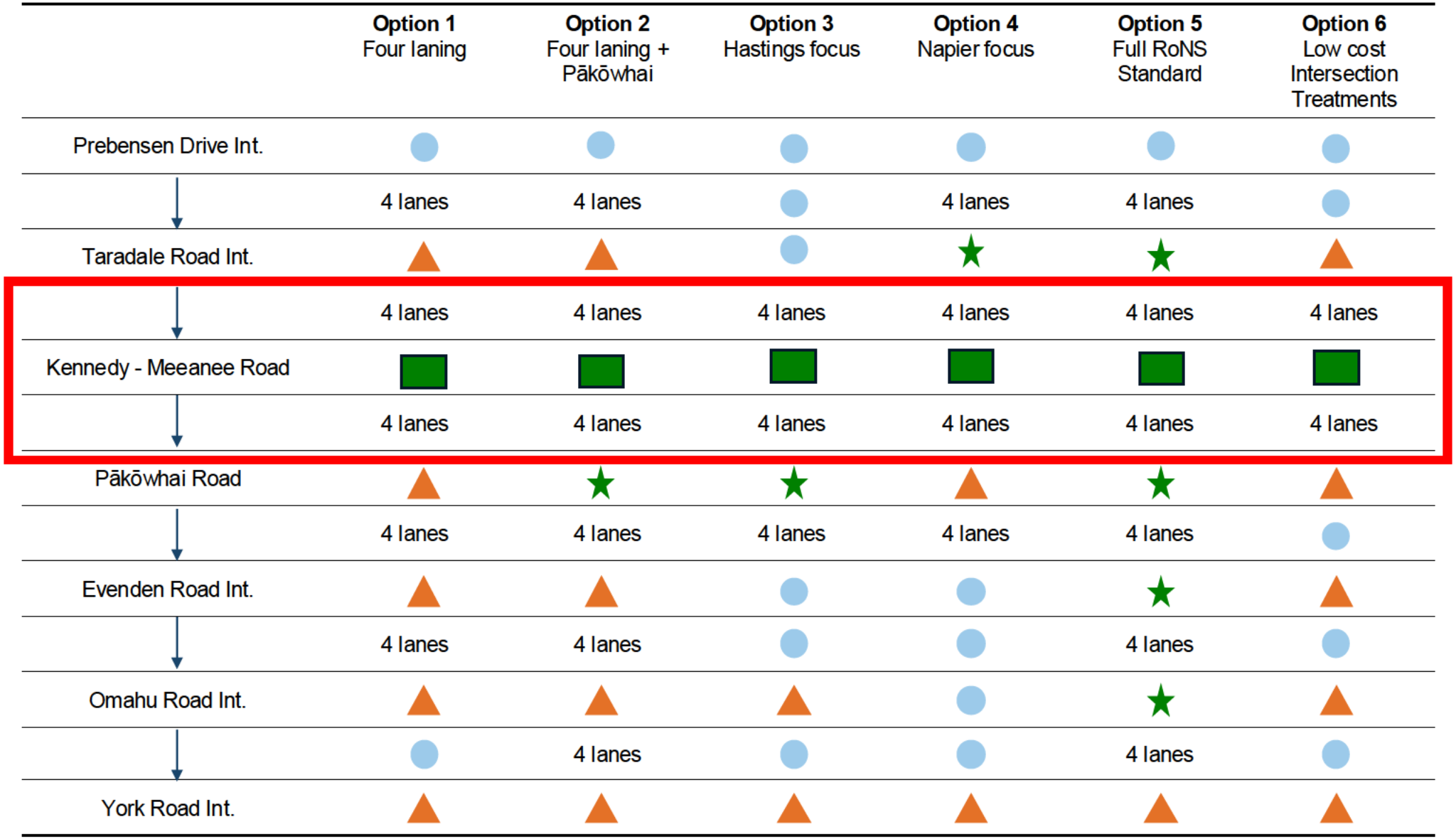
Key assumptions made and approved through DLA are:

- The RoNS standard of 4 lane, median separated, mid-block, 'at grade' intersections and a 100km/h design speed*
- A funding envelope for the corridor of s 9(2)(b)(ii)
- A funding envelope for the options assessment (excluding Section 1) of s 9(2)(b)(ii) based on status of the Section 1 design s 9(2)(b)(ii) at the time of undertaking the options assessment.

* The Full RoNS standard corridor options were also challenged through a lower standard corridor option which included maintaining 2 lanes along with limited intersection optimisation.

refer to **Appendix 3&4: MCA and Options Selection Report**

Hawkes Bay Expressway Optioneering



Key

- No Change
- Low-cost improvements
- Duplication
- Grade separation

Options were developed to test combinations of low-cost intersection optimisation which enhanced access to the HBX, grade separations and four laning mid-block sections which focused more on the objective to deliver an efficient and reliable connection between Napier to Hastings and project benefits: improved capacity, resilience and safety.

refer to **Appendix 3&4: MCA and Options Selection Report**

Selecting the shortlist

Option 1: This option did not perform well compared to the others, investment in non-priority mid-block sections is not justified. It did not score well against investment objectives and was not considered good value for money, as it does not release congestion from Section 1.

Option 2: Although this option performed well, it fell significantly outside of the funding envelope and was therefore considered non-viable.

Option 3: Taken forward to the shortlist exercise. This option scored strongly against the investment objectives, and fell within the funding envelope. Whilst the cost benefit ratio was weak this was not considered sufficient to omit the option. The grade separation of Pākōwhai intersection releases congestion from section one to ensure benefits are enduring.

Option 4: This option did not perform well compared to the others. It did not score as strongly as Option 3 against the investment objectives nor was not considered good value for money.

Option 5: Although this option performed well, it fell significantly outside of the funding envelope and was therefore considered non-viable.

Option 6: Option 6 performs most poorly against the investment objectives with no evidence that it would contribute to improving the efficiency or reliability of the Expressway. However, as a standalone option it is complementary to Section 1 in that it enhances benefits by targeting low-cost intersection congestion from side roads. Therefore, it has been taken through to the short-list.

Option	GPS Alignment	Stakeholder Views	Value for Money	Network Outcome	Timeframes	Other Considerations
Option 1	Amber	Amber	Green	Green	Green	Amber
Option 2	Green	Amber	Red	Green	Green	Green
Option 3	Green	Green	Green	Green	Green	Green
Option 4	Amber	Amber	Green	Green	Amber	Amber
Option 5	Green	Green	Red	Green	Amber	Green
Option 6	Red	Amber	Green	Green	Green	Amber

- **Red:** Significant issues or time/cost impacts outside of project budget
- **Amber:** Potential issues or time/cost impacts that may be manageable within project tolerances
- **Green:** No immediate issues or time/cost implications

Uncertainty: Growth pace and scale

Growth assumptions underpinning the Investment Case have been based on the regions Draft Future Development Strategy in advance of it being finalised. There is a level of uncertainty associated with growth predictions and therefore the timing of need and level of intervention required for the future. The location of future growth is seen as a low risk because Hawkes Bays growth areas are constrained by multiple factors including coastal erosion and fertile plains meaning their locations are very unlikely to change. However, there is less certainty about the speed and ultimate scale of development nor is there sufficient work to date on the influence of an upgraded Expressway on the rate or staging of future growth.

Refer to **Appendix 3&4: MCA and Options Selection Report**

Hawkes Bay Expressway Optioneering

Option 3

- ✓ The grade separation at Pākōwhai Rd supports Section 1 outcomes because it releases the congestion that would otherwise flow downstream from Section 1 into the Pākōwhai Road intersection.
- The mid-block 4-Laning between Pākōwhai and Evenden Rd addresses the next downstream capacity issue. However, there is uncertainty as to the timing of need.
- With growth the Low-cost optimisation treatments at York Road and Omahu Road intersections could support economic activity however, there is uncertainty around the timing of need and the optimal investment required to provide an enduring solution and deliver value for money.

Option 6

- ✗ It does not perform well against the project / investment objectives.
- ✓ Low-cost Intersection optimisation (4 intersections) enhances project benefits through improving intersection performance and access to the HBX.
- The improvements are not required immediately and there is uncertainty as to the timing of need.

The best performing Option 3 and Option 6 were refined to form a short list of an optimal long-term and short-term option.

Option 7: Long-term option

- Contains all the proposed Option 3 improvements plus, from Option 6, intersection improvements at Taradale Road and Evenden Road and 4-laning between Pākōwhai Road and Evenden Road.
- This provides an enduring option which addresses potential longer-term access to the Expressway .

Option 8: Short-term option

- Contains only the Pākōwhai Road intersection grade separation from Option 3, as this releases congestion that would otherwise flow downstream from Section 1.

	Option 7 Long term investment	Option 8 Short term investment
Prebensden Drive Int.	●	●
↓	●	●
Taradale Road Int.	▲	●
↓	4 lanes	4 Lanes
Kennedy - Meenee Road	■	■
↓	4 lanes	4 Lanes
Pākōwhai Road	★	★
↓	4 lanes	●
Evenden Road Int.	▲	●
↓	●	●
Omahu Road Int.	▲	●
↓	●	●
York Road Int.	▲	●

Section 1

Key

● No Change ■ Road Bridge Duplications

★ Grade separation ▲ Low-cost improvements

Refer to **Appendix 3&4: MCA and Options Selection Report**

Outcomes delivered from the short list options

The table below shows how each of the shortlisted options perform against the Investment Objectives alongside the costs and BCR of the two options.

Cost and BCR	Option 7: Long-term option	Option 8: Short-term option
s 9(2)(b)(ii)		
BCR (Exc. WEBS)	0.6 – 0.8	2.3 – 2.8

Benefit	Benefit Measure	Impact (2048)	2025 No project	2048 No project	Option 7: Long-term option (2048)	Option 8: Short-term option (2048)
Benefit 1: Improved capacity and performance	10.1.9 Travel time in mins.	Northbound AM/PM Peak average travel times between York and Prebensen (mins)	13.6 / 15.0	16.1 / **26.1**	14.2 / **19.9**	15.3 / **23.5**
		Southbound AM/PM Peak average travel times between York and Prebensen (mins)	19.0 / 14.5	**32.2 / 25.6**	**17.9 / 14.1**	**19.8 / 20.8**
	5.1.2 Travel time reliability	Northbound AM/PM Peak average maximum travel times between York and Prebensen (mins)	18 / 21.2	23.3 / **45.7**	20.9 / **36.7**	23.5 / **41.8**
		Sounthbound AM/PM Peak average maximum travel times between York and Prebensen (mins)	28.4 / 21.5	**48.7 / 39.8**	**28.6 / 21.2**	**31.3 / 32.4**
Benefit 2: Improved resilience and reliability	5.1.4 Temporal availability	Reduction in risk of road road closure	0%	0%	10%	5%
Benefit 3: Improved safety	1.1.3 Deaths and serious injuries (DSI)	Forecast DSI reduction between 2025 and 2048	0	0	10-15	5-7

** Includes escalation and 9% admin costs*

Both the short-term and long term options target the same outcome areas, predominantly focussing on southbound travel times and travel time reliability which is forecast to be significantly worse without future interventions. The degree to which the long-term option provides additional benefit to short-term option is variable with neither option particularly tackling future PM peak travel time reliability.

Option 8: Short-term investment is recommended

Option	Option 7: Long-term Option	Option 8: Short-term Option
GPS Expectations	Good alignment against project investment objectives but only partial alignment against GPS expectations as investment partially focuses on sections with acceptable LOS.	Good alignment against project investment objectives and GPS expectations.
Stakeholder Views	Local Authorities preferred a 'do it once do it right' approach favouring grade separations over at grade optimisation of Taradale, Evenden and Omahu Road intersections.	Not as extensive corridor treatment as stakeholders anticipate.
Value for Money	Whilst just within funding envelope there is significant risk of exceedance given limited design of interventions and unknown timing of expenditure. BCR at or below 1.	Within funding envelope with a good return on investment of around $2.30-$2.80 for every dollar spent.
Network Outcomes	Indicative complementary local road improvements will need to be identified and programmed into future years, circa 2038-48 as network responds to changes in LoS and future investment in the HBX.	No commitment beyond immediate package. But allows time to address complicated issues at Omahu.
Timeframes	Relatively low delivery (constructability) risk.	Relatively low delivery (constructability) risk
Other	There is significant uncertainty around the timing of need and the optimal investment required to provide an enduring solution and deliver value for money.	Focuses on highest priority grade separated intersection treatment to deliver a 11.7km unimpeded journey.

- **Red:** Significant issues or time/cost impacts outside of project budget
- **Amber:** Potential issues or time/cost impacts that may be manageable within project tolerances
- **Green:** No immediate issues or time/cost implications

The recommended option

- Four laning 7km of the HBX between Taradale Road and Pākōwhai Road
- Duplicating the Meeanee Road and Kenedy Road overbridges
- Duplicating the Tutaekuri River bridge
- Grade separation of the Pākōwhai Road intersection.

The cost to complete the project is estimated at s 9(2)(b)(ii) and has a BCR of 2.3-2.8 (exclusive of WEBS).

Tolling the project s 9(2)(g)(i)

s 9(2)(g)(i)

Tolling as a Corridor:

- Tolling a corridor where construction is staged presents challenges under current legislation. Changes to tolling legislation are proposed in 2026, which would likely facilitate corridor tolling by allowing existing roads to be tolled where they form part of a strategic corridor. Tolling of the project could be reconsidered as part of a corridor assessment once the legislation has passed were other sections of the Expressway upgraded in the future.

ECONOMIC CASE

Economic analysis show the project benefits are greater than the costs

Outcomes and Benefits

Economic growth and productivity benefits of s 9(2)(b)(ii) from travel time, congestion and reliability improvements, with journeys being on average 21% faster in peak periods.

Average 18% improvement in peak period travel time reliability between Prebensen Drive and York Road

Reduction in DSIs of 5-7 between 2025 and 2048

5% reduction in risk of road closures

Wider Economic Benefits (WEBs)

The wider economic benefits have been calculated in accordance with the MBCM. The initial assessment showed the potential for agglomeration benefits, net present value (NPV) of approx. s 9(2)(b)(ii) over the analysis period.

This assessment provides strong support that investment in the HBX will provide high productivity and economic gains over and above the direct transport impacts.

Corridor Benefit Cost Ratio

The project BCR is based on P50 'expected' cost estimates using a RoNS default 60-year evaluation period at a 2% discount rate for years 1-30 and 1.5% for years 31-60.

	Base case (P50 costs) excluding WEBS	Base case (P50 costs) including WEBS	High Cost (P95)	8% Discount Rate	40 Year Analysis Period
BCR	2.8	Not assessed	2.3	Not assessed	Not assessed

Investment Prioritisation Assessment

Factor	Rating	Rationale
GPS Alignment	Very High	The project has been assessed to have a high GPS alignment due to: • It responds to Government direction with respect to the Hawkes Bay Expressway Corridor as set out in the 2024-27 GPS. • Contributes up to a 39% improvement in travel time and 36% improvement in travel time reliability for freight on a Nationally significant route by 2048. Plus, it will improved access to/from nationally important economic growth locations with travel time savings of up to 12 minutes by 2048.
Scheduling	High	Criticality: the intent to progress Section 1 has already progressed to pre-implementation with implementation funding being sought in August 2025. There is a risk associated with completing Section 1 without the Pākōwhai Intersection immediately proceeding leading to an ongoing bottleneck at Pākōwhai Road/Link Road intersection. To avoid this pre-implementation needs to proceed this NLTP in order to provide seamless delivery with Section 1. Interdependency: Pākōwhai intersection releases traffic from Section 1 addressing LOS F from 2028. Non-delivery could generate a lack of confidence in the HBX being able to support growth, which in turn makes this project a dependency to growth.
Efficiency	Low	BCR is assessed as 2.3-2.8.
Priority rating	2	Based on a VH, H, L assessment.

Refer to **Appendix 6: WEBS Report**

Project cost estimate and cashflow

s 9(2)(b)(ii)

s 9(2)(b)(ii)

The estimate assumptions and exclusions are provided in the cost report (Appendix 15).

Project contingencies and funding risk have been calculated using an @Risk model that includes consideration of quantities and rates and additional risks from the risk register.

The estimates and contingencies have been subject to industry expert parallel estimates and NZTA commercial SME peer review.

s 9(2)(b)(ii)

FINANCIAL CASE

Refer to **Appendix 8: Cost Report**

Corridor Cost Breakdown

s 9(2)(g)(i)

FINANCIAL CASE

Refer to **Appendix 8: Cost Report**

Funding the project

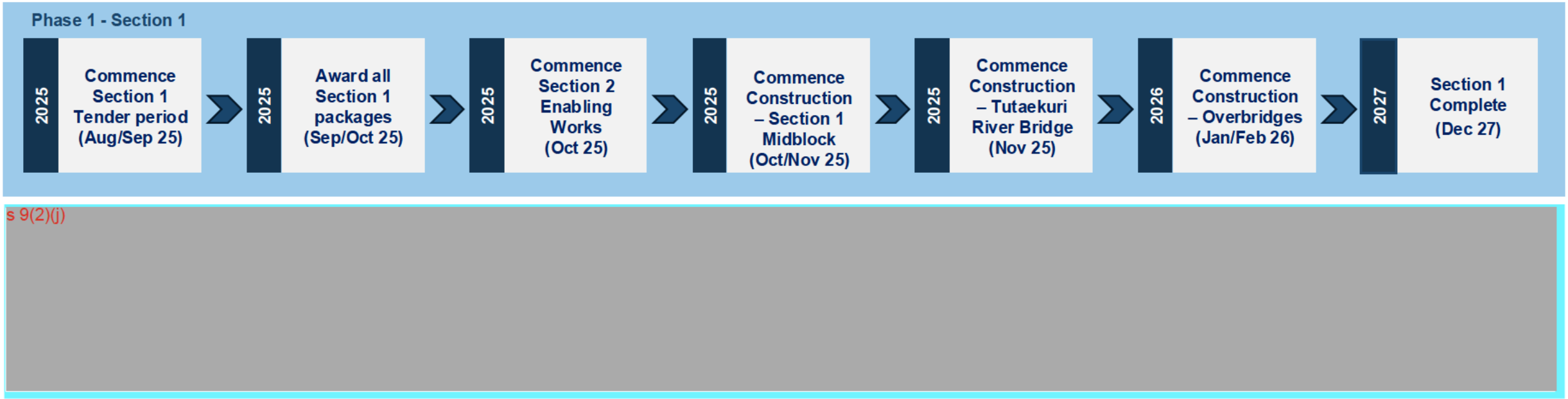
NZTA needs to consider all funding, financing and delivery options. Following our analysis the recommended funding tools for further investigation include: Regional RUC / fuel tax, and an IFF levy on new development. As the project develops, the feasible funding options/tools will be considered further.

Summary of funding analysis

s 9(2)(g)(i)

Delivery approach and programme

- Phase 1 (Section 1) is ready to proceed to tender for Implementation and can be delivered within the expected timeframes.
- Phase 2 planning is complete as part of the Corridor Investment Case and is ready to proceed to Pre-Implementation, to be delivered sequentially following Phase 1. Delivery of Pākōwhai Road/Links Road interchange improvements need to coincide with Phase 1 as modelling suggests congestion at the existing (unimproved) intersection will be exacerbated with the increase in 4-laning capacity released by Phase 1. Without Phase 2, the benefits of Phase 1 would be substantially undermined.
- All property requirements for Section 1 (including temporary access) are now in place. s 9(2)(j)
- Both Phases will continue under the traditional consenting pathway rather than the Fast-track Approvals (FTA) process. The conventional pathway allows greater flexibility to programme construction in stages, accommodate evolving design inputs, and maintain robust engagement with affected stakeholders throughout.
- The project team are designing the programme for Phase 2 to enable efficient staging, shared use of resources, and alignment of traffic management strategies alongside Section 1.



Refer to **Appendix 2: Basis of Design & Appendices**

Recommended procurement approach

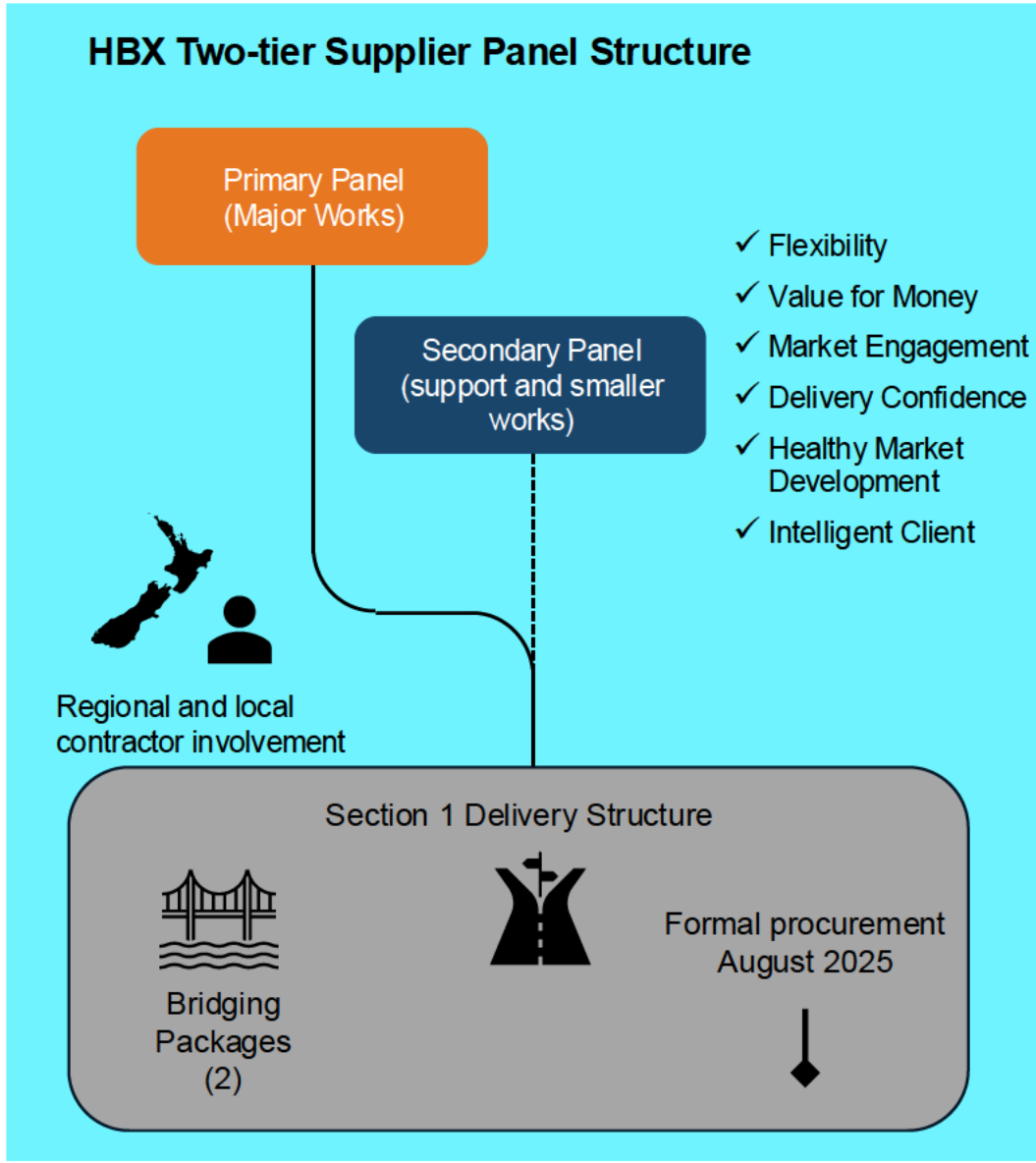
HBX Procurement Strategy

- The HBX Procurement model has been structured to align with five key procurement drivers, supporting a disaggregated delivery approach appropriate for a project of this scale.
- A two-tier supplier panel was established through an open tender process:
  - **Primary Panel:** Leading consultants and contractors for major works packages.
  - **Secondary Panel:** Additional suppliers for smaller-scale works and support functions.
- A core objective of the model is to foster a healthy and sustainable construction market, with deliberate opportunities created at both panel levels for regional and local contractor participation. This approach supports capability development, market resilience, and broader regional economic benefits.
- Panel appointments were completed in late 2024/early 2025, and multiple packages have since been awarded, including professional services, support services, and early contractor involvement.
- The panels have sufficient capability and capacity to deliver the RoNS HBEX recommended option.

Section 1 Physical Works Procurement Status

- Section 1 will be delivered through three main works packages:
  - **Two** bridge packages
  - **One** mid-block roading package
- To optimise market competitiveness and enable early contractor involvement, each bridge package has already been allocated to the bridge panellists (subject to funding and commercial agreement) - Benefits of this approach are being realised already.
- The mid-block package will be procured via a closed tender between the two roading panellists.
- Formal procurement of these packages is scheduled to commence at the end of August, pending funding confirmation.

s 9(2)(b)(ii)



Refer to **Appendix 9: Procurement Strategy**

Property and consenting

There are no property challenges

- All property requirements for Section 1 (including temporary access) are now in place.

s 9(2)(j)

Key dependency	Comment
Land Requirement Plans (LRPs)	• Approved LRPs are required prior to commencement of negotiations. This will allow negotiations to proceed more efficiently and improve landowner experience. s 9(2)(j)
Indirectly affected properties	• A review of the finalised land requirement areas will be required to determine any properties that have affected rights of way, water supply easements etc. s 9(2)(j)
Project design information	• This includes such things as mitigation works, realigned local authority roads and individual property accesses. • Key design information is required to efficiently progress property negotiations. Any delays could cause delays in progressing property acquisition.

s 9(2)(j)

A consenting strategy has been adopted for the corridor

The consenting strategy identifies a consenting pathway under the RMA, while the RoNS HBEX has been nominated under the Fast-track Approvals Act 2024, the NZTA have opted to follow the exiting / standard RMA process as the project pathway to gaining consent, this is based on the reasons below:

- It is noted that for the project there is an existing wide designations with no conditions. Regional consents will be required and potentially alteration/s to the designation/s to accommodate for interchanges/stormwater.
- Ecological survey work has been completed and no requirement for a wildlife permit has been identified within the extent of the project. The project has applied for a permit in the event of an accidental discovery during construction.
- An Outline Plan and regional consent have been lodged for enabling works (pre-loading)
- Key consenting risks pertain to the notification of consent applications/ notice of requirements and the potential for submissions to result in lengthy hearing process/es, however, this is low risk due to the width of the existing designation.

Refer to **Appendix 10: Consenting Strategy**

Resourcing and Governance

Governance and Leadership

- RONS Squad
- RPGG / Sponsors
- Project Director

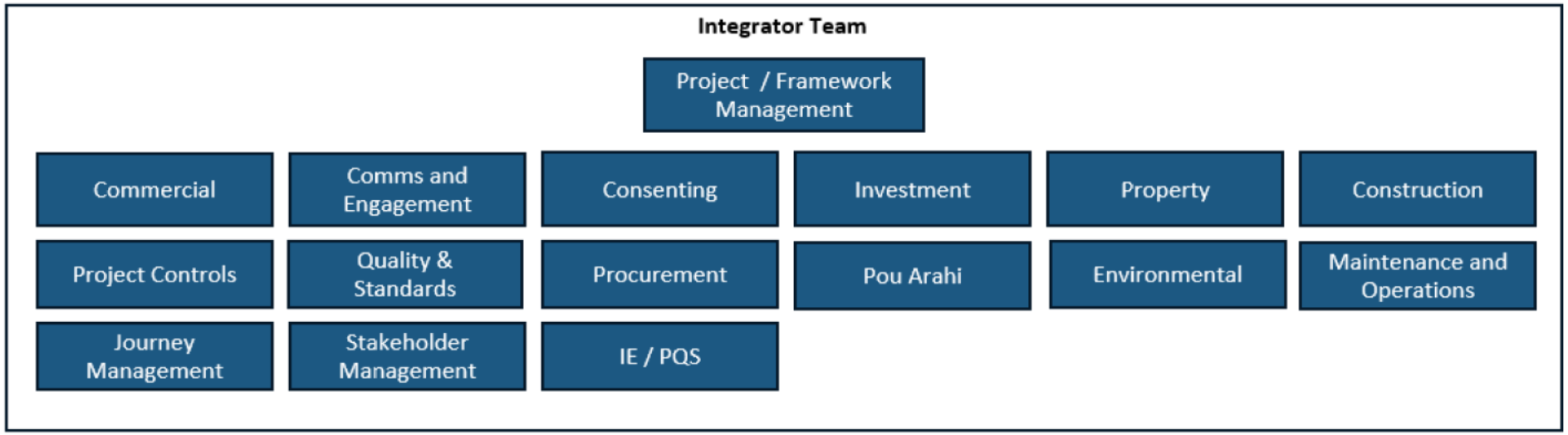
Framework Support

- Independent Expert Resources
- Capability Partners
- NZTA SME's

The delivery phase will be managed internally through our P3M and Regional Portfolio Governance arrangements.

The procurement plan outlines a strategy for this, noting that:

- Ongoing decision making and reporting through a governance forum (RGG sub-group expected)
- Resourced to establish, manage and continuously improve delivery.
- A focus on NZTA resources, with use of capability partners decreasing over time as roles established and the Panel gets underway.
- With the overarching Commercial Framework as the foundation on how all participants will engage and deliver, this Function based structure outlines the resourcing levels, requirements and approach to be implemented by through the Panel Management Plan (PMP)



*Directory and Panel can also assist in resourcing client-side requirements

Refer to **Appendix 11: Resourcing and Project Governance**

The key project risks are known with appropriate controls in place

NZTA has robust processes to manage risks, and interventions to manage risk throughout the project lifecycle. A project risk register is maintained and regularly updated and reviewed. The most critical overarching risks such as engagement, commercial, construction and project funding and the controls in place to manage these risks are summarised below.

s 9(2)(g)(i)

Refer to **Appendix 2: Basis of Design & Appendices**

Communications and engagement for future phases

The project will continue to implement 'always on' engagement to connect with community and stakeholders, delivering a strong focus on 'inform' and conducting deliberate, targeted engagement to gain input where needed.

The Hawke's Bay Expressway RoNS project provides an opportunity for ongoing collaboration between NZTA and iwi / hapu entities to address any cultural effects and achieve positive outcomes. We will honour Treaty commitments through continued effective engagement with Treaty partners.

The Property Group and Property Team will work directly with landowners where we need to acquire land and will work with property owners for Licence to Occupy notices for geotechnical investigations.

A detailed C&E plan for construction of Section 1 will be implemented, along with implementation of a C&E plan for the section 2 enabling works due to begin soon. The intention is to also deliver a detailed C&E plan for the pre-implementation phase of grade separation at Pākōwhai Road post board approval.

Separate to this project we will continue to work with councils in relation to longer term planning of the transport network including any longer term improvements required in the corridor.

Detailed communications and engagement plans will be completed for section 1 construction and the design phase of Pākōwhai Road Intersection, and the following activities are expected to be included:

- **Communications** about investment case endorsement and the solution to be constructed / designed.
- **Communications** about any enabling works or investigations.
- **Ongoing regular briefings** for council and iwi governance, and responsiveness to enquiries.
- **Progress updates and storytelling** across channels such as social media, the NZTA Hawke's Bay newsletter and media and web.
- **Engaging with key stakeholders** to meet statutory requirements (consenting, property, construction impacts).
- **Hosting community drop-in sessions** to keep communities informed.
- **Continuing direct engagement** with iwi and hapu entities to build strong, meaningful, and lasting relationships.

Refer to **Appendix 12: Communications and Engagement Plans**

DECISION-LED

Decisions to inform this work

Decisions have been progressed through technical assurance and governance inputs to steer this investment case.

Key Decisions	December 2024	March 2025	April	May	July	August	
Initiation							
Governance	Stage 1 Investment Case approved 1A 1B		Corridor Scope & Design Speed agreed. 1A 1B			Acceptance of Corridor Investment Case Next Phase Funding Request 1A 1B	
Agree Recommended Option	Stage 1 Pre-imp Funding approved 1A				Recommended option agreed 1B 1C		
Delivery Approach	Early release $2.5m for Stage 1 enabling work 1A 1B			Early release of $7.6m for section enabling work 1A			
Expected Cost Envelope		Optioneering trade off process confirmed 1B					
Benefits Envelope					Update benefits assessment 1C		

2B Project Workstream Lead
2A Project Director / Manager
1A NZTA Board
1B National Portfolio Governance / VOS
1C Sponsor

Refer to **Appendix 13: Decision Register**

Investment case approvals sought

APPROVALS

Recommendations to the Board are:

- **Approves** the RoNS SH2 Hawke's Bay Expressway Investment Case.
- **Approves:**
  - funding to NZTA
  - for the Hawke's Bay Expressway Section 1 implementation phase
    - At a s 9(2)(b)(ii) (including NZTA admin)
    - At a s 9(2)(b)(ii) (including NZTA admin)
  - at FAR of 100% (out of NLTF)
  - from State Highway Improvements activity class (Work Category 324 – road improvement)
- **Approves:**
  - funding to NZTA
  - for the Hawke's Bay Expressway Pākōwhai Road grade separation
  - for pre-implementation phase
    - At a s 9(2)(b)(ii) (including NZTA admin)
    - At a s 9(2)(b)(ii) (including NZTA admin)
  - at FAR of 100% (out of NLTF)
  - from State Highway Improvements activity class (Work Category 324 – road improvement)
- **Notes:** Tolling of the SH2 Hawkes Bay Expressway project is not recommended under current legislation.
- **Notes:** Funding for the Hawke's Bay Expressway Pākōwhai Road grade separation implementation is subject to approval of a future funding request:
  - At a s 9(2)(b)(ii) (including NZTA admin)
  - At a s 9(2)(b)(ii) (including NZTA admin)

Image: section between Pākōwhai Road and Tutaekuri Bridge, 2024