



Cape Palliser Road Business Case Overview

Te Ara o Matakītaki-a-Kupe • Supporting whānau, hapū and iwi of Ngāti Hinewaka me ngā hapū o Wairarapa

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Executive

Introduction

This Programme Business Case has been prepared by Tohunga Transport Advisory Partners (TTAP) Ltd on behalf of South Wairarapa District Council (SWDC) to support a request to Waka Kotahi NZ Transport Agency (NZTA) for long-term funding certainty for Cape Palliser Road. The business case follows the NZTA Business Case Approach and Five Case Model framework.

Strategic Context

Cape Palliser Road is a 38 km coastal road (37.8 km actual) extending from the intersection with Lake Ferry Road to the Cape Palliser Lighthouse. It is the sole road access to several coastal settlements, nationally significant tourism and cultural destinations, and the Ngawi commercial fishing community. The road serves approximately 90 permanent residents across 235 rate-able properties, with significantly higher populations during holiday periods.

The road has been funded as a Special Purpose Road at a 100% Funding Assistance Rate (FAR) since 1997, reflecting its national significance and the absence of a local rating base adequate to support its maintenance. This 100% FAR arrangement will end in June 2027, after which the road will revert to SWDC's standard 51% FAR unless a bespoke funding arrangement is negotiated with NZTA.

The road is highly exposed to coastal erosion, landslides, and storm events. Council estimates that coastal protection works alone could exceed \$15 million, over 10 years while its National Land Transport Programme (NLTP) allocation for Low Cost Low Risk (LCLR) projects is about \$1 million per year and emergency response costs run at an annual average of \$1,054,000 over the last 5 financial years and are expected to escalate as climate impacts intensify and protection structures continue to age. Without continued enhanced funding, Council faces a funding gap that cannot realistically be closed from local rates.

The corridor is materially worse than typical NZ roads for two interlinked reasons:

- the underlying Papa rock formation drives slope instability and produces failure modes seen in very few other NZ corridors; and
- SWDC has only ~7,000 rate-able properties across the district - so each \$1M of additional CAPEX translates into a total capital investment after subsidy at 51% is applied, of \$12.75m would generate a cumulative increase in rates of 14.2% over 10 years whilst an investment of \$20.91m would generate a cumulative increase in Rates of 26.6% ~~sustained – 3-4% rates increase~~, an equity burden that is disproportionate to the small local rate base relative to the national user base.

The Case for Change

Three key corridor problems have been identified through evidence analysis and stakeholder engagement:

- **Problem 1:** Resilient Coastal Protection – the resilience issue is a threat to the ongoing access and management of the corridor, driven by active coastal erosion, two major landslides at Johnsons Hill and Te Kopi,
- increasing frequency of storm events, and slope instability due to poor substrate strata (Papa rock formations).
- **Problem 2:** Unique road corridor environment - Cape Palliser Road traverses a coastal, geomorphologically unstable corridor with values (cultural, ecological, settlement, tourism) found in

very few comparable NZ road environments. The current planning, funding and asset-management framework treats it as a generic local road and does not provide the corridor-specific stewardship required for the next 10-30 years.

- **Problem 3: Equity / Disproportionate Burden** - Cape Palliser Road delivers benefits that accrue largely to the national interest (tourism, cultural heritage, national-route resilience), yet under a standard 51% FAR the cost burden falls disproportionately on SWDC's ~7,000 rate-able properties. The mismatch between national benefit and local cost recovery is structural, not transitional, and is the third corridor problem that this business case seeks to address.

The case for change is compelling. The road provides critical access to nationally significant tourism, cultural, and economic assets. Thirteen iwi, hapū, and Māori land trusts have provided formal written support for continued enhanced funding. NZTA has confirmed willingness to explore bespoke funding arrangements.

Preferred Programme

Four programme options were assessed:

- (A) Status Quo — retained as a reference case only and not considered further;
- (B) Maintain Existing Alignment;
- (C) Inland Realignment; and
- (D) Hybrid Programme.

The optioneering presented here is high level and will be refined once the preferred option direction is confirmed by SWDC and NZTA.

- Option D is the recommended preferred programme. It delivers a staged 10-year package of coastal protection at four consented priority sites (including rock armour and beach nourishment) plus an expedited EcoReef nature-based rollout, landslip mitigation (staged — Stage 1 Optioneering prioritised, Stage 2 Mitigation subject to Stage 1 outcomes), bridge and structural renewals at 100% Financial Assistance Rate, safety and speed management, and ongoing maintenance, operations and renewals at 51% Financial Assistance Rate. Total 10-year programme: \$52-\$83M (indicative, 2026 NZD).
- Six national-benefit workstreams (Ngā mahi ā-motu) - \$46-\$75M at 100% NZTA FAR:
 - coastal protection at four consented sites;
 - EcoReef expedited rollout;
 - landslip Stage 1 Optioneering;
 - landslip Stage 2 Mitigation (subject to Stage 1);
 - bridge & structural renewals; emergency response.
 - MOR (Ngā mahi ā-rohe) - \$6-\$8M at 51% FAR; SWDC local share ~\$3-\$4M over 10 years.
- Staging: highest-risk and lowest-regret sites first; major capital concentrated in years 3-6.
- Cost & economic assumptions: 2026 base year, real NZD, PBC accuracy band ± 30 -50%, NZTA CEM compliant.

The four consented coastal protection sites (Huripi River–Te Mahi Cres, Turners Bay, Kupes Sail, KiriKiri Ford – GWRC consents WAR09032 and WAR150017), tabled with the Resource Practitioners, are the priority case for fully funded coastal protection and are recommended as 100% NZTA FAR investment. Their consents are in hand and the works can be delivered without delay, providing the strongest near-term resilience benefit per dollar.

Financial Case

The affordability of the programme depends critically on the funding arrangement negotiated with NZTA. At the standard 51% FAR applied across the whole corridor, the local share (\$25-\$41M over 10 years) is not affordable and would be financially fatal to SWDC's wider capital programme - it is not a 'trade-off' but an outcome that would force the de-prioritisation of every other district roading priority. A Split-FAR arrangement is therefore essential, not preferred. – SWDC's local share drops to approximately \$3-\$4M over 10 years, which is affordable within existing budgets and Council rates income, which in future years will be capped.

Commercial and Management Cases

The programme will be delivered through a series of activity-level business cases, with procurement through SWDC's approved procurement strategy. Collaborative Governance will be provided by a Cape Palliser Road Corridor Steering Group comprising SWDC, NZTA, and iwi representatives. Programme risks are managed through staged delivery, monitoring and adaptive management.

Decision Sought

This programme business case seeks endorsement in principle from NZTA for the preferred programme (Option D – Hybrid Programme) and agreement to work with SWDC to negotiate a bespoke funding arrangement for Cape Palliser Road beyond June 2027. The next steps are to progress activity-level business cases for priority workstreams, beginning with coastal protection (EcoReef extension) and landslide investigation.

1. Introduction

1.1. Background

Cape Palliser Road is currently funded as a special purpose road by the NZTA, with a FAR of 100%. Special purpose roads as a funding vehicle were instituted to replace subsidised highways defined by the National Roads Board for the following purpose:

“In effect the special purpose road category is used to provide funding for roads that are significant in the national interest but for which State highway status is not appropriate and for which there is no local authority rating base.”

The power to create Special Purpose Roads was transferred to Transit NZ who were responsible for declaring Cape Palliser Road in 1997. The Transit NZ Board approved the declaration of Cape Palliser Road utilising the following criteria where that road should:

- a) cater for a high proportion of tourist traffic
- b) be of a standard below that currently deemed as being adequate for consideration of State highway status
- c) pass through an area where the rating potential of the surrounding land was significantly lower than the maintenance cost of the road.

Cape Palliser Road provides the sole road access to several coastal settlements and the Cape Palliser lighthouse. It supports tourism, access to some of New Zealand's oldest cultural/archeological sites and community lifelines yet is highly exposed to coastal erosion, landslides and storm events. Prior to the road becoming a SPR it can be assumed that it was in a poor condition due to the funding limitations with a low rating base across the district, and competing transport priorities. Since becoming a SPR, investment made in the road with a 100% subsidy has significantly improved its pavement condition.

The power to create Special Purpose Roads was repealed in 2003. The key reason for repeal was the that the Land Transport Management Act established a more flexible regime for the assessment of land transport activities, permitting different methods of allocation between activity classes. This flexibility was seen as making it unnecessary to have a separate statutory “special purpose roads” class.

The phasing out of the Special Purpose Road category was flagged in the development of the 2024-2027 NLTP. This omission was noted by Council, which was able to arrange an extension of the 100% FAR for the maintenance and LCLR improvements for the road until the end of the three-year NLTP period. In June 2027, the 100% FAR will be ended, and the road will be rolled into the next three-year NLTP funded under the Council's 51% FAR from the NZTA. SWDC estimates that coastal protection could exceed \$15 million, while its NLTP allocation for LCLR projects is about \$1 million per year. Emergency response costs are increasing in frequency and severity. Over the last five financial years the cost has averaged \$1,054,000 p.a.

1.2. Purpose of Report

The purpose of developing a funding business case for Cape Palliser Road is to articulate the effective short to long-term funding strategy for its maintenance, operation and resilience focused improvements:

- to define the optimal corridor investment strategy through to 2038 for SWDC and investment partners;

- to achieve the desired or appropriate level of service for all users that depend on the access provided by Cape Palliser Road;
- to inform the Council and NZTA of the optimal short, medium and longer-term programme of improvements along the road corridor.

This corridor business case interrogates the evidence base and the potential investment strategies. Key problem statements and benefits of investment have been developed to ensure investment is scoped appropriately. Investment programmes containing a number of activities have been developed, then further refined into the recommended programme of activities for Council and NZTA to pursue.

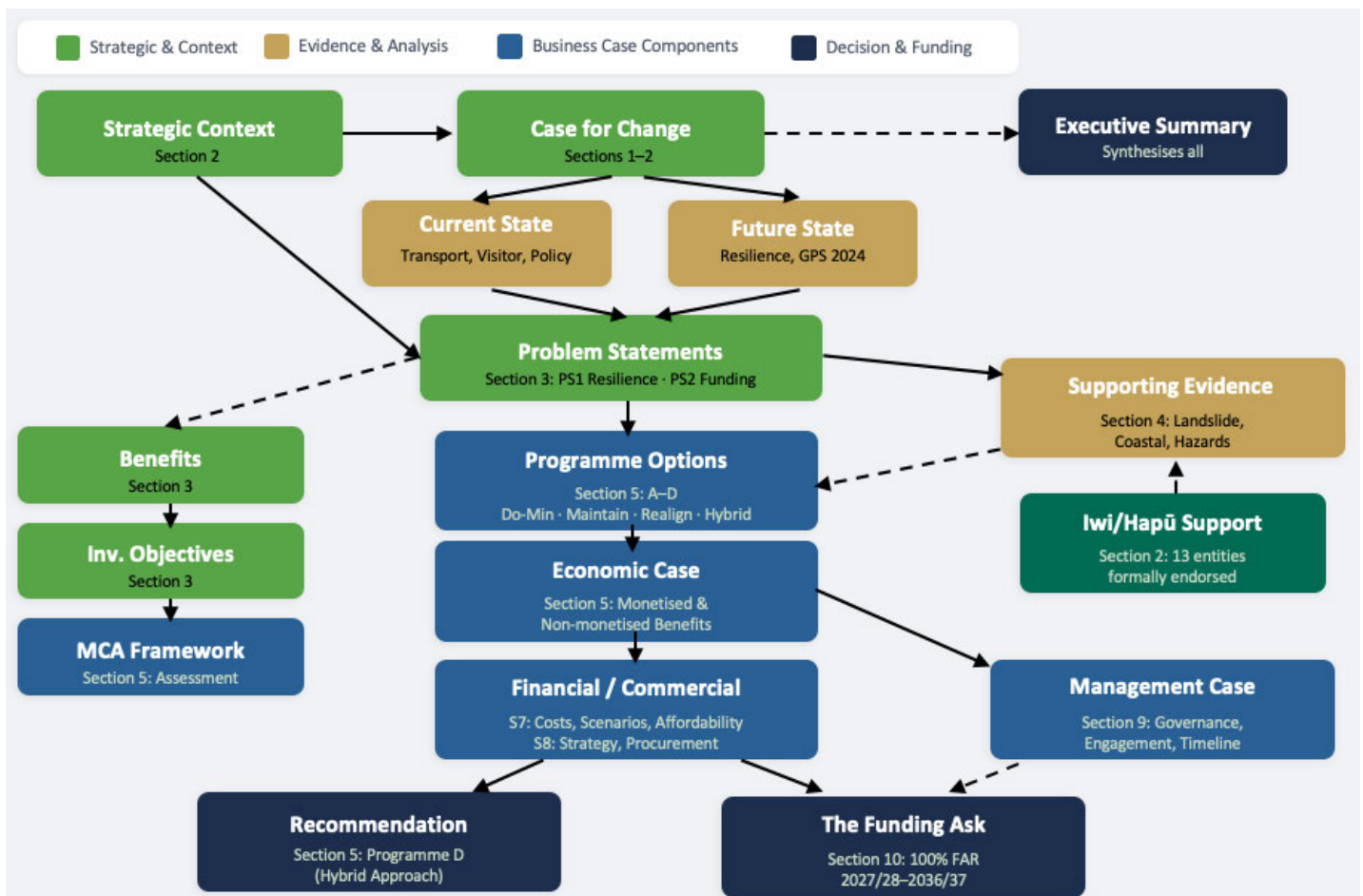
To optimise the benefits of the investment, the development and assessment of options considered other related or directly dependent initiatives and transport modes. Therefore, the study accounts for other current and planned initiatives along the road corridor. The corridor has been considered within a multi-modal context.

1.3. Scope

This corridor study:

- Proposes problem statements and benefits of investment based on the evidence available;
- Reconfirms the need to invest and the clear case for change;
- Develops programme options to a point where they can be objectively evaluated (including a clear base-case 'do minimum' option);
- Provides an evaluation of programme options;
- Identifies and justifies a recommended programme that directly addresses the agreed problems for the road corridor;
- Assesses the financial implications, risks and economic viability of the programme;
- Sets out a clear roadmap through which the programme package of works can be advanced within target timeframes

The process for determining the study is shown in the flow chart below:

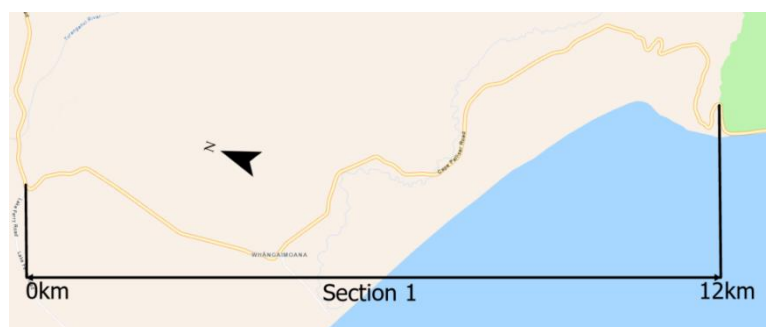


1.4. Corridor

The study area is the extent of Cape Palliser Road from the intersection with Lake Ferry Road and extending through to the road end terminating at the Cape Palliser Road Lighthouse. The road length is 38 km (37.8 km actual).

For the purposes of investigation and assessment the study area was split into four sections as follows;

Section 1: Lake Ferry Road to Hurupi Stream Bridge (0-12km) – the road section extends from the intersection with Lake Ferry Road to the Hurupi Bridge (commonly referred to as Banana Bridge). The road section extends through the Te Kōpi, Whatarangi and Te Miha settlements, and is mostly inland travelling through farmland. This section provides access to the Whangaimoana Beach community accessed by Whangaimoana Beach Road.

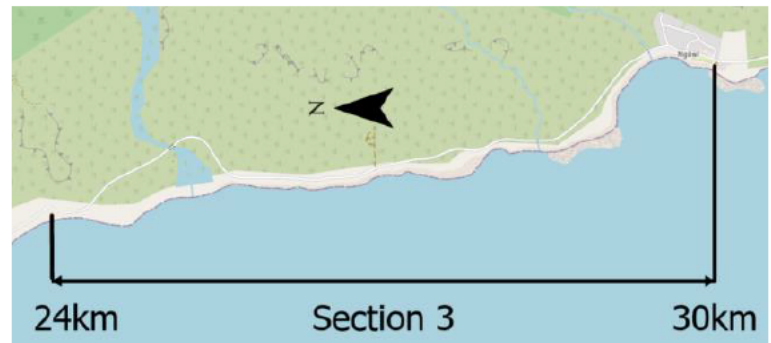


Section 2: Hurupi Stream Bridge to Turners Bay (12-24km) – the road section extends along the coastal fringe with expansive views across the ocean. The section includes access to the Pinnacles Scenic Reserve, Whatarangi Bluff, short sections with coastal baches and



Te Kopi, Whatarangi and Te Miha Settlements.

Section 3: Turners Bay to Ngawi Coastal Settlement (24-30km) - the road section extends along the coastal fringe from Turners Bay to the southern end of the Ngawi Coastal Settlement. The key features along this road section include the Ngawi Coastal Settlement and coastal access for parking and launching commercial fishing boats, the one-way bridge over Waiahero Stream on the approach to the settlement, and access to a commercial campground.



Section 4: Ngawi Coastal Settlement to Cape Palliser Lighthouse (30-38km) - the road section extends along the coastal fringe from Ngawi to the Cape Palliser Bay lighthouse carpark. It includes access to the Aorangi Crossing carpark, Mangatoetoe Beach coastal settlement, the fur seal colonies and Kupe's Sail (Ngā Rā-a-Kupe), and transition from the sealed carriageway to unsealed.



1.5. Status of the Evidence Base

The evidence base of data and other material gathered to inform the strategic context has been drawn from the following.

Data Type	Details
Crash data	NZTA Crash Analysis System (CAS) was used to extract crash data for the years 2016-2025 for Cape Palliser Road. In addition, the MegaMaps geospatial site was referenced for safety risk ratings along the corridor.
Visitor data	A traffic survey was undertaken by Council between 8 January 2026 and 9 February 2026 to better understand the extent to which traffic on Cape Palliser Road is associated with visitor activity.
Traffic count data	ADT information has been derived from traffic counts for each road section included in mobileroad.org
Land use	The district plan and regional strategies have been referenced
Financial forecasts	SWDC's Long-term Plan has informed financial forecasts for the district
Project specific information	Reports have been provided by SWDC for the EcoReef construction and resource consenting, the two active landslips on the corridor.
Cultural data	Hui/wānanga records, iwi/hapū letters of support, statements of cultural significance for Kupes Sail, Putangirua Pinnacles, and the Cape Palliser lighthouse precinct.
Heritage data	Heritage New Zealand Pouhere Taonga listings, including SS Zuleika grave site, Cape Palliser lighthouse (Category 1), and corridor wāhi tapu.

2. Strategic

2.1. Community and Land Use Context

2.1.1. Community Support for Continued Enhanced Funding

SWDC's 2024–2034 Long-Term Plan flagged that the Financial Assistance Rate for the Special Purpose Road would revert to 51% in July 2027. As part of the proposed change process, the Council has consulted and engaged with the Cape Palliser Road community.

The community in principle fully supported SWDC's position on the need for an Enhanced Funding Case and, in support, formed the Cape Palliser Action Group. The group's engagement with the wider community has generated formal written support for an enhanced funding request from the parties listed below.

- Hon Chris Bishop – Minister of Transport, National Party
- Hon Kieran McNulty – Wairarapa List MP, Labour Party
- Hon Celia Wade-Brown, Mike Davidson, Julie Anne Genter – List MPs, Green Party
- SWDC Martinborough Community Board – James Brodie (Chairperson)
- Fire & Emergency New Zealand – [REDACTED]
- MD Safety Consulting – [REDACTED]
- Pest Control & Conservation – [REDACTED]
- Kawakawa Station / Kawakawa Walk – [REDACTED]
- [REDACTED]
- E Toru Ngā Tōtara Ltd – [REDACTED]
- NZMCA – [REDACTED]
- Destination Wairarapa – [REDACTED]
- Green Jersey Cycles Explorer Tours / Aorangi Restoration Trust – [REDACTED]
- [REDACTED] – Niue Islands
- Te Ara a Kupe / Hawkins Contracting – [REDACTED]
- Martinborough Rural Women
- Kawakawa 1D2 Trust – [REDACTED]
- Terra Moana Ltd – [REDACTED]
- [REDACTED] – Fisheries Management & Research Consultant
- Wairarapa Search & Rescue (LandSAR) – [REDACTED]
- Waimeha Campground / Cape Palliser Bar & Grill – [REDACTED]
- Kaiwaru & Washpool Partnership – [REDACTED]
- Martinborough Transport Ltd – [REDACTED]
- Fiordland Lobster Company – [REDACTED]
- Palliser Bay commercial fishing report – [REDACTED]
- Cape Palliser Fisherman's Association – [REDACTED]
- Cape Palliser Residents and Ratepayers Association – [REDACTED]
- Ngā Rā-a-Kupe – Kupe's Sail
- Ten further local signatories

Resident / Ratepayer

- [REDACTED]
- [REDACTED]
- [REDACTED]

Together with the iwi, hapū and Māori land-trust support documented in Section 2.3.4, this demonstrates a broad and durable community mandate for sustained NZTA investment in Cape Palliser Road beyond June 2027.

Cape Palliser Road has a small population of permanent residents. Dwellings are scattered along the road with small clusters of dwellings along the coastal margin, and denser settlements at Ngawi and Mangatoetoe. The 2018 census estimated that resident population is approximately 90 residents including the Ngawi and Mangatoetoe coastal settlements.

The population fluctuates seasonally because many of the houses along the corridor and in the coastal settlements are holiday homes. This means that the summer and holiday periods have significantly higher populations due to the tourist and holiday visitors.

A summary of the rateable properties along Cape Palliser Road, including on all side roads off Cape Palliser Rd where there is no exit, is included Table 2-1.

Table 2-1: Rateables properties along Cape Palliser Road and side roads

Road	# Rateable Properties
Ben Avon Grove	10
Cape Palliser Road	89
Hemi Street	8
Mangatoetoe Grove	16
Seaview Avenue	45
Te Miha Crescent	38
Te Whaiti Lane	7
Tilson Avenue	22
Total	235

Typical property types include:

- Residential baches / holiday homes
- Lifestyle blocks
- Large pastoral farming properties
- A small number of tourism or hospitality businesses

2.2. Key employment and economic activities

Employment activity within the area is focussed on rural pastoral farming, commercial fishing and tourism services. Most residents either work locally in these primary industries or commute for work.

2.2.1. Commercial Fishing

Commercial fishing is the dominant local industry and focussed on the coastal settlement of Ngawi. The commercial fishery includes quota fishing for crayfish, paua and cod. The commercial fishery is a notable character of the Ngawi settlement with boats launched directly from the beach using bulldozers due to the lack of a harbour. This is also a visitor attraction. It's estimated that the fishing industry supports directly a dozen commercial fisherman and their families, with supporting services supplying a higher number of people.

Ngāwī is the working base of an estimated 12-boat commercial fleet operating in the CRA 4 (rock lobster) and PAU 2 (pāua) fisheries. CRA 4 carries a Total Allowable Commercial Catch of 318.8 t (current quota-equivalent value ~NZ\$1.4M / tonne), with national rock lobster exports worth NZ\$350M+ in 2024. The Ngāwī fleet's ex-vessel landings are estimated at NZ\$4-7M per year (rock lobster and pāua combined); access to Cape Palliser Road is the sole supply chain route to and from this fleet.

2.2.2. Pastoral farming

Large areas along Cape Palliser Road are used for sheep and beef farming, some forestry, and honey production. The farming operations are large with land holdings exceeding thousands of hectares.

Cape Palliser Road serves an estimated 10-15 large pastoral stations (sheep & beef, with some forestry and honey production), with individual holdings exceeding several thousand hectares. The corridor is the sole route for stock movements to processing (Waingawa / Wellington) and for inbound fertiliser / fuel / supplementary feed. Sheep & beef contributes ~NZ\$10B to the national economy and Wairarapa carries ~10% of the NZ sheep flock; corridor-dependent farm output is estimated at the tens of millions of dollars per year.

2.2.3. Tourism and recreation

Tourism is an important seasonal economic activity due to the area's natural attractions.

Key attractions include:

- Cape Palliser Lighthouse
- Fur seal colony
- Putangirua Pinnacles
- Coastal scenic drive
- Significant cultural archeological sites
- Surfing breaks (Tora, Ngāwī, White Rock)
- Recreational fishing
- Ngāwī fishing boar bulldozer launch (an iconic NZ visitor attraction)

Holiday homes along the coast in the settlements influence seasonal population increases.

Cape Palliser Road is the sole vehicular access to several nationally significant visitor attractions: the **Cape Palliser Lighthouse** and the **Cape Palliser fur seal colony** (one of the largest on the North Island); the **Putangirua Pinnacles Scenic Reserve** (a *Lord of the Rings* filming location for the *Paths of the Dead* – a meaningful international-tourism driver since 2003); the working fishing village of **Ngāwī**; the **Aorangi Forest Park** tramping network; and the **Tora / Ngāwī / White Rock** surf breaks.

The January-February 2026 visitor traffic survey recorded daily traffic of 281-896 vehicles, with visitors accounting for over 50% of all traffic on average and up to 82% on peak days. On a conservative back-of-envelope basis (average occupancy 2.5 / vehicle, off-peak adjustment), this equates to an estimated **120,000-200,000 visitor-trips per year**, supporting a meaningful share of Wairarapa's NZ\$155M annual tourism spend.

2.3. Cultural Context

2.3.1. Introduction

Cape Palliser Road traverses a coastal landscape of exceptional cultural, historical and contemporary significance to mana whenua, Māori landowners and whānau with longstanding ancestral relationships to the southern Wairarapa coastline.

The road is not simply rural transport infrastructure. It is the primary land based access corridor to culturally significant coastal environments, wāhi tapu, Māori land, customary use areas, and archaeological landscapes.

The corridor supports ongoing occupation, kaitiakitanga, cultural revitalisation, heritage protection, tourism and public access to one of the most significant coastal cultural landscapes in Aotearoa.

2.3.2. Ancestral Landscape and Kupe Traditions

The Cape Palliser coastline is strongly associated with the ancestral narratives of Kupe and forms part of a wider cultural landscape connected to early navigation, settlement traditions and the naming of prominent landmarks along the south Wairarapa coast.

Mātakitaki-a-Kupe and Ngā Rā-a-Kupe remain places of enduring cultural significance. These narratives continue to be actively maintained by mana whenua and contribute to the wider cultural identity of the region.

The coastline also contains extensive evidence of early occupation, seasonal food gathering, coastal travel and intergenerational settlement, including pā, kāinga, urupā, middens, terraces, stone rows and cultivation areas. The archaeological significance of the Palliser Bay coastline has been recognised through longstanding research and documentation by archaeologists including Foss Leach, Nigel Prickett and Warren Gumbley and others.

2.3.3. Sites and Areas of Significance to Māori (SASM)

Significant portions of the Cape Palliser coastal corridor are recognised within the Combined District Plan as Sites and Areas of Significance to Māori (SASM). These areas include wāhi tapu, archaeological sites, cultural landscapes and areas of ancestral occupation.

The concentration of identified SASM sites along the Palliser Bay coastline reflects the exceptional cultural and archaeological significance of the area.

Continued safe and resilient access along Cape Palliser Road supports the protection and responsible management of these culturally sensitive environments. Where road resilience declines, unmanaged vehicle movements and ad hoc diversion around damaged sections can increase pressure on fragile coastal margins and culturally significant areas. Experience along this coastline has already demonstrated that such pressures may require regulatory intervention, including access restrictions beyond the Cape Palliser Lighthouse, to prevent further environmental and cultural damage.

2.3.4. Māori Land and Intergenerational Connection

Cape Palliser Road provides essential access to Māori land blocks and associated whānau interests along the southern coastline, including Mātakitaki, Kawakawa and Te Kopi.

The road enables:

- access to ancestral land;
- ongoing exercise of kaitiakitanga;
- environmental stewardship;
- maintenance of wāhi tapu;
- continuation of customary and cultural practices;
- farming and economic activity;
- and intergenerational transmission of mātauranga and identity.

For many whānau, the road is the only practical land-based connection to ancestral landholdings and culturally significant coastal environments.

Reduced resilience or prolonged closure of the road would therefore have direct cultural, social and economic impacts on Māori landowners and their descendants.

2.3.5. Treaty Settlement and Cultural Redress

Te Pātaka o Rongokako is the Post-Settlement Governance Entity established to receive and manage Treaty settlement redress on behalf of Ngāti Kahungunu ki Wairarapa Tāmaki-nui-a-Rua.

Cape Palliser Road provides the sole land based access to Treaty settlement cultural redress properties located within the southern coastal extent of the rohe, including Te Kopi and Ngā Rā-a-Kupe.

These properties were vested in recognition of the enduring relationship of tangata whenua with the Cape Palliser coastline and form part of a broader cultural landscape of ongoing significance.

The practical durability of cultural redress depends upon continued safe and resilient access to these sites.

2.3.6. Takutai Moana and Ongoing Customary Relationships

The Cape Palliser coastline is also subject to ongoing customary and cultural relationships recognised through contemporary coastal recognition processes under the Marine and Coastal Area (Takutai Moana) Act 2011.

The High Court decision in *Re Ngāi Tūmapūhia-a-Rangi Hapū Inc [2024] NZHC 309* recognised continuing customary relationships and tikanga based interests along the south Wairarapa coastline, including areas associated with Mātakitaki-a-Kupe and the wider Palliser Bay environment.

These relationships include ongoing kaitiakitanga responsibilities, customary marine interests, wāhi tapu associations and connections to coastal resources.

The road therefore supports access to a living cultural landscape where customary relationships and responsibilities continue to be actively exercised.

2.3.7. Cultural Revitalisation and Public Engagement

Tangata Whenua are advancing cultural revitalisation and interpretation initiatives associated with the wider Cape Palliser coastline.

These initiatives seek to strengthen public understanding of the navigational traditions, settlement history and cultural significance associated with the area.

At the same time, public interest in the Cape Palliser coastline has increased significantly in recent years, particularly following improvements to the Cape Palliser Lighthouse infrastructure. Visitor numbers have increased, including growing interest from walkers, cyclists and heritage visitors.

The recent public response to proposals affecting the paper road beyond the lighthouse also demonstrated significant community interest in continued access to this coastline and highlighted the importance of carefully managed access arrangements within a fragile coastal environment.

2.3.8. Community Wellbeing and Resilience

Cape Palliser Road is widely regarded by local communities, Māori landowners and mana whenua as essential infrastructure supporting cultural wellbeing, environmental stewardship, public safety and climate resilience.

The corridor is increasingly vulnerable to coastal erosion, storm surge, cliff instability and severe weather events. Maintaining resilient access is critical not only for transport purposes, but also for the ongoing protection and responsible management of a nationally significant cultural and heritage landscape.

Enhanced Government support for Cape Palliser Road therefore contributes to:

- protection of culturally significant landscapes;
- safe and managed public access;
- resilience of Māori land access;
- support for cultural revitalisation initiatives;
- sustainable tourism;

- and the ongoing exercise of kaitiakitanga along the south Wairarapa coastline.

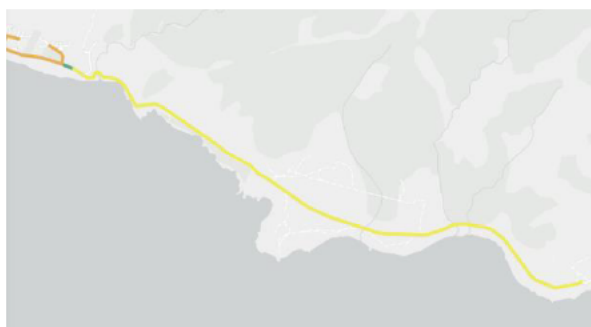
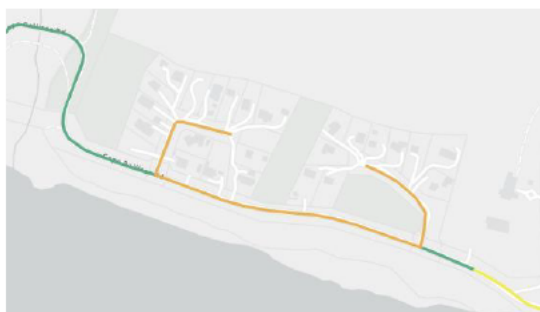
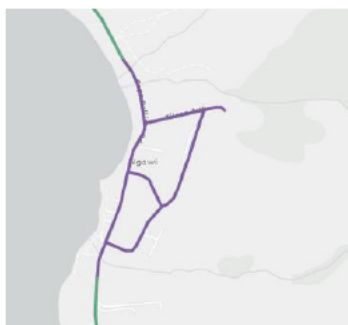
2.4. Transport Context

Cape Palliser Road is 38 km long (37.8 km actual) extending from the intersection with Lake Ferry Road.

Metric	Description
Road Stereotype	Sealed two lane undivided Unsealed road south of Mangatoetoe
AADT	<1000 vehicles per day
Lane width	Nominal 3.0 metres from Lake Ferry Road intersection to end of seal; nominal 2.1 metres from end of seal to lighthouse carpark.
Shoulder width	<0.5 metres

2.4.1. Road Classification

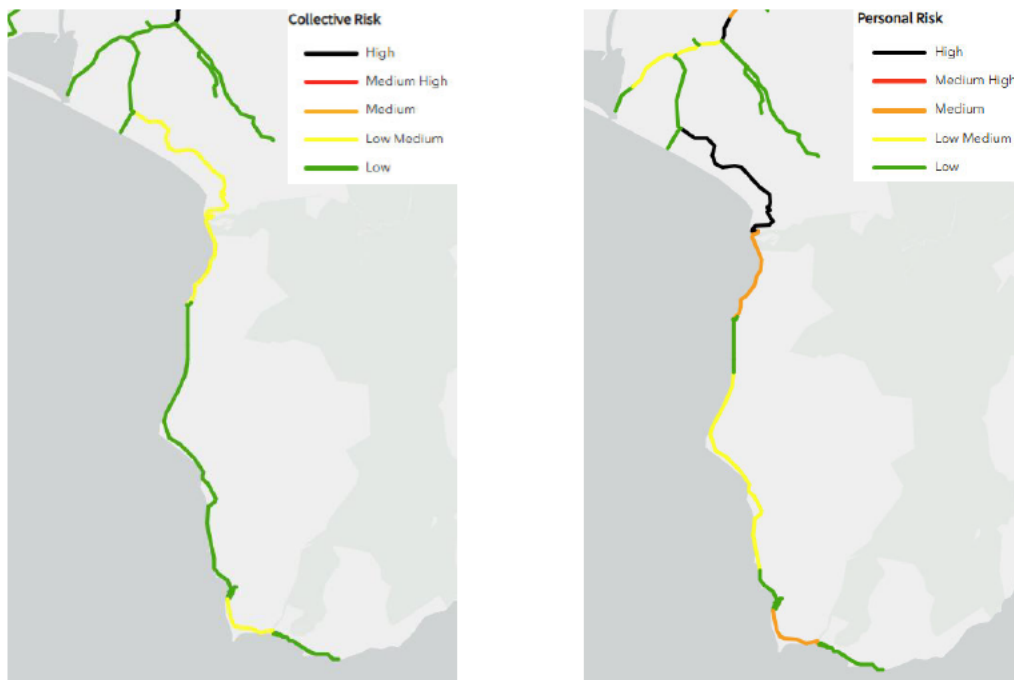
Cape Palliser Road is for the majority of its length classified as a Rural Road. Separate classifications have been assigned for the coastal settlements of Ngawi (Activity Streets), Mangtoetoe (Rural Road) and the length of Cape Palliser Road south of Mangatoetoe travelling to the lighthouse (Stopping Places).



2.4.2. Road Safety

The collective risk rating along Cape Palliser Road is Low to Low Medium. This is based on the low density of DSI crashes over the five-year 2019 to 2023 period. During this period six minor injury crashes and one serious injury crash was recorded along the entire length of the road. The DSI crash locations are spread along the road with no crash clusters.

The Personal Risk Rating shows a High rating for the road section from the Whangaimoana Beach Road intersection to the Hurupi Stream bridge. Two sections of the road are rated a medium personal risk.



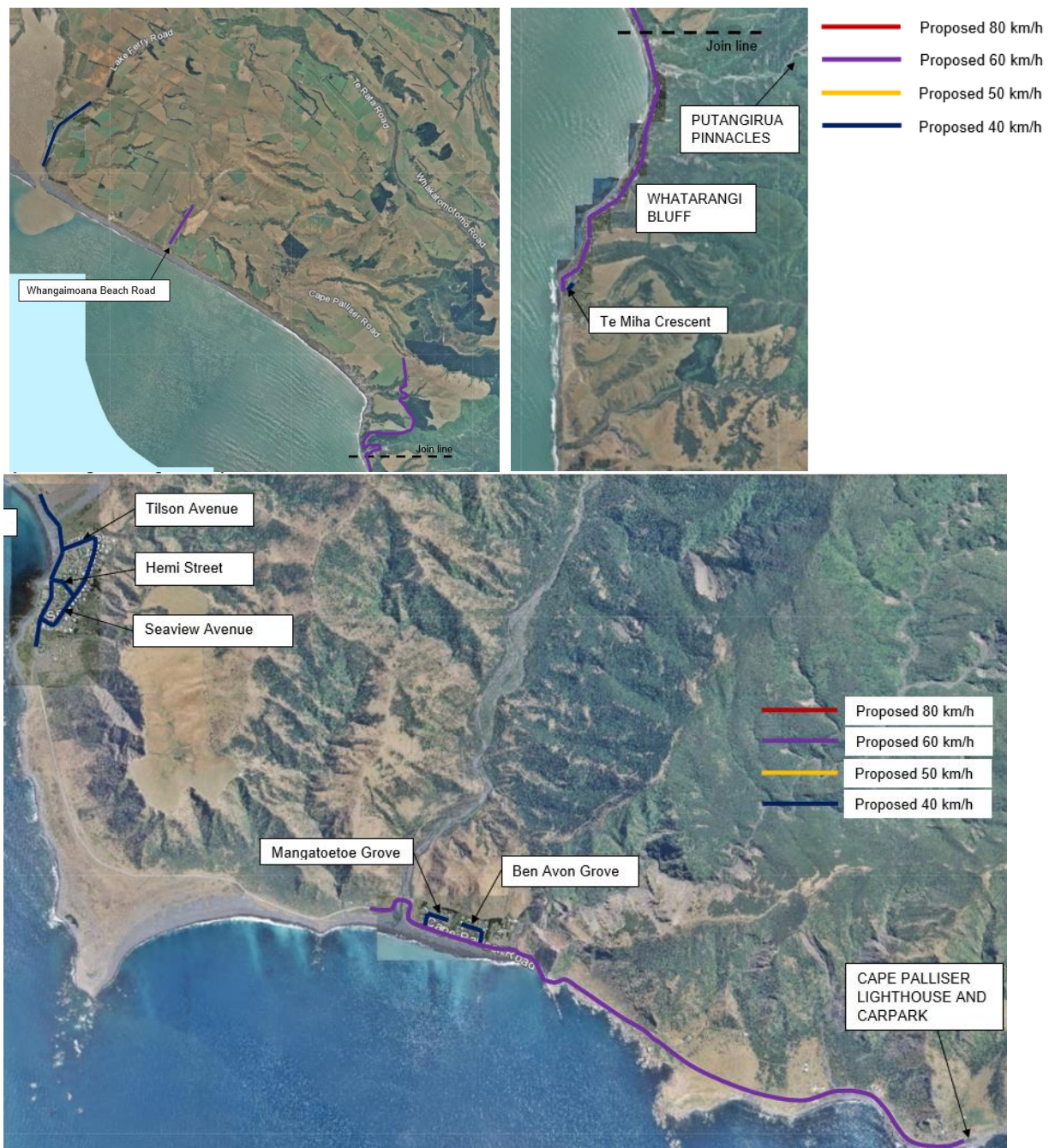
2.4.3. Speed Limit and Mean Operating Speeds

The posted speed limit along the road corridor 100kph, with a posted speed limit of 50kph through Ngawi.

The mean operating speeds along the corridor are variable and determined by the road sections geometry for the area south of Mangatoetoe. SWDC has undertaken a speed review to align safe operating speeds, with new posted speed limits. Recommendations currently being implemented, as shown in Figure 2-1.



Figure 2-1: Posted speed limit recommendations



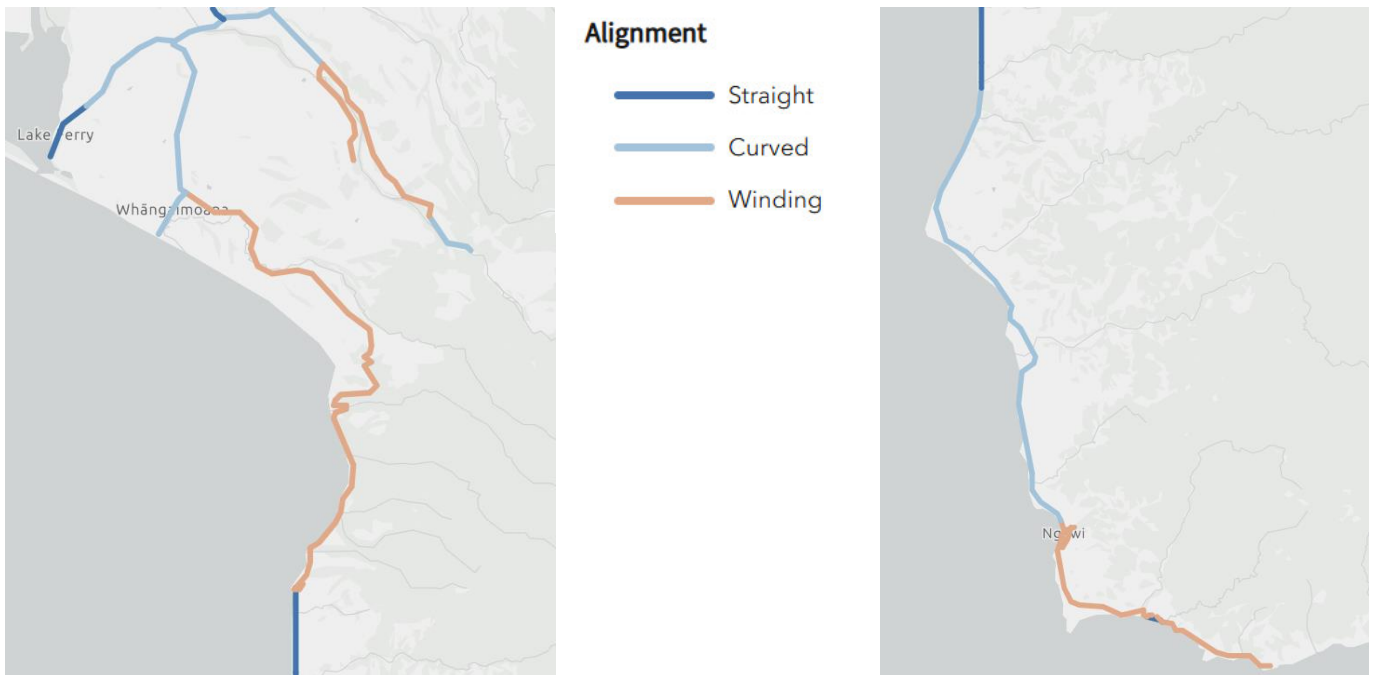
The three permanent speed limit reductions being implemented before July 2026 are:

- Cape Palliser Road between 5.51km south of Whangaimoana Beach Road and 0.1km south of Te Miha Crescent: 100 km/h reduced to 60 km/h (mountainous/hill corridor, coastal settlements).
- Cape Palliser Road between 250m northwest of Tilson Avenue and 105m south of Seaview Avenue (Ngāwī area): 50 km/h reduced to 40 km/h (urban streets with no footpath, coastal settlement).

Cape Palliser Road between 450m north of Mangatoetoe Grove and the end of Cape Palliser Road: 100 km/h reduced to 60 km/h (unsealed rural roads, coastal settlements).

2.4.4. Road Alignment

The road alignment along the 38 kilometres is variable between coastal straights, winding, and curvy alignments.



2.5. Visitor and User Profile

Cape Palliser is a significant tourism destination within the Wairarapa and wider Wellington region, attracting visitors to its coastal landscapes, wildlife and heritage features. Key attractions include the Cape Palliser Lighthouse, the nearby fur seal colony, Ngawi, fishing, surfing and scenic coastal landscapes such as the Pinnacles accessible from Cape Palliser Road. The area forms part of the wider Wairarapa tourism offering, which includes wineries, coastal recreation and nature-based tourism. The road providing access to the cape was formally recognised as having strategic tourism value in 1997, when the Transit New Zealand Board declared Cape Palliser Road a Special Purpose Road. Under the SPR criteria, an eligible road had to "cater for a high proportion of tourist traffic" (Transit NZ Board declaration, 1997) and qualify as "significant in the national interest but for which State highway status is not appropriate and for which there is no local authority rating base" (NZTA Special Purpose Road definition). As a result, the road has received 100% NZTA FAR since 1997.

Because of this classification, the road has historically received enhanced government funding support and is considered an important tourism link connecting visitors from Wellington and Martinborough to the southern Wairarapa coast and associated visitor attractions.

2.5.1. Wellington Region Tourism Overview

Tourism is a major component of the Wellington regional economy.

- Wellington receives about 540,000 international visitors annually.
- Visitors generate around NZ\$436 million in international visitor spending each year.
- Domestic tourism is even larger, with millions of visitor trips annually.

Tourism also contributes significantly to regional economic activity, with the Wellington region generating over \$1 billion annually in tourism GDP in recent years. The Wairarapa region is a popular destination because of:

- Vineyards and food tourism
- Coastal rural landscapes and outdoor recreation
- Heritage towns such as Martinborough and Greytown
- Scenic coastal drives and wildlife attractions.

Tourism strategies identify Wairarapa tourism as closely linked to Wellington, with many visitors combining city visits with trips to the Wairarapa countryside and coastline.

2.5.2. Economic Role of Cape Palliser and the Coastal Tourism Corridor

Cape Palliser contributes to regional tourism as part of a coastal tourism corridor extending along Palliser Bay. The key tourism attractions in the Cape Palliser area include:

- Cape Palliser Lighthouse (historic visitor attraction)
- New Zealand fur seal colony
- Putangirua Pinnacles
- Ngawi fishing village
- Aorangi Forest Park recreation areas
- Fishing and surfing.

Cape Palliser is also the southernmost point of the North Island and lies about 100 km by road from Wellington, making it a popular day-trip destination for international and domestic visitors. These trips are predominantly self-drive tourists with some group tours operating that either focus on Cape Palliser, or also incorporate other destinations such as Lake Ferry and Martinborough into the tour. For both groups Cape Palliser forms part of a broader tourism route linking:

- Wellington City
- Remutaka Hill / Featherston
- Martinborough wine region
- Lake Ferry
- Ngawi and Cape Palliser

These destinations together create a coastal and wine tourism circuit often marketed to domestic visitors travelling from Wellington.

2.5.3. Tourism access

Cape Palliser Road plays a central role in supporting tourism access. The road:

- provides the only land access to the coastal settlements and visitor attractions along the southern Wairarapa coast;
- is formally recognised as having high tourism or strategic value, which led to its previous classification as a Special Purpose Road. This classification acknowledged that the road serves visitors from outside the district, not just local resident trips.

2.5.4. Visitor User Profile

A traffic survey was undertaken in January and February 2026 to better understand the mix between visitors and the community using the road. It is well known that Cape Palliser Road attracts a high demand from domestic and international tourists and the survey highlights the demand profile for self-drive visitors accessing attractions along the road corridor. The selected analysis days were intentionally chosen to represent different travel demand conditions occurring within the survey window, including:

- summer school holiday travel;
- long weekend and public holiday activity;
- transition to normal school-term conditions; and
- typical non-holiday weekend behaviour.

Key findings from the survey are summarised below.

Data Type	Summary
Traffic Volume Variation	• Daily traffic ranged from ~281 to 896 vehicles (08:00–18:00) during the survey period, which it considered low traffic volume. • Peak days (e.g. Waitangi period) are 2.5–2.7× higher than typical weekdays
Visitor Traffic is a Major Component	• Visitor share ranges from 18% to 74% of total traffic • Average visitor share is ~53% of all movements This equates to: • ~51 to 666 visitor vehicles per day • ~319 vehicles per day were visitor vehicles on average over the period of the survey
Peak Demand Driven by Tourism	• Highest visitor traffic volumes occurs: ○ Public holidays (Waitangi Day) ○ Summer weekends • Weekend uplift typically +80% to +174% above the baseline traffic volume
Southern Section of the Corridor Has Higher Visitor Influence	• Visitor share increases further south along the corridor (toward Ngawi / lighthouse) • Up to ~82% of the traffic volume southern sites on peak days is visitor vehicles
Baseline demand	The survey demonstrates that there is strong visitor demand even on days that were designated baseline or normal days. For example 30% of traffic at Putangirua Pinnacles access is visitor-related even on weekdays.

2.6. Policy and Regulatory Context

2.6.1. Management

Cape Palliser Road is a local road managed on behalf of the Crown by the South Wairarapa District Council. The road has been previously funded as a special purpose road by the NZTA, and that status meant that the funding assistance rate was 100%. Special purpose roads as a funding vehicle were instituted to replace subsidised highways defined by the National Roads Board for the purpose:

“In effect the special purpose road category is used to provide funding for roads that are significant in the national interest but for which State highway status is not appropriate and for which there is no local authority rating base.”

The power to create Special Purpose Roads was transferred to Transit NZ (Now NZTA) who were responsible for declaring Cape Palliser Road in 1997. The Transit NZ Board approved the declaration of Cape Palliser Road utilising the following criteria where that road should:

- a) cater for a high proportion of tourist traffic
- b) be of a standard below that currently deemed as being adequate for consideration of State highway status
- c) pass through an area where the rating potential of the surrounding land was significantly lower than the maintenance cost of the road.

The delivery of road maintenance and improvements was agreed between Council and Transit NZ / NZTA as part of the funding agreement and National Land Transport Programme. These activities were then delivered by the Council, with the funding provided.

2.6.2. District Plan

The District Plan and the Wairarapa Coastal Strategy recognises the special character of the southern Wairarapa coastline. The qualities that are highlighted below are represented along Cape Palliser Road:

- *The Wairarapa coast has a rugged, isolated, natural beauty and iconic landscapes with special geological features such as Kupe’s Sail.*
- *Each coastal village has a unique character. The form, style and size of development and infrastructure within each village, along with the traditional associations like commercial fishing or bach accommodation help define the character of each settlement.*
- *Large tracts of undeveloped land between settlements and the high level of natural character. Farming and the lack of development help create the “working landscape”.*
- *The Wairarapa coast has a “public” and “available” feel.*
- *The native ecosystems that remain on the Wairarapa coast have an intrinsic value, as they are part of our natural heritage. They include regionally threatened plants and animals, some of which are found nowhere else in the world.*
- *The Wairarapa coast has some of the oldest recorded archaeological sites in the country, with almost 1000 years of history spread along the entire length of the Wairarapa Coast, much of which remains in good condition due to lack of development.*
- *A range of heritage sites along the coastline relate specifically to Wairarapa Māori, early Wairarapa settlers and farming communities. They represent local history, and provide a valuable opportunity to learn more about our past.*

2.6.3. Land Access and Paper Road Regulation

Management of the unformed legal road (“paper road”) beyond the lighthouse has been subject to SWDC regulatory processes.

Key to the management of the paper road is that:

- The road crosses privately owned Māori land and Crown land managed by the Department of Conservation;
- Concerns to the community include environmental and cultural concerns about vehicle damage to coastal ecosystems and impacts on sites of cultural significance.

To address these concerns the current controls for access include

- Restricted motorised vehicle access;
- Pedestrian, bicycle and e-bike access permitted temporarily;
- Road alignment has been surveyed and marked to protect sensitive areas.

2.6.4. Resource Consents

Cape Palliser road is highly exposed to coastal erosion, storm surge and wave action, the impact of which has required several resource consents for coastal protection works and environmental management activities.

Many of the consented works relate to:

- Coastal protection structures
- Road resilience and erosion mitigation
- Marine/coastal installations
- Gravel extraction (consented river-mouth and beach extraction operations)
- Access management across coastal land.

In general, these consents are restricted coastal activities and assessed under the Greater Wellington Regional Coastal Plan. These are applied for through the Greater Wellington Regional Council to construct and maintain structures in the coastal marine environment. The need for repeated consents is primarily driven by coastal erosion, vulnerability of the road and the importance of the road for community access.

Driver	Importance
Coastal Erosion	Significant shoreline retreat over decades. Storm waves from the Cook Strait and Pacific Ocean.
Infrastructure Vulnerability	The road runs very close to the shoreline in several locations Repairs and emergency works occur frequently after storm events.
Community Access	The road is the sole connection for residents, tourists, and emergency services along the coastline.

2.6.5. Coastal Resilience Trial – EcoReef Installation

A notable activity that SWDC has been trialing with resource consent authority is the installation of EcoReef structures to reduce coastal erosion impacts. The EcoReef trial is a New Zealand first - the first nature-based coastal-protection installation of its kind on a public road corridor in NZ. The trial was implemented in 2022 at two vulnerable sections of Cape Palliser Road at Whatarangi and Turners Bay and are designed to:

- Reduce wave energy
- Encourage natural sand deposition
- Protect the road from storm damage.

Early results show reduced erosion and fewer road repairs required after storms, indicating the method may support long-term coastal resilience.

Natural solutions are key for the coastline as a means to protect the corridor and protect the character of this coastline. The coastline is notable for its lack of man-made structures in the coastal marine environment including Rockwall protection, and this contributes to its feeling of isolation and wildness valued by the community and by visitors. Natural solutions that provide effective protection are the reason the EcoReef solution is being trialed, with resource consent to extend the trial now approved by GWRC.

A second major benefit is that it reduces the need to transport boulders from other regions to construct and maintain the reefs. EcoReef blocks are manufactured in Masterton and are filled with excess aggregate washed down local rivers that needs to be removed. This provides a significant cost saving for the community.

The proposal is now to extend the two existing EcoReefs and install the EcoReef solution at two new locations:

Figure 2-2: EcoReef proposed extension to existing and new locations



3. Corridor Context

3.1. Introduction

To develop appropriate and timely investments along the corridor, problem statements have been developed to help inform this business case. The problem statements have been based on current evidence as described in the following sections and Council's plans and policies.

3.2. Key Corridor Problems

Three key corridor problems have been identified through evidence analysis and stakeholder engagement:

- **Problem 1:** Resilient Coastal Protection – the resilience issue is a threat to the ongoing access and management of the corridor, driven by active coastal erosion, two major landslides at Johnsons Hill and Te Kopi increasing frequency of storm events and slope instability due to poor substrate strata (Papa rock formations).
- **Problem 2:** Unique road corridor environment - Cape Palliser Road traverses a coastal, geomorphologically unstable corridor with values (cultural, ecological, settlement, tourism) found in very few comparable NZ road environments. The current planning, funding and asset-management framework treats it as a generic local road and does not provide the corridor-specific stewardship required for the next 10-30 years.
- **Problem 3:** Equity / Disproportionate Burden - Cape Palliser Road delivers benefits that accrue largely to the national interest (tourism, cultural heritage, national-route resilience), yet under a standard 51% FAR the cost burden falls disproportionately on SWDC's ~7,000 rate-able properties. The mismatch between national benefit and local cost recovery is structural, not transitional, and is the third corridor problem that this business case seeks to address.

3.3. Benefits

The benefits of the investment to address the key problem statements for the corridor are:

1. Improved resilience of the road to natural events maintaining predictable access for residents and visitors.
2. Improved long-term level of service for road users by providing targeted improvements combined with proactive maintaining and renewal of the road infrastructure.
3. Improved access to sites of cultural importance to iwi and hapu accessed from the road corridor.
4. Equitable, affordable and durable funding alignment - cost recovery is aligned with the national / local distribution of corridor benefits, with funding certainty maintained for the 10-year programme horizon.

3.4. Objectives

The investment objectives for the programme to achieve are defined below:

- **Investment Objective 1:** To reduce the risk of road closure resulting from natural hazards.
- **Investment Objective 2:** To improve or maintain the level of service for residents and visitors using the road corridor.
- **Investment Objective 3:** Tiaki i te ara mō ngā iwi: To improve or maintain the access of local iwi and hapu to their areas of cultural and archeological significance.

- **Investment Objective 4:** To secure an equitable, affordable and durable funding arrangement that aligns cost recovery with the national / local distribution of corridor benefits and provides 10-year funding certainty consistent with the corridor's national-significance values.

4. Evidence to Support the Key Problems

4.1. Problem 1 – Resilient Coastal Protection

4.1.1. Landslide Risk and Mitigation Options (Johnsons Hill and Te Kopi)

Two large active landslides at Johnsons Hill and Te Kopi present a significant and ongoing risk to Cape Palliser Road, threatening long-term access reliability.

The landslide zones are underlain by Papa - a soft, water-sensitive Tertiary mudstone/siltstone that is particularly vulnerable to slope instability. Papa rock loses strength rapidly when saturated and is the primary geotechnical cause of the recurring slope failures at Johnsons Hill and Te Kopi. WSP's landslide investigation identifies Papa as the principal substrate concern and the reason these failures are worse than comparable NZ corridors.

These sites are among the most critical resilience challenges along the corridor due to:

- Active slope instability
- Exposure to coastal processes
- Potential for full road closure.

Investigations have been undertaken to assess the risk and develop three high-level options that could be done to mitigate the risk these two landslides present. The high-level mitigation approaches that have been identified are summarised below:

Table 4-1: Programme Options

Option	Description	Key Considerations
Inland Bypass Route	New ~6–7 km inland alignment bypassing landslides. Traverses steep, erosion-prone terrain with multiple unknown landslides.	Avoids coastal hazards but introduces inland geotechnical risks. Likely high maintenance due to erosion and drainage issues. Significant consenting complexity (DOC land, Māori land, environmental impacts).
Mass Buttress with Revetment	Large, engineered buttress extending up to 50 m seaward. Revetment armouring to ~12 m above mean sea level. The road could be located on top of the structure.	Likely effective at stabilising landslides. Major coastal footprints and environmental impacts. High capital cost and complex construction.
Revetment and Drainage (Hybrid Approach)	Coastal revetment combined with drainage improvements. Includes sub-horizontal drains and stormwater control. Similar to existing protection approaches but scaled up.	More incremental and adaptable approach. Lower cost than full buttress. Success is dependent on slowing/stabilising landslide movement.

Estimates are updated historic figures from WSP's landslide-investigation option reports, adjusted to 2026 NZD using BERL/Producer Price Index updates. Prepared in accordance with the NZTA Cost

Estimation Manual at PBC accuracy band ($\pm 30\text{-}50\%$). Where de novo estimates have been used, this is noted against the line item. The cost estimate for each options include the capital investment and the annual maintenance cost are summarised below:

Table 4-2: High-level Programme Cost Estimates

Option	Description	Capital Cost	Annual Maintenance	25-year Cost
1	Inland bypass	~\$80M	~\$475k	~\$92M
2	Buttress + revetment	~\$180M	~\$85k	~\$183M
3	Revetment + drainage	~\$160M	~\$130k	~\$163M

4.1.2. Consenting and Environmental Considerations

All options will require substantial approvals, including:

- Resource Management Act approvals
- Coastal permits
- Cultural impact assessments (Ngāti Kahungunu, Rangitāne)
- Ecological and archaeological assessments
- Visual impact assessments
- Potential public notification.

4.1.3. Key Strategic Implication

During the last four National Land Transport Programme funding requests ,SWDC expressed concern around affordability of four sites along Cape Palliser Road. With no clear Government guidance around retreat or adaptability and the increased frequency of both climatic weather and high swell events, Council concerns are exemplified by additional and regular Emergency Work Funding requests.

The GPS on land transport 2024-2034 outlines four Strategic Priorities. All four stated below are aligned to resilient coastal access and protection:

- Economic Growth and Productivity
- Increased Maintenance and Resilience
- Safety
- Value for Money.

Cape Palliser Road is increasingly exposed to extreme climatic events (intense rainfall, over and under slips, storm surges and coastal swell action) that trigger a range of unplanned maintenance activities including but not limited to: debris deposits, erosion, and seawall damage and swell overtopping.

These climatic events disrupt access, damage pavement and the coastal protection structures, and increase safety risks for road users and maintenance crews.

With climate change expected to increase the frequency and severity climatic events, the likelihood of repeated unplanned closures and escalating repair costs will increase. Existing protection structures are impacted and maintenance responses will be reactive , withy costs difficult to predict up to 3 years in advance.

The consented protection structures carry a condition of inspection and remedial maintenance immediately after any climatic event and throughout the calendar year

None of the options fully addresses ongoing coastal erosion outside the landslide areas, meaning:

- A network-wide resilience strategy will still be required;
- Investment decisions must consider both landslides and wider coastal risk.

4.1.4. Coastal Resilience

The coastline fronting long sections of Cape Palliser Bay Road is highly dynamic. Road sections close to the shoreline are at threat of failure from continued wave action, exacerbated overtime by the effects of climate induced sea-level rise and storm events. The impact on the road by coastal disturbance was highlighted by the 2025 closure of part of the road leading to Ngawi and the EcoReef trials that are to be expanded to other vulnerable sections of the road corridor (such as depicted in Figure 4-1).

A recent example of the impact storm and wave events on the road corridor is the partial closure of the road leading to the Ngawi Settlement.

Four sites that have been historically impacted by both swell damage and high intensity short duration rainfall and consumed the bulk of emergency work and LCLR funding:

Site 1 Huripi River to south of Te Mahi Crescent Route Position 12.57km to 17.16km (4.59km)

The coastal protection along the frontage consists of extensive Rip Rap boulder revetments and also includes the three of the four proposed ECOREEF extensions sites which are permitted as infill between existing boulder revetments. Coastal protection along this site is covered by Greater Wellington Resource Consent WAR090322 (expires 30 September 2046) and permits: associated occupation, reclamation, disturbance, and placement of structures in the coastal marine area.

Local attractions and assets in this section are:

- Department of Conservation visitor centre.
- Putangirua Pinnacles Scenic Reserve and campsite.
- Whatarangi Cliffs.
- Te Kopi, Whatarangi and Te Miha settlements
- One bridge and two large box culverts
-

Site 2 Turners Bay Route position 24.56 km to 25.35 km (0.79 km)

The coastal protection along the frontage consists of extensive Rip Rap boulder revetments and also includes the remaining site of proposed ECOREEF extensions site which are permitted as infill between existing boulder revetments. Coastal protection along this site are covered by Greater Wellington Resource Consent WAR090322 (expires 30 September 2046) and permits: associated occupation, reclamation, disturbance, and placement of structures in the coastal marine area.

Adjacent to this site is the memorial of the Grave Site of the SS Zuleika Crew.

Site 3 Kupe's Sail Route Position 34.85km to 35.47km (0.62km)

The coastal protection along the frontage consists of extensive Rip Rap boulder revetments. Coastal protection along this site is covered by Greater Wellington Resource Consent WAR090322 (expires 30 September 2046) and permits: associated occupation, reclamation, disturbance, and placement of structures in the coastal marine area.

Local attractions and assets in this section are:

- Kupe's sail.
- Mangatoetoe Stream Ford
- Fur Seal colonies.
-

Site 4 Kirikiri Stream Ford Route Position 39.92k to 36.67km (0.05km)

The development and maintenance of a ford structure in the coastal marine area. Coastal protection along this site is covered by Greater Wellington Resource Consent WAR150017 (expires 12 August 2049) and permits: use and develop a structure, occupy, deposit natural material undertake disturbance including any associated sediment in the coastal marine area and temporary divert water.

Figures below shows the erosion of the road that led to the closure of one lane.

Figure 4-1: EcoReef image showing how it would look at the Te Kopi-Johnsons Hill south site



Figure 4-2: Partial road closure leading to Ngawi



4.2. Problem 2 - Unique road corridor environment

Cape Palliser Road traverses a coastal, geomorphologically unstable corridor whose combination of national-significance values (cultural, ecological, settlement, tourism and fishing-industry) is found in very few comparable New Zealand road environments. The current planning, funding and asset-management framework treats it as a generic local road and does not provide the corridor-specific stewardship required for the next 10–30 years.

This corridor is materially different. The road carries a confluence of attributes that are individually present elsewhere in the NZ network but rarely combined on a single ~38 km corridor:

- **Coastal exposure across most of its length** — direct frontage to Palliser Bay swell, wave overtopping, storm surge, and sea-level rise. The Greater Wellington Regional Coastal Plan classifies the entire alignment as a restricted coastal activity zone, requiring repeated coastal-marine consents (e.g. GWRC WAR090322 and WAR150017).
- **Papa-rock substrate driving slope instability** — the two active landslides at Johnsons Hill and Te Kopi sit on soft Tertiary mudstone that loses strength rapidly when saturated. WSP's landslide investigation identifies the substrate as the principal geotechnical cause of recurring failures, and explains why failure modes here are more aggressive than on comparable NZ rural roads.
- **National-significance cultural and heritage values** — Treaty-settlement returned sites including Cape Palliser / Ngā Rā-a-Kupe and the Aorangi coastal ranges; Heritage New Zealand listings

including the Cape Palliser lighthouse (Category 1) and SS *Zuleika* grave site; and corridor wāhi tapu of significance to Ngāti Kahungunu ki Wairarapa Tāmaki nui-ā-Rua.

- **Sole-access function** — the road is the only vehicular access for ~90 permanent residents (235 rateable properties), the Ngāwī commercial fishing fleet, and multiple nationally significant visitor destinations. There is no alternative route.
- **Visitor-dominated user base** — the January–February 2026 traffic survey found visitors account for >50% of all traffic on average and up to 82% on peak days at the southern end of the corridor.
- **Fishing and pastoral economic dependence** — the Ngāwī CRA 4 / PAU 2 fleet and the corridor's large sheep-and-beef stations rely on the road as their sole supply-chain link to processing and markets.

The generic local-roads framework does not fit. The standard NZTA framework (ONRC/ONF categories, 51% FAR pool, district-wide LTP prioritisation) is built around the median NZ local road — predominantly residential or rural access traffic, low coastal exposure, generic substrate, and a rate base large enough to spread the asset-management cost. Cape Palliser Road meets none of these underlying assumptions. Treating the corridor under the standard framework produces three predictable failures:

- **Under-investment in proactive resilience** — corridor-specific coastal protection and slope mitigation cannot compete against the rest of the district's roading priorities in a 51%-FAR contest, even though the engineering, ecological and economic case is strong at the corridor level.
- **Reactive cost spiral** — without proactive investment, the corridor falls back on emergency response. SWDC's emergency-response spend has averaged **\$1,054,000 per year over the last five financial years** (SWDC CFO, May 2026), and the trend is upward as climate impacts intensify.
- **Loss of accumulated corridor knowledge** — the EcoReef nature-based coastal-protection trial (a New Zealand first, in place at Whatarangi and Turners Bay since 2022), the four-site coastal-protection consenting work, and the WSP landslide-mitigation optioneering all represent corridor-specific knowledge built under the SPR funding arrangement. The standard framework provides no mechanism to retain this capability.

4.2.1. Uniqueness and response

SWDC has already done a number of responses to the corridor issue under the current 100% FAR arrangement.

- *Reseals programme* — regular resealing 2014–2025, sustaining smoothness, skid resistance and pavement life on a corridor where the standard 20–25 year low-volume-rural-road reseal interval would have left the road below acceptable LOS.
- *Corridor improvements* — investigation, design, consenting and construction of the EcoReef trial (NZ first), the four-site coastal-protection consents, and the WSP landslide-mitigation investigation.
- *2024–27 LCLR programme* — rock supply to Cape Palliser Rd retaining-wall structures (\$1.850M) and EcoReef trial-area extension (\$3.090M), funded under the existing 100% FAR.

Under a reverted 51% FAR these activities would either not have happened, or would have displaced equally critical district investment elsewhere. The fact that Council has been able to deliver them is direct evidence both of the corridor's unique requirements and of the appropriateness of a bespoke funding arrangement.

Consequence if not addressed. Without a corridor-specific framework, the road's level of service progressively declines, accumulated corridor capability is lost, emergency-response cost continues to escalate, and the values that originally justified SPR status are placed at risk. This problem will not resolve itself through better generic asset management; it requires a corridor-specific planning, funding and stewardship framework.

Linked Investment Objective. *Investment Objective 2 – To improve or maintain the level of service for residents and visitors using the road corridor, through a corridor-specific stewardship framework that recognises the unique values and constraints of the Cape Palliser Road environment.*

4.2.2. Corridor improvements

These include investigation, design, consenting and construction of improvements along the road corridor including the EcoReef trials, and the landslide mitigation investigation.

Under a normal funding regimen, the consequences of investment in a proactive management of the road corridor would need to be considered against the Council overall roading budget. This would then need to consider trade-offs against not only the rest of the road and transport portfolio, but the Council's whole budget (given the small rating base) and prioritise treatments accordingly. It would be expected that the road would have been managed in a much less proactive manner, with treatments being more representative of other rural roads across the district. The following improvements have been identified in the 2024-2027 Low-Cost Low Risk programme on Cape Palliser Road:

Figure 4-3: 2024-27 Cape Palliser Road Low-Cost Low Risk activities

Activity	Description	Estimated Cost
Rock supply to Cape Palliser Rd	Cape Palliser Rd retaining wall structures - Supply as part of resource consent	\$1.850M
EcoReef trial area extension	Coastal Protection Cape Palliser Rd - Extension of trial structures	\$3.090M

4.3. Problem 3 – Equity / Disproportionate Burden

Cape Palliser Road delivers benefits that accrue largely to the national interest (tourism, cultural heritage, fishing-industry supply chain, national-route resilience), yet under a standard 51% Financial Assistance Rate the cost of maintaining the corridor falls disproportionately on SWDC's ~7,000 rateable properties. The mismatch between who benefits and who pays is structural, not transitional, and is the third corridor problem this business case seeks to address.

The table below summarises the mismatches between local ratepayers and national corridor users.

Dimension	Local (SWDC ratepayer)	National (corridor user)
Permanent population served (sole access)	~90 residents (235 rateable properties)	–
Rateable property base bearing the local share	~7,000 across SWDC	–
Annual visitor trips (corridor)	–	~120,000–200,000 (back-of-envelope from Jan–Feb 2026 traffic survey: avg ~500 vpd × ~65% visitor share × ~2.5 occupancy, off-peak adjusted)
Economic activity dependent on the corridor	Local rates	Ngāwī fleet ex-vessel value (estimated ~NZ\$4–7M/yr in rock lobster and pāua); sheep & beef farm-gate output ~tens of \$M/yr (corridor share of Wairarapa's national output); tourism share of Wairarapa's NZ\$155M annual visitor spend
Visitor-to-ratepayer ratio (annual)	–	~17–30 : 1 (visitors per rateable property per year)

The local-share is estimated below.

- 1% of district rates raises **\$304,000** in FY2026/27, and approximately **\$220,000** in FY2027/28 (post 3-Waters transition).
- District-wide rateable properties: **~7,000**.
- Under a blanket 51% FAR across the corridor, SWDC's local share of the 10-year programme (\$25–\$41M) would require a **cumulative ~ 16 -26% rate increase, equivalent to roughly \$600 - \$1,000** ~~sustained –7- 12% rates increase, equivalent to roughly \$400 –\$600 per~~ **rateable property per year** for the full 10-year programme.
- This rates uplift would apply to *all* SWDC ratepayers, including the ~6,765 properties that do not adjoin or use Cape Palliser Road.

The corridor is dominated by visitors, not commuters, and the funding framework should reflect the user-base composition, not just volume. This is consistent with the original 1997 Special Purpose Road declaration criteria – "cater for a high proportion of tourist traffic" and "pass through an area where the rating potential of the surrounding land was significantly lower than the maintenance cost of the road."

- Even with an optimally maintained corridor, the underlying mismatch between national user base and local rate base remains.
- Resilience investment may *increase* the equity gap (more national-benefit infrastructure funded by the same small local rate base).
- The proposed central-government rate-cap legislation places a ceiling on the rates lever, meaning the local share cannot simply be raised to cover the gap – affordability is now a legislated constraint, not just a political one.
- The defensible response is a bespoke Split-FAR arrangement (100% NZTA FAR for the six nationally-significant workstreams; standard 51% FAR for the local-significance MOR portion). Under this arrangement SWDC's local share reduces to **~\$3–\$4M over 10 years** – affordable within the existing roading budget.

The investment objective of this is to secure an equitable, affordable and durable funding arrangement that aligns cost recovery with the national / local distribution of corridor benefits, and provides 10-year funding certainty consistent with the corridor's national-significance values.

5. Corridor Programme Options

This section provides a high-level comparison of alternative strategies for the long-term management of Cape Palliser Road, focusing on capital investment, route alignment, and maintenance approaches. It is intended to support Council decision-making alongside the Draft 10-Year Corridor Management Plan.

Cape Palliser Road is a critical coastal access route exposed to coastal erosion, storm surge and slope instability. The existing strategy proposes a hybrid approach combining coastal protection, slope stabilisation, and long-term managed retreat.

5.1. Option A – Status Quo (100% funded)

Overview	Option A (Status Quo) is retained as a reference case only. It assumes no proactive programme investment beyond business-as-usual reactive maintenance and is not considered a viable programme option.
Capital Approach	CAPEX includes scheduled reseals, rehabilitations, drainage works and traffic-services renewals under the historic 100% FAR allocation.
Maintenance	Reactive and planned maintenance with the standard scheduled renewals programme; emergency works funded under existing NZTA arrangements.
Key outcomes	Progressive loss of level of service, elevated risk of prolonged closures, declining reliability. Retained as a counterfactual reference only.

Recent Emergency Response Example

An example of reactive emergency works for the road corridor is the recent closure of Hurupi Stream Bridge and the works required to reinstate access. The bridge was damaged in a February 2026 severe weather event, and its emergency management response included a short closure and then, after assessment, a period of temporary access restrictions:

- **Maximum vehicle weight:** 3.5 tonnes (family vehicles and utes only – no trucks or other oversized vehicles. Campervans – please check make and model)
 - **Maximum speed:** 10 km/h
 - One vehicle on the bridge at a time, controlled by temporary traffic signals
- These restrictions were required to protect the structure while repairs were being made.

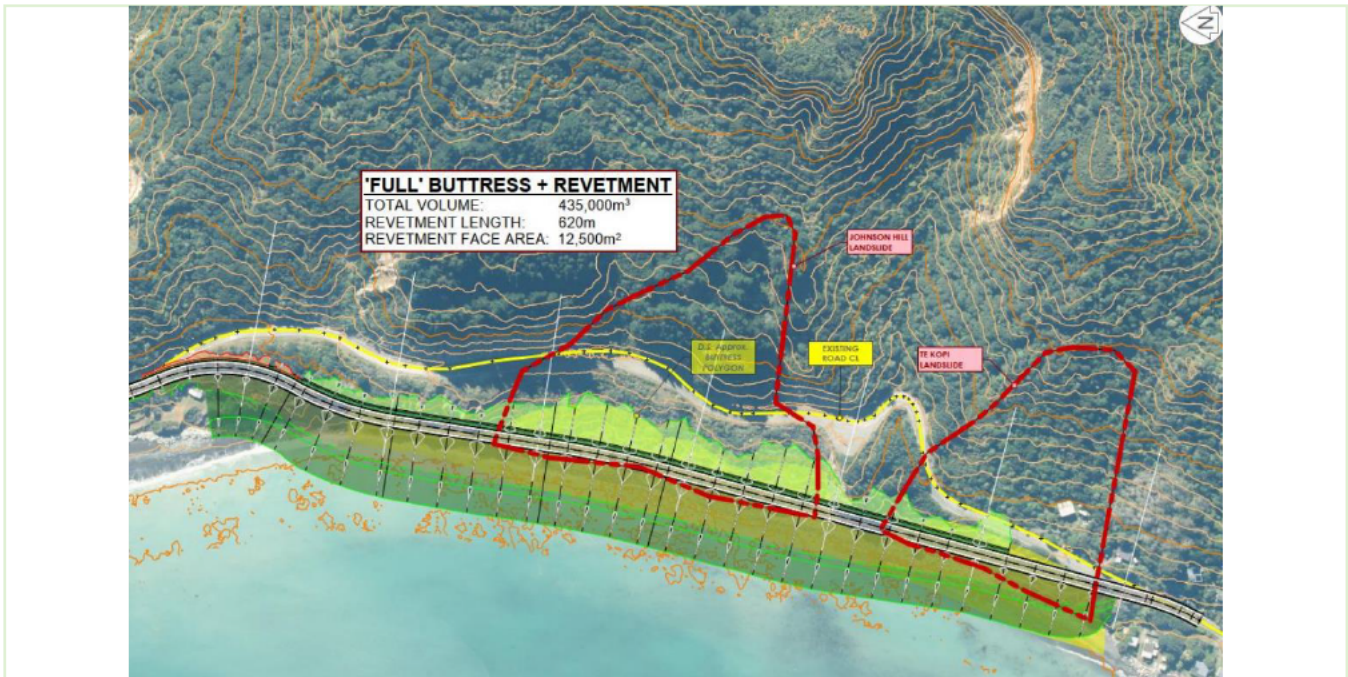
The timeline for the event and the response:

- 15-16 February: severe weather event occurs with damage to the bridge
- 17-18 February: Bridge closed for inspection
- 19 February – 1st March: Temporary access restrictions for the bridge while repairs are made
- 2nd March: Full bridge access restored with a 10km/h speed restriction maintained while repairs are monitored



5.2. Option B – Maintain Existing Alignment

Overview	Maintain the existing alignment through engineered coastal protection systems, slip and rockfall protection and in-situ seal maintenance upgrades.
Capital Approach	Progressive investment in seawalls, revetments, offshore structures, and road raising.
Maintenance	In addition to the option-specific capital works above, Option B still includes the baseline MOR, bridge, safety and emergency-response workstreams that are common to all programme options under Split-FAR. A maintenance strategy is followed prioritising resealing in years 15 to 30, and pavement area-wide renewals where necessary based on deterioration modelling.
Emergency Response	A reinstatement strategy is to be followed; debris from wave overtopping, rock falls and slips would be removed post-event with emergency works undertaken to reinstate slopes, or washed out areas of pavement. Damage to bridges and structures would be subject to emergency works, with any detours managed as part of the response. The investment overtime in emergency works should be reduced by the preventative capital investment in coastal and slip prevention.
Key Considerations	High cost for the first 10-years associated with coastal and slip protection works. This addresses longer-term climate risk, and complex consenting for the activities. Beyond 10 years the strategy diverts to long-term maintenance in the form of pavement reseals and renewals. There is a potential for a longer-term strategic response in raising the seal height of parts of the road length to further address wave overtopping.
Capital Investment Example	
An investigation has been undertaken by WSP addressing the large active landslides at Johnsons Hill and Te Kopi which present an ongoing risk to access along Cape Palliser Road. An option that has been considered is constructing a buttress 620m long extending up to ~ 50m out to sea to buttress the active landslides. The front face is armoured to 12m above mean sea level. The top of the buttress provides vehicle access and could be utilised for Cape Palliser Road as shown in Figure below.	



5.3. Option C – Inland Realignment

Overview	Medium to long-term inland realignment of high-risk sections of the road corridor along the coastline. Coastal sections are high-risk being most affected by the wave-action, and exacerbated by longer-term sea level rise.
Capital Approach	Investment in new inland routes and land acquisition.
Maintenance	In addition to the option-specific capital works above, Option C still includes the baseline MOR, bridge, safety and emergency-response workstreams that are common to all programme options under Split-FAR. Minimal spend on existing coastal sections with a focus on investment on alternate inland routes.
Key Considerations	High upfront cost with concerns for affordability for the SWDC and NZTA commitment, strong long-term resilience, stakeholder engagement required. Complex consenting requirements.
Capital Investment Example	
An investigation has been undertaken by WSP for addressing the large active landslides at Johnsons Hill and Te Kopi which present an ongoing risk to access along Cape Palliser Road. An option that has been considered is to construct a new inland route that bypasses the coastal section of Cape Palliser Road affected by the two active landslides. A visual of the inland route is provide below in Figure below.	



5.4. Option D – Hybrid Programme

Overview	Option D delivers a staged 10-year programme across six workstreams under a Split-FAR funding model: coastal protection (4 consented sites), EcoReef expedited rollout, landslip mitigation (Stage 1 Optioneering prioritised, Stage 2 Mitigation subject to Stage 1 outcomes), bridge and structural renewals, safety and emergency response, and Maintenance/Operations/Renewals.
Capital Approach	Staged, trigger-based investment prioritising proven solutions and highest-risk sites first. Six nationally-significant workstreams proposed at 100% NZTA FAR; MOR at SWDC's standard 51% FAR.
Maintenance	Predictive, risk-based maintenance supported by monitoring, coastal and geotechnical instrumentation.
Key Considerations	Balanced, adaptive, affordable under Split-FAR; aligns with Split-FAR bespoke model, climate resilience objectives, and Ngā mahi ā-motu / Ngā mahi ā-rohe framing.

5.5. Comparative Summary

The four consented coastal protection sites (Huripi River–Te Mahi Cres, Turners Bay, Kupes Sail, KiriKiri Ford – GWRC consents WAR09032 and WAR150017) are the priority case for fully funded coastal protection and are recommended as 100% NZTA FAR investment. Their consents are in hand and the works can be delivered without delay, providing the strongest near-term resilience benefit per dollar.

All indicative cost ranges in this section are for the 10 year programme period 2026/27 – 2035/36 in 2026 NZD.

The option comparison summary is discussed below.

- Option A (Status Quo) is retained as a reference case only. It now reflects continued reactive and planned maintenance plus the scheduled renewals programme funded at 100% FAR. It is retained as the reference case for benefit comparison and provides a baseline level of service, but it does not deliver the resilience, safety or access improvements identified in the ILM.
- Option B provides maximum protection but at high cost, with an indicative cost range over \$200M.
- Option C improves long-term resilience but requires early investment, with an indicative cost over \$80M plus ongoing maintenance cost.

- Option D (Hybrid Programme) offers a balanced, staged approach aligning with climate resilience objectives. It delivers six workstreams – coastal protection (four consented sites), EcoReef expedited rollout, landslip mitigation (Stage 1 Optioneering prioritised, Stage 2 Mitigation subject to Stage 1 outcomes), bridge and structural renewals, safety and emergency response, and MOR – scaled to available funding and risk.

6. Economic Case

6.1. Economic Assessment Approach

This section assesses value for money across the programme options identified in Section 5, using a multi-criteria analysis (MCA) framework. The MCA compares options against the investment objectives and is supplemented by a qualitative assessment of monetised and non-monetised benefits consistent with NZTA guidance for programme business cases.

A formal benefit-cost ratio (BCR) has not been calculated at this stage, because this programme is not an Improvement activity and the BCR procedure is therefore not applicable. The Economic Case is presented using the Net Present Value (NPV) method:

- (a) NPV of programme costs vs the do-minimum reactive scenario over a 25-year horizon at the most updated discount rate;
- (b) qualitative benefits assessment via NZTA's resilience and strategic fit framework;
- (c) avoided-emergency-cost analysis using the \$1.054M/yr 5-year baseline.

Activity-level NPVs will be prepared for individual components as they progress through detailed business cases, in accordance with the NZTA Monetised Benefits and Costs Manual (MBCM).

[Assumption: A programme-level NPV will be developed once detailed cost estimates and benefit quantification are available for the preferred activities. The economic narrative below provides a qualitative assessment of the value proposition.]

6.1. Multi-Criteria Analysis

Each programme option was assessed against the three investment objectives using a 7-point scoring scale ranging from significantly adverse (–3) to significantly positive (+3). The scoring criteria are:

Figure 6-1: Scoring descriptions

RATING	DEFINITION	SCORE
Significantly positive	Significant positive impact, likely resulting in long term improvements	+3
Moderately positive	Moderate positive impact, which may provide improvements and opportunities	+2
Slightly positive	Minor positive impact	+1
Neutral	Similar impact to the do-minimum	0
Slightly adverse	Minor adverse impact	-1
Moderately adverse	Moderate adverse impact	-2
Significantly adverse	Significant adverse impact with serious long term impacts	-3

Scoring was undertaken against the investment objectives. Performance measures can be assigned against Baseline and target measures are included in order to allow incremental demonstration of progress towards delivering on target benefits.

It is anticipated that responsibility for performance measurement and reporting will lie with SWDC.

The table below summarises the indicative scores that to be discussed and verified by SWDC in discussion with NZTA.

Figure 6-2: Performance Measures

Investment Objective	Option A (Status Quo – 100% funded)	Option B (Maintain Alignment)	Option C (Inland Realignment)	Option D (Hybrid)
IO1: Reduce risk of road closure from natural hazards	—	+3	+2	+2
IO2: Improve/maintain level of service for residents and visitors	—	+2	+1	+2
IO3: Improve/maintain access to cultural sites for iwi and hapū	—	+2	+1	+2
Affordability and deliverability	—	-2	-3	+1
Consenting feasibility	—	-1	-2	+1
Adaptability to future conditions	—	+1	+2	+3
Total Score	Reference only	+5	+1	+11

6.2. Assessment of Programme Options

6.2.1. Option A (Status Quo) is retained only as a reference case. It would deliver none of the programme benefits, sustains elevated corridor risk, and is not carried forward.

While it minimises short-term expenditure, it accepts ongoing degradation of the road corridor, increasingly frequent and costly emergency works, and progressive loss of reliable access for communities and visitors. The do-minimum is not consistent with the investment objectives and does not represent value for money over the medium to long term.

6.2.2. Option B (Maintain Existing Alignment) scores well on resilience and level of service outcomes.

The option involves comprehensive coastal protection and landslide mitigation along the existing corridor. However, the capital cost is very high (coastal protection alone could exceed \$15M, with landslide solutions ranging from \$80M to \$180M), and the consenting requirements for large-scale hard engineering in the coastal marine area are complex and uncertain.

Like Option D, this option also carries the corridor-wide MOR, bridge, safety and emergency-response baseline at Split-FAR.

The affordability and deliverability of this option is a significant concern.

6.2.3. Option C (Inland Realignment) provides strong long-term resilience

The option relocates high-risk road sections away from the coast. However, the inland route introduces new geotechnical risks, traverses DOC and Māori land with complex consenting requirements and requires very high upfront capital investment (~\$80M for the bypass alone).

Like Option D, this option also carries the corridor-wide MOR, bridge, safety and emergency-response baseline at Split-FAR.

This option is the least affordable and deliverable in the near term.

6.2.4. Option D (Hybrid Programme) achieves the strongest overall outcome.

The option combines the strengths of Options B and C while mitigating their weaknesses. It takes a staged, adaptive approach that: prioritises proven nature-based solutions (EcoReef) in the short term; invests in targeted engineering interventions at the highest-risk sites; maintains flexibility to adapt the programme as monitoring data and funding evolve; and keeps the option of longer-term inland realignment open for future consideration if coastal conditions deteriorate beyond manageable thresholds.

6.3. Selection of the Preferred Programme

Based on the MCA assessment, Option D (Hybrid Programme) is the recommended preferred programme. It achieves the strongest overall score and offers the most practical balance between what is needed and what can realistically be delivered given the funding and consenting constraints facing Council and NZTA.

6.4. Economic Narrative for the Preferred Programme

The economic rationale for the preferred programme rests on several considerations, outlined below.

Under the do-minimum, emergency response costs (currently averaging \$1,054,000 per year over the last 5 financial years) will continue to escalate as the road deteriorates, closures become more frequent, and the asset progressively degrades. Over a 25-year horizon, the cumulative cost of reactive management is likely to exceed planned intervention, with significantly worse outcomes for communities and visitors.

Cape Palliser Road is the sole access route for approximately 90 permanent residents, 235 rate-able properties, the Ngawi commercial fishing fleet, and several nationally significant tourism and cultural sites. When the road is closed, communities are isolated, livelihoods are disrupted, and the wider Wairarapa tourism economy is affected.

The corridor supports a tourism economy that extends well beyond the immediate area into the wider Wairarapa and Wellington regions. A visitor traffic survey conducted in January–February 2026 confirmed that visitor vehicles account for over half of all traffic on average, and up to 82% on peak days at the southern end of the corridor. Maintaining reliable access is essential to sustaining this economic contribution.

The road also provides the only access to multiple sites of cultural significance that were vested or transferred to Ngāti Kahungunu ki Wairarapa Tāmaki nui-ā-Rua under the Treaty settlement, including Cape Palliser / Ngā Rā-a-Kupe and the Aorangi coastal ranges. The strength of cultural interest is

reflected in the 13 formal letters of support received from iwi, hapū, and Māori land trusts along the corridor.

Finally, and most importantly, there is a fundamental equity issue. The road's benefits accrue largely to national visitors and the national interest - tourism, cultural heritage and the resilience of a nationally significant route - while under a standard FAR the cost burden falls disproportionately on SWDC's ~7,000 rate-able properties. The ratio of national users to local ratepayers makes the equity argument the most material element of the case for continued enhanced funding. The case for enhanced funding rests on the principle that the funding base should reflect who actually benefits from the investment.

6.5. Performance Measures

Performance measures have been identified for each investment objective, as set out in the table below. Baseline data will need to be established in 2026/27, with annual monitoring thereafter.

Investment Objective	KPI	Baseline	Target
IO1: Reduce risk of road closure	Number of unplanned closures per year	To be established 2026/27	Reduce by 50% within 5 years
IO1: Reduce risk of road closure	Duration of closures (days per year)	To be established 2026/27	Reduce by 50% within 5 years
IO2: Improve/maintain level of service	Road roughness (NAASRA counts)	Current RAMM data	Maintain or improve current levels
IO2: Improve/maintain level of service	Emergency works expenditure per year	Annual average \$1,054,000 over the last 5 financial years (FY2021-FY2025)	Reduce to <\$50K per year within 10 years
IO3: Tiaki i te ara mō ngā iwi – Cultural access	Days per year access available to key cultural sites	To be established 2026/27	Maintain >350 days per year

[Assumption: Baseline data for some measures has not yet been systematically collected. SWDC will establish baseline measures in 2026/27 as part of the monitoring programme. Targets are indicative and will be confirmed through the activity-level business cases.]

6.6. Sensitivity and Risk

At the programme business case stage, a formal sensitivity analysis has not been undertaken. However, the key variables that would affect the economic case are:

- Rate of coastal erosion and frequency of storm events: accelerating erosion or increased storm frequency would strengthen the case for early intervention and increase the cost of inaction.
- Climate change projections: sea-level rise and increased storm intensity under climate change scenarios would increase both the benefits of intervention and the costs of protection works.
- Traffic growth and tourism development: increased visitor numbers would strengthen the economic case through higher tourism benefits, but would also increase the consequences of road closures.

Discount rate: The NZTA standard discount rate will be applied in activity-level BCR calculations. A lower discount rate (reflecting intergenerational equity considerations for climate adaptation) would strengthen the case for early investment.

Detailed sensitivity analysis will be undertaken as part of the economic evaluation for each activity-level business case.

6.7. Recommendation

Option D (Hybrid Programme) is recommended as the preferred programme for the Cape Palliser Road corridor. It represents the best value for money of the options assessed, and responds to both the resilience and corridor management problems identified in Sections 3 and 4.

The recommended programme should be progressed through activity-level business cases for each workstream, with priority given to coastal protection (EcoReef extension), landslide investigation and detailed design, and establishment of a corridor monitoring programme.

7. Financial Case

7.1. Outlining the Financial Case

This section covers the cost of the preferred programme, the funding sources available and the affordability constraints that Council faces. Detailed cost estimates will be developed through subsequent activity-level business cases; the figures presented here are indicative and intended to frame the funding discussion with NZTA.

At the programme business case stage, cost estimates are indicative (rough order of magnitude) and will be refined through subsequent activity-level business cases as designs are progressed and procurement approaches confirmed.

7.2. Programme Cost Summary

The preferred programme (Option D – Hybrid Programme) involves a staged investment across the following workstreams over a 10-year period:

Programme Component	Indicative Cost (10-year)	Notes
Coastal protection – 4 consented sites	\$8–\$12M	The four coastal protection sites are consented: Huripi River–Te Mahi Cres, Turners Bay, Kupes Sail, KiriKiri Ford (GWRC consents WAR09032 and WAR150017). 100% NZTA FAR (Ngā mahi ā-motu).
EcoReef – expedited rollout	\$12–\$20M	Nature-based coastal protection (rimurimu-inspired, Masterton-manufactured); expedited under existing consents. 100% NZTA FAR.
Landslip – Stage 1 Optioneering (prioritised)	\$2–\$4M	Johnsons Hill and Te Kopi: detailed investigation, options assessment, consenting. 100% NZTA FAR.
Landslip – Stage 2 Mitigation (staged)	\$12–\$20M	Design and construction of stabilisation works – subject to Stage 1 outcomes. 100% NZTA FAR.
Bridge – major structural renewals	\$2–\$4M	Subject to confirmation through bridge engineer inspection. 100% NZTA FAR.
Emergency response	\$10–\$15M	Emergency-works allowance. 100% NZTA FAR.
Maintenance, Operations & Renewals (MOR)	\$6 - \$8M	Ongoing MOR across the corridor (Ngā mahi ā-rohe) – currently ~\$700k per year. 51% SWDC FAR.
Total programme (10-year)	\$52–\$83M	Split-FAR model: Ngā mahi ā-motu (six national-benefit workstreams) ~\$46–\$75M at 100% NZTA FAR; Ngā mahi ā-rohe (MOR) ~\$6–\$8M at 51% SWDC FAR. SWDC local share under Split-FAR: ~\$3–\$4M over 10 years.

[Assumption: Cost estimates are rough order of magnitude (ROM) based on Council-provided figures, Bridge Engineer landslide cost estimates, and EcoReef trial costs. These will be refined through detailed design in subsequent activity-level business cases. All costs are expressed in 2026 dollars and exclude GST.]

7.3. Annual Cash Flow Projection

The following indicative annual cash flow is projected for the programme, reflecting the staged delivery approach:

Financial Year	Estimated Expenditure (\$M)	Key Activities
2026/27	\$1.5–\$2.0 (<i>aligns with current LTP budget</i>)	MOR, corridor monitoring establishment, Landslip Stage 1 Optioneering scoping (Johnsons Hill, Te Kopi), speed-review implementation, emergency-works allowance. EcoReef extension already delivered in 2025/26.
2027/28	\$1.5–\$2.0 (<i>aligns with current LTP budget</i>)	MOR, Landslip Stage 1 Optioneering investigation works, coastal protection detailed design and procurement set-up for the four consented sites, monitoring, emergency-works allowance.
2028/29	\$6.5–\$10.0	Capital ramp begins: Coastal protection works commence at four consented sites (Huripi River–Te Mahi Cres, Turners Bay, Kupes Sail, KiriKiri Ford); Landslip Stage 1 options assessment and consenting concludes; MOR; emergency-works allowance.
2029/30	\$9.5–\$14.5	Peak delivery – Year 1: Coastal protection 4 sites continues; EcoReef expedited rollout commences; bridge structural renewals; MOR; emergency-works allowance.
2030/31	\$12.5–\$20.0	Peak delivery – Year 2: Coastal protection 4 sites completes; EcoReef expedited rollout continues; Landslip Stage 2 Mitigation construction commences (subject to Stage 1 outcomes); bridge structural renewals; MOR; emergency-works allowance.
2031/32	\$8.0–\$13.0	EcoReef expedited rollout continues; Landslip Stage 2 Mitigation continues; MOR; emergency-works allowance.
2032/33	\$6.5–\$11.0	EcoReef expedited rollout completes; Landslip Stage 2 Mitigation continues; MOR; emergency-works allowance.
2033/34	\$3.5–\$5.5	Landslip Stage 2 Mitigation completes; MOR; emergency-works allowance.
2034/35	\$2.0–\$3.0	Programme tail – landslip works closeout; ongoing MOR; corridor monitoring; emergency-works allowance.
2035/36	\$1.0–\$2.0	Ongoing MOR; corridor monitoring; emergency-works allowance; programme review and next PBC cycle preparation.
TOTAL	\$52.0–\$83.0M	Overall 10-Year indication.

[Assumption: Annual cash flows are indicative and will depend on funding confirmation, consenting timeframes, and the outcomes of detailed design. The programme can be adjusted to match available funding.]

7.4. Funding Context

The current funding situation for Cape Palliser Road is characterised by a structural mismatch between the cost of managing this nationally significant corridor and the capacity of SWDC's local rating base to fund it:

- Cape Palliser Road has been funded at a 100% FAR as a Special Purpose Road since 1997. This arrangement will end in June 2027.
- Without a bespoke funding arrangement, Cape Palliser Road will revert to SWDC's standard 51% FAR from the NLTF, with the remaining 49% funded by local rates.

- SWDC's total roading budget is approximately \$13–\$15M per year across the entire district network. Cape Palliser Road represents approximately 38 km of a 671 km network.
- Coastal protection alone could exceed \$15M, while the annual LCLR allocation for the entire district is approximately \$1M per year.
- At a blanket 51% FAR across the whole corridor, the local share of the 10-year programme (\$52 – \$83M) would be \$25–\$41M, which is not affordable within SWDC's current financial capacity.

It is also important to emphasize that for the four consented coastal protection sites (Huripi River–Te Mahi Cres, Turners Bay, Kupes Sail, KiriKiri Ford) GWRC consents WAR09032 and WAR150017) - are the priority case for fully funded coastal protection and are recommended as 100% NZTA FAR investment. Their consents are in hand and the works can be delivered without delay, providing the strongest near-term resilience benefit per dollar.

7.5. Funding Sources

Several funding sources are being explored to support the programme, summarised in the table below.

Funding Source	Description	Status
NLTF (enhanced FAR)	Targeted enhanced FAR for Cape Palliser Road, reflecting the road's former SPR status and national significance	To be negotiated with NZTA
NLTF (standard 51% FAR)	Standard co-investment for maintenance and renewals activities	Available for eligible activities
Crown resilience funding	Potential access to Crown Resilience Programme (CRP) funding for climate adaptation works	To be explored with NZTA and central government
SWDC rates and borrowing	Local share funded through rates and prudent borrowing within LTP limits	Subject to SWDC decision and LTP adoption
Emergency works funding	NZTA emergency works funding for post-event reinstatement	Available under existing NZTA policies

[Assumption: The specific funding arrangement for Cape Palliser Road beyond June 2027 has not been confirmed. NZTA has indicated willingness to explore bespoke funding support, but the FAR and mechanism are subject to NZTA Board decision by May 2026.]

7.6. Overall Affordability

The affordability of the programme depends critically on the funding arrangement secured with NZTA. The following scenarios illustrate the impact:

Funding Scenario	NZTA Share	SWDC Share (10-year)	Affordable?
Current – 100% FAR (SPR arrangement)	100%	\$0	Yes – but this arrangement ends June 2027
Split-FAR (Preferred – Option D bespoke model)	100% on six national-benefit workstreams; 51% on MOR	\$3–\$4M	Yes – affordable within SWDC LTP/roading budget
Blanket 51% FAR (fallback)	51%	\$25–\$41M	No – not affordable without significant trade-offs against other district roading investment

At the standard 51% FAR applied across the whole corridor, the local share of the programme would consume a disproportionate share of SWDC's total roading budget or indeed its total budget, when the Government is about to introduce Council rates capping. This would require significant trade-offs against maintenance and renewals across the rest of the district network. It would likely result in

deferred maintenance on other roads and a deterioration in overall network condition, with potentially some complete withdrawal of council funding from some roads/bridges. Under the preferred Split-FAR model (six national-benefit workstreams at 100% NZTA FAR, MOR at 51% FAR), SWDC's local share reduces to approximately \$3–\$4M over 10 years – affordable within existing budgets.

If a Split-FAR arrangement is not agreed, the programme can be pared back to focus on the highest-risk activities within available funding, although this will extend delivery timeframes and leave parts of the corridor under elevated risk.

7.7. Funding Risks

The key funding risks for the programme are:

1. NZTA does not agree to an enhanced FAR or bespoke funding arrangement, leaving SWDC to fund 49% of the programme from local rates – this is the single largest risk to programme delivery.
2. Cost escalation due to unforeseen geotechnical conditions, material price increases, or construction market constraints.
3. Emergency events consume a disproportionate share of the programme budget, reducing capacity for planned works.
4. Changes to NZTA investment policy or Government Policy Statement priorities in subsequent NLTP periods.
5. Delays in consenting increase holding costs and extend the period of exposure to coastal hazards.

8. Commercial Case

8.1. Outlining the Commercial Case

This section outlines how the programme will be procured and delivered, and identifies opportunities for risk sharing between Council, NZTA and other parties. At the programme business case stage, these arrangements are set out in overview.

Detailed procurement and delivery arrangements for individual activities within the programme will be developed through subsequent activity-level business cases.

8.2. Procurement Strategy

SWDC procures its roading maintenance and capital works through its approved procurement strategy, which is registered with NZTA. The current strategy provides for:

- A competitively tendered road maintenance contract covering routine and emergency maintenance for the district's road network, including Cape Palliser Road.
- Competitive tendering of capital works projects, typically through the NZTA-approved procurement procedures for projects co-funded through the NLTP.
- Direct appointment of specialist consultants for professional services (planning, design, assessment) where the value is within SWDC's delegation thresholds.

For Cape Palliser Road, the following procurement approach is proposed for the programme workstreams:

Workstream	Procurement Approach	Rationale
Coastal protection (EcoReef)	Direct negotiation with existing supplier / competitive tender for larger installations	EcoReef blocks are manufactured locally in Masterton using a proprietary design. The existing supplier relationship and proven performance supports direct engagement for extensions. Larger new installations may be competitively tendered.
Landslide mitigation	Competitive tender (design and construct or traditional)	Significant capital works requiring specialist geotechnical contractor capability. Design-and-construct may offer efficiency for complex sites.
Pavement and Corridor Maintenance	Existing contract / competitive tender	Reseals and renewals are delivered through the existing district maintenance contract or through competitive tender for larger programmes.
Bridge and Structural Renewals	Existing contract / competitive tender	Renewals are delivered through the existing district contract or through competitive tender for larger programmes.
Safety improvements	Existing maintenance contract	Guardrails, signage, and speed management works are typically delivered through the existing maintenance contract.
Monitoring and consenting	Professional services appointment	Specialist consultants for coastal monitoring, geotechnical instrumentation and resource consent preparation.

[Assumption: SWDC's procurement strategy is current and approved by NZTA. The specific procurement method for each activity will be confirmed at the activity-level business case stage, in accordance with NZTA procurement requirements.]

8.3. Delivery Model

The programme will be delivered using a staged approach, consistent with the preferred programme (Option D – Hybrid Programme) described in Section 5. The staging allows the programme to be adapted to available funding, consenting progress, and emerging evidence from monitoring.

The 10-year corridor management strategy described earlier in this business case provides the framework for prioritising and sequencing activities. Key elements of the delivery model include:

- **Years 1–3:** Prioritise the EcoReef expedited rollout and scaling of coastal protection across four consented sites (Huripi River–Te Mahi Cres, Turners Bay, Kupes Sail, KiriKiri Ford – GWRC consents WAR09032 and WAR150017); establish monitoring systems; complete speed review implementation; and deliver landslip Stage 1 Optioneering (Johnsons Hill and Te Kopi detailed investigation, options assessment, and consenting).
- **Years 4–6:** Deliver major coastal protection works and commence landslip Stage 2 Mitigation (subject to the outcomes of Stage 1 Optioneering and consenting); progress bridge and structural renewals; deliver pavement renewals on priority sections.
- **Years 7–10:** Transition to integrated coastal defense systems, complete major capital works, focus on adaptive management and maintenance optimisation

This staging means that priority works (particularly EcoReef extensions and speed management) can proceed in advance of the more complex consenting and design work required for the major landslide and coastal protection activities.

8.4. Potential for Risk Sharing

The nature of Cape Palliser Road – as a nationally significant tourist route with a low local rating base – means that the cost burden falls disproportionately on South Wairarapa District Council ratepayers if funded at the standard 51% FAR. The programme presents opportunities for risk sharing between multiple parties:

Risk Area	Potential Risk Sharing Arrangement
Capital investment in coastal protection	Enhanced FAR or targeted Crown funding through NZTA, reflecting the national significance of the route and the benefit–payer mismatch
Landslide mitigation	Co-funding between NZTA and SWDC, potentially with Crown resilience funding given the scale of investment required (\$80M–\$180M for the two major landslide sites)
Emergency works	NZTA emergency works funding at enhanced FAR, recognising the frequency and cost of events on this corridor
Monitoring and consenting	Shared investment between SWDC and NZTA, potentially leveraging GWRC environmental monitoring programmes
Design and construction risk	Risk transfer through appropriate procurement methods (e.g. design-and-construct for complex geotechnical works)

The specific funding arrangements and risk sharing mechanisms will be determined through negotiation between SWDC and NZTA, informed by the investment case set out in this business case. NZTA has indicated willingness to explore bespoke funding arrangements for Cape Palliser Road, as confirmed in correspondence from the Director Regional Relationships in February 2026.

[Assumption: The funding arrangement for Cape Palliser Road beyond June 2027 has not yet been confirmed by NZTA. The financial and commercial cases assume that a bespoke funding arrangement will be negotiated, but the specific FAR and funding mechanism are subject to NZTA Board decision.]

8.5. Contract and Supplier Market

The Wairarapa region has a limited but capable contracting market for road maintenance and minor capital works. For specialist works such as geotechnical stabilisation and large-scale coastal protection, contractors from the wider Wellington region or nationally will likely be required.

Key considerations for the supply market include:

- EcoReef blocks are manufactured locally in Masterton, providing a cost-effective and locally sourced solution for coastal protection.
- Rock armour supply may need to be sourced from outside the immediate area, with cost implications for transport.
- Specialist geotechnical contractors are available from the Wellington region but may have limited capacity, requiring early engagement and forward planning.
- The staged programme approach helps manage supply market constraints by spreading demand over the programme period.

9. Management Case

9.1. Programme Management Strategy and Framework

SWDC will manage Cape Palliser Road as a discrete corridor programme within its wider roading portfolio, with Waka Kotahi as the primary investment partner. The management approach follows the NZTA Business Case Approach and sits within Council's existing asset management framework.

SWDC currently manages its roading programme through its Infrastructure and Services team, with support from external consultants for specialist planning and design work. Cape Palliser Road will be managed as a discrete programme within the wider roading portfolio, with dedicated reporting, governance, and monitoring arrangements.

The programme will be delivered through a series of activity-level business cases, each addressing specific components of the recommended programme (e.g. coastal protection works, landslide mitigation, pavement renewals). Each activity-level business case will be developed in accordance with NZTA requirements and will seek funding approval through the National Land Transport Programme (NLTP).

9.2. Collaborative Governance Arrangements

It is proposed that a Cape Palliser Road Corridor Steering Group be established, with representatives from Council, Waka Kotahi, and iwi. The Steering Group would provide strategic oversight and approve key programme decisions, meeting at least quarterly.

The proposed collaborative governance structure is as follows:

- **Senior Responsible Owner (SRO):** SWDC Group Manager Infrastructure and Services, responsible for overall programme delivery and accountability to Council and NZTA.
- **NZTA Investment Advisor:** Principal Investment Advisor (Wellington region), responsible for investment assurance and alignment with NLTP priorities.
- **Iwi Representative:** Ngāti Kahungunu ki Wairarapa Tāmaki nui-ā-Rua Settlement Trust nominee, to ensure cultural and environmental considerations are integrated into programme decision's.
- **SWDC Principal Roading Advisor:** Day-to-day programme coordination, contractor oversight and reporting.

[Assumption: The exact composition and terms of reference for the Steering Group are to be confirmed by SWDC and NZTA. The above is a recommended structure based on the programme scale and stakeholder interests.]

9.3. Programme Structure

The programme is organised into the following workstreams, each of which may progress through individual activity-level business cases:

- **Workstream 1:** Coastal Protection – EcoReef extension and new installations, rock armour, and beach nourishment at four consented priority sites (Huripi River–Te Mahi Cres, Turners Bay, Kupes Sail, KiriKiri Ford – GWRC consents WAR09032 and WAR150017).
- **Workstream 2:** Landslip Mitigation (staged) – Stage 1 Optioneering (detailed investigation, options assessment, consenting) prioritised at Johnsons Hill and Te Kopi landslides; Stage 2 Mitigation (design and construction of stabilisation works) subject to Stage 1 outcomes.

- **Workstream 3:** Pavement and Corridor Maintenance – programmed reseals and drainage improvements.
- **Workstream 4:** Bridge and Structural Renewals.
- **Workstream 5:** Safety and Speed Management – implementation of the speed review outcomes, guardrail installation, and signage improvements.
- **Workstream 6:** Maintenance, Operations & Renewals (MOR) and Monitoring – ongoing MOR across the corridor (Ngā mahi ā-rohe), coastal monitoring, geotechnical instrumentation, resource consent management, and corridor-wide performance reporting.

9.4. Programme Reporting Arrangements

Reporting arrangements for the programme are proposed as follows:

- Monthly progress reporting from SWDC to the Steering Group, covering programme status, expenditure, risks, and upcoming milestones.
- Quarterly reporting to NZTA through the standard NLTP monitoring framework.
- Annual programme review to assess progress against investment objectives, update cost estimates, and adjust programme priorities as required.
- Reporting to SWDC Council as part of the regular infrastructure reporting cycle, including through the Long-term Plan and Annual Plan processes.

9.5. Key Roles and Responsibilities

Role	Organisation	Responsibility
Senior Responsible Owner	SWDC	Overall programme accountability, Council reporting, funding coordination
Principal Roding Advisor	SWDC	Day-to-day programme management, contractor coordination, data collection
Principal Investment Advisor	NZTA	Investment assurance, NLTP alignment, funding approval recommendations
Iwi Representative	Ngāti Kahungunu	Cultural oversight, iwi engagement, environmental and cultural integration
Technical Advisors	Consultants	Specialist planning, design, economic analysis, and business case preparation
Maintenance Contractor	Fulton Hogan	Routine and emergency maintenance delivery under SWDC's maintenance contract

9.6. Outline Programme Plan

Key milestones for the programme are set out in the table below.

Milestone	Estimated Timing
Programme Business Case endorsed by NZTA	Mid-2026
Funding arrangement confirmed for 2027–30 NLTP period	Mid-2027
Activity-level business case: Coastal protection (EcoReef extension)	2026/27
Activity-level business case: Johnsons Hill / Te Kopi landslide mitigation	2027/28
Speed review implementation completed	Mid-2026 (final timing TBC)

Coastal monitoring programme established	2026/27
First programme review and maintenance management plan and intervention strategy update	2028/29
Major coastal protection works substantially complete	2031/32
Programme review and next PBC cycle	2035/36

[Assumption: Milestone dates are indicative and subject to NZTA funding decisions and consenting timeframes. The programme is designed to be adaptable to funding availability.]

9.7. Benefits Realisation Management

Monitoring of benefits will be the responsibility of SWDC, with support from NZTA. The following benefits and measures will be tracked:

Benefit	Measure	Monitoring Responsibility	Frequency
Improved resilience	Number and duration of unplanned road closures per year	SWDC	Annual
Improved level of service	Road condition index (roughness, surface condition)	SWDC / NZTA (RAMM)	Annual
Improved cultural access	Confirmed access availability to iwi cultural sites	SWDC / Iwi	Annual
Reduced emergency costs	Annual emergency works expenditure on Cape Palliser Road	SWDC	Annual

Benefits monitoring will commence from the 2027/28 financial year, with baseline data established from the current reporting period. A detailed benefits management plan will be prepared as part of the first activity-level business case.

9.8. Risk Management

The highest-impact programme risks are summarised below. A full risk register will be maintained by SWDC and reviewed quarterly by the Steering Group.

Risk	Likelihood	Impact	Mitigation Strategy
Funding not secured at enhanced FAR for 2027–30 NLTP	Possible	Very High	Early engagement with NZTA; prepare robust evidence base; pursue multiple funding pathways including Crown resilience funding
Major coastal storm event accelerates road damage	Likely	High	Emergency works framework; pre-positioned materials; pre-consented rapid deployment designs
Resource consent delays for coastal protection works	Possible	High	Early engagement with GWRC and iwi; use of nature-based solutions preferred by regulators; staged consenting approach
Landslide acceleration at Johnsons Hill or Te Kopi	Possible	Very High	Geotechnical monitoring programme; early warning systems; contingency planning for temporary access alternatives
Cost escalation beyond programme estimates	Possible	High	Stage programme delivery; regular cost estimate updates; maintain programme contingency; prioritise highest-risk sites first

Iwi or community opposition to proposed works	Unlikely	High	Ongoing engagement through Steering Group; co-design approach for works affecting cultural sites; nature-based solutions alignment
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9.9. Programme Assurance

Assurance arrangements for the programme include:

- Internal peer review of all activity-level business cases by TTAP or equivalent specialist transport planning consultants.
- NZTA investment assurance process, including review by the NZTA Investment Advisor prior to funding approval.
- Independent quality assurance reviews at key programme milestones, as agreed with NZTA.
- Regular Steering Group oversight of programme delivery and risk management.
- SWDC will also ensure alignment with its own internal audit and project management processes.