

Independent Expert Comments on Economic Evidence for the Sunfield Fast-Track Application

Prepared by: Dr William Cheung

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1. Introduction

1.1. Scope of this Memorandum

1. I have been instructed by the Environmental Protection Authority (EPA) to provide an independent expert economic opinion on the analysis prepared by Property Economics on behalf of Winton (the Applicant) in support of the Sunfield Fast-track Application (the Application) for a master-planned urban development near Takanini (the Development). This review has been commissioned in response to the Panel's request that I evaluate the economic material submitted by both the Applicant and Auckland Council and identify the key points of difference between the expert assessments.
2. In particular, I have been asked to assess whether the economic evidence, including the Economic Impact Assessment (EIA) and subsequent rebuttal, credibly and robustly demonstrates that the Development would deliver significant regional or national benefits under the Fast-track Approvals Act 2020 (FTAA). I have also been asked to comment on whether the analysis sufficiently accounts for any material adverse impacts, including but not limited to the loss of highly productive land (HPL), infrastructure costs, opportunity costs of capital, and potential displacement effects within the Auckland labour and housing markets.

1.2. Background, Experience and Code of Conduct

3. I am a professionally trained economist and currently an Associate Professor based in the University of Auckland Business School. I hold a PhD in Real Estate Economics from the University of Hong Kong, as well as a Master of Science in Real Estate from the same institution, and a Master of Philosophy and a Bachelor of Social Science in Economics from the Chinese University of Hong Kong. My academic background spans property economics, property markets, applied econometrics, and policy evaluation.
4. I am a Senior Fellow of the Higher Education Academy (SFHEA, UK), a Full Member of the Property Institute of New Zealand (MPINZ), and a Member of the Royal Institution of Chartered Surveyors (MRICS). I also serve as Co-Director of the Urban Analytics and City Science Research Beacon and hold visiting fellow appointments at Clare Hall, as well as at the University of Cambridge's Land Economy department. Additionally, I am an honorary research fellow at the University of Manchester.
5. My applied economics work has included professional roles in both government and industry. Between 2008 and 2013, I served as an Economist in the Economic Analysis Division of the Hong Kong SAR Government. There, I led and contributed to major cost-benefit evaluations, including the 2009 economic appraisal of the Hong Kong Disneyland project, a flagship tourism infrastructure investment requiring robust multi-sector modelling and long-term public value assessment. I have also provided economic advisory services to New Zealand public agencies, including the Environmental Protection Authority (EPA) and the Queenstown Lakes District Council (QLDC), covering matters such as short-term letting regulation and housing market dynamics.
6. My academic research spans urban economics, property markets, and public policy, with over 40 peer-reviewed publications in leading journals such as *Urban Studies*, *Tourism Management*, *Environment and Planning B*, and the *Journal of Sustainable Tourism*. I regularly apply economic impact and valuation techniques, including cost-benefit analysis (CBA), to issues involving infrastructure, land use, tourism, and environmental externalities.

7. I confirm that this evidence has been prepared in accordance with the Code of Conduct for Expert Witnesses as set out in the Environment Court Practice Note 2023. The opinions expressed are within my expertise and based on my independent assessment of the material before me. This review is provided independently at the request of the Expert Panel.

1.3. Materials Reviewed

In preparing this memorandum, I have reviewed the following materials:

- Sunfield Economic Assessment by Property Economics (Dec 2024)
- Annexure 2 – Economic Memo by Dr Richard Mead (Aug 2025)
- Sunfield Economic Review Response by Property Economics (Sept 2025)
- Practice Note 2023 – Expert Witness Code
- Treasury (2015), Guide to Social Cost Benefit Analysis
- Waka Kotahi Monetised Benefits and Costs Manual (2024)

2. Review Responses from Property Economics

8. This section provides a detailed assessment of the responses submitted by Property Economics (PE) in rebuttal to the economic review prepared by Dr Richard Mead on behalf of the Auckland Council. The PE response aims to defend the methodological and conceptual adequacy of its Economic Impact Assessment (EIA), particularly in light of criticisms regarding its omission of Cost-Benefit Analysis (CBA), reliance on input-output modelling (I/O), and insufficient treatment of opportunity costs, counterfactuals, and displacement effects.
9. As outlined in Section 1 of this report, the Fast-track Approvals Act 2020 (FTAA) requires the Panel to consider whether a proposal delivers “significant regional or national benefits” and whether those benefits are proportionate to any adverse impacts (s85). Although the FTAA does not mandate a specific economic method, established public-sector evaluation practice in New Zealand, including guidance from Treasury, Waka Kotahi, and the Productivity Commission, supports the use of CBA to assess **net public value**.
10. By contrast, the EIA submitted by PE reports gross economic activity rather than net benefit, a distinction that is essential to sound decision-making. The subsections below review PE’s specific rebuttals, evaluate the strength of their arguments.

2.1. Review of PE’s responses on “1. Cost Benefit Analysis”

11. Property Economics (PE) argues that a Cost-Benefit Analysis (CBA) is unnecessary under the Fast-track Approvals Act (FTAA), offering five reasons why an Economic Impact Assessment (EIA) should suffice. In my opinion, as an applied economist with experience in evaluating public infrastructure, PE’s position reflects a misunderstanding of both the role of CBA in public decision-making and the expectations of robust economic analysis in statutory processes, such as the FTAA.
12. PE’s primary contention is that the FTAA does not explicitly require a CBA, and that the assessment of “significant regional or national benefits” is ultimately a planning judgment. This might be legally correct, but analytically insufficient. While the FTAA does not mandate a CBA in formal terms, it does require the Panel to make a determination of whether adverse effects are “sufficiently significant to be out of proportion to the project’s regional or national benefits” (section

85). This test is inherently comparative; it requires establishing not just the presence of benefit, but its **magnitude relative to costs**. In public economics, this is precisely what CBA is designed to do. An EIA, by contrast, measures *gross activity* and does not net out the resource use or opportunity cost associated with the activity.

13. PE further suggests that CBA is too subjective to be useful because it requires value judgments. This conflates two distinct points. Yes, both CBA and planning judgments involve subjectivity; however, CBA imposes a structured, transparent framework that quantifies and compares outcomes using consistent principles (e.g., discounting, opportunity cost, and marginal analysis). It allows trade-offs to be surfaced and tested. The alternative is relying on EIA, which reports activity measures (e.g., job years, GDP uplift) without reference to whether the resources used could have generated greater value elsewhere. In this regard, the Treasury's CBA Guide (2015) is unambiguous:

"EIA can provide useful contextual information, but it is not suitable as a tool for measuring the balance of costs and benefits of a decision to society." (p. 54)

14. PE's argument that CBA is prohibitively complex and involves monetising difficult-to-value effects is not convincing in this case. The Sunfield proposal is a multi-billion-dollar development that proposes 4,000 dwellings, extensive infrastructure, and significant land-use changes (including the loss of Highly Productive Land). This is precisely the type of investment where CBA is warranted, especially when the FTAA assessment involves weighing benefits and adverse impacts. Moreover, New Zealand government agencies, including Waka Kotahi and Treasury, routinely apply CBA to projects involving environmental, amenity, and social effects, using robust methods for non-market valuation where necessary.
15. PE's assertion that CBA is only relevant for internal Treasury or NZTA decision-making is incorrect. While CBA plays a central role in internal investment allocation, it is equally relevant to statutory assessments where public benefit must be weighed. In recent years, CBA has also been embedded in regulatory impact assessments, urban growth strategies, and environmental evaluations under the Resource Management Act (RMA) and other statutes. The fact that the FTAA requires a proportionality judgment makes CBA the most appropriate tool, not an optional extra.
16. The claim that requiring a CBA would impose an overly high hurdle for applicants contradicts the principle of good public governance. If a proposal is to be granted preferential treatment under fast-track legislation, bypassing normal planning scrutiny and sequencing, then it should meet a higher evidentiary threshold, not a lower one. A well-executed CBA is not an undue burden in this context, but a basic safeguard to ensure public value is genuinely being created. Therefore, PE's rationale for avoiding a CBA is not supported by economic best practice. The reliance on EIA, without a structured appraisal of costs, opportunity costs, counterfactual outcomes, or risk, leaves the Panel unable to determine whether the proposed benefits are proportionate to the associated impacts. A scenario-based test, which I will discuss in a later section, even in a simplified form, would provide the analytical structure required to inform this key FTAA assessment.

2.2. Review of PE's Response on "2. Limitations of IO Modelling"

17. PE acknowledges that modelling, including both IO and CBA, involves assumptions and limitations. However, they argue that the limitations highlighted in Dr Mead's review are overstated. They assert that resource under-utilisation in the post-COVID environment justifies IO multiplier use, and further suggest that IO modelling does not necessarily overstate benefits,

citing the potential for improved trade balances through internalisation effects. They also downplay the feasibility of using a Computable General Equilibrium (CGE) model, arguing it is better suited to broader policy analysis.

18. In my view, PE's defence of IO modelling did not engage with the fundamental critique: that IO analysis, by design, cannot measure **net economic benefit**, and tends to overstate gross economic effects by assuming unlimited, fixed-cost inputs and no crowding-out effects. This is not simply an academic limitation. It materially affects the reliability of the EIA presented. IO multipliers are static, linear, and insensitive to market constraints. They assume all input demands (labour, materials, services) are met without affecting other sectors or prices. This assumption may be tolerable in cases of severe slack, but PE's justification that Auckland had a 6.1% unemployment rate in June 2025 does not hold in a spatially and sectorally constrained labour market like construction.
19. The idea that resource slack exists "in aggregate" does not mean it exists in the relevant sectors, such as skilled trades, engineering, or housing delivery. In fact, these sectors have experienced persistent shortages and price escalations in Auckland since the pandemic. Consequently, IO results that report 24,000 FTE job years and \$3.1 billion in GDP impact cannot be interpreted as additive gains to the economy. A significant portion of that activity is likely to displace other projects or occur at a higher marginal cost, effects that the current IO frameworks cannot capture.
20. PE also attempted to dispute the assertion that IO modelling always overstates benefits, citing "internalisation" effects (e.g., reduced imports). However, no empirical evidence is provided to support this mechanism in the Sunfield case, and it remains speculative. Moreover, internalisation is largely irrelevant unless linked to measurable benefits (e.g., improved productivity or reduced trade leakage), which are not actually addressed in their EIA.
21. While it is true that CGE models are more complex and resource-intensive, they are also fit-for-purpose when evaluating regionally significant projects with broad economy-wide effects, such as large-scale land-use changes, infrastructure investments, and induced migration. Dr Mead's point is not that a CGE model is required by default, but that if PE seeks to justify regional or national significance using EIA tools, they must use a method capable of capturing dynamic market interactions. IO models are fundamentally inadequate for this task, especially in a constrained, small economy like New Zealand.
22. PE's response to this CBA vs EIA argument does not refute the structural limitations of IO modelling, particularly its failure to account for displacement and substitution effects. In the context of the FTAA, where the Panel must assess net benefit and proportionality, these omissions render the EIA analytically weak. A CBA or CGE framework, while more demanding, would offer a far more credible basis for assessing economic significance.

2.3. Review of PE's responses on "3. A counterfactual position: (p.3-p.4)"

23. Property Economics, in their rebuttal to Dr. Richard Mead's review, further assert that their Economic Impact Assessment (EIA) adequately considers counterfactuals by referencing three conceptual approaches: site-based (what activity could otherwise occur on the site), activity-based (whether the same activity could happen elsewhere), and process-based (whether the same outcome could be achieved under a different timing or planning process). They argue that while these counterfactuals are not quantified, they are acknowledged in the report through

references to rural production loss (site-based), comparative location efficiency (activity-based), and the Minister's decision to list the project under the Fast-track Approvals Act (process-based).

24. In my view, this treatment of counterfactuals is insufficient for economic evaluation and falls short of accepted good practice in public policy appraisal. Counterfactual analysis is not merely a planning exercise or a qualitative narrative; it is a core analytical component that enables decision-makers to determine the net benefit—the value created by adopting the proposal, rather than proceeding with the best alternative. **The purpose is to isolate what difference the intervention makes.** This requires a clearly specified “without-project” scenario and comparison of its outcomes, quantitatively, where possible, to the proposed Development.
25. The reference to loss of rural production as a site-based cost does not establish a credible counterfactual. The site is not zoned for permanent rural use. Approximately 54 hectares are designated as a Future Urban Zone while the remaining approximately 191 hectares fall within the Mixed Rural Zone). Therefore, the relevant counterfactual is not farming, but rather development under the standard planning framework, i.e., in alignment with Auckland's Future Urban Land Supply Strategy and sequencing. Yet the EIA does not define or model this alternative. It does not estimate the difference in timing, infrastructure cost, or housing delivery between the fast-track proposal and a conventional pathway. Nor does it consider the risk of displacing other developments in Drury or elsewhere due to limited labour and construction resources, a key concern raised by Dr Mead and consistent with broader post-COVID market constraints.
26. Similarly, the EIA's reliance on “comparative efficiency” of the site as justification for the activity-based counterfactual avoids the central question: **could similar housing outcomes be delivered elsewhere, perhaps more cost-effectively, through intensification or brownfield redevelopment?** The claim of locational advantage is not benchmarked against other opportunities or tested for net public benefit.
27. The reliance on the Minister's decision to list the project as *de facto* evidence that the fast-track process is justified reverses the logic of economic assessment. FTAA listing initiates evaluation; it does not substitute for it. From an economic standpoint when considering the counterfactual, the relevant question is: **what net benefit is created by using the fast-track pathway versus progressing through standard processes?** That means quantifying what is gained by delivering the development sooner, and what is potentially lost (or brought forward in cost) by disrupting the planned sequencing of infrastructure and land use. Without quantifying or systematically comparing these alternatives, the EIA's treatment of counterfactuals remains speculative. As Treasury (2015) notes in its Guide to Social Cost-Benefit Analysis: “A counterfactual is required to identify the net benefit of an initiative. Without it, one cannot answer the basic question: ‘Compared to what?’”
28. In the absence of such analysis, the claimed benefits of the Sunfield proposal cannot be reliably attributed to the fast-track process, and therefore cannot support a determination of significant regional or national benefit under the FTAA.

2.4. Review of PE's Response on “4. Specific Exclusions / Inclusions – Employment”

29. PE places considerable weight on job creation, consistent with EIA's focus on gross activity. However, the Fast-track test turns on regional or national benefit. To establish this, EIA job counts must be translated into CBA-consistent net additional jobs by adjusting for displacement and

leakage, and then valued only to the extent that there is verified underemployment (a shadow wage below the market wage) or proven productivity gains. Absent these adjustments, employment primarily represents an input cost and/or a distributional transfer, not a net benefit.

30. While employment outcomes are unquestionably relevant in policy and social terms, their inclusion as an economic benefit within an input-output-based EIA raises serious methodological concerns. Mindful that in the context of cost-benefit analysis, employment is treated as a cost rather than a benefit, except where it addresses genuine underemployment or leads to measurable productivity gains. This is a critical distinction. Labour is an input; the value of a project lies not in how many workers it requires, but in the net value it creates after accounting for the use of those resources.
31. In the trades and construction sectors, labour markets are structurally tight. Hiring for Sunfield would therefore reallocate workers rather than draw from idle capacity, with a material risk of delays or displacement to other housing and infrastructure projects. The headline 6.1 per cent unemployment rate is not evidence of available slack in the specific occupations, locations, or project time windows relevant to Sunfield. Unless PE demonstrates occupation- and timing-specific surplus labour (and quantifies deadweight and displacement), its employment claims are overstated and are likely offset by crowding-out elsewhere in the region.
32. Furthermore, valuing employment in terms of job years or full-time equivalents without accounting for opportunity cost leads to double-counting: wages paid to workers are both an economic output (in the GDP measure) and a cost of delivering the project. In CBA frameworks, such costs are subtracted, not added. If the same employment could have been used elsewhere to generate equal or greater benefit, then the reported gain is illusory.
33. While it is reasonable to recognise job creation as a distributional or social outcome, this must be framed appropriately. It is not a measure of economic efficiency, and cannot substitute for a proper assessment of net benefit. To elevate employment counts to the status of a core benefit, without adjusting for displacement or resource cost, is inconsistent with established Treasury and Waka Kotahi appraisal standards.

2.5. Review of PE's Response on "5. Regional Significance"

34. PE also challenges the benchmarks used by Dr Mead to evaluate whether the Sunfield development qualifies as regionally significant. They argue that comparisons to Auckland's total GDP, plan-enabled housing capacity, or aggregated development activity are inappropriate, as they set the bar so high that no individual project could meet it. Instead, they suggest that the provision of 4,000 homes and associated economic activity is inherently significant, particularly for a large-scale, master-planned community.
35. This argument conflates scale with significance. A development can be large in absolute terms, but still generate minimal, or even negative, net regional benefit when opportunity costs, displacement effects, and public investment needs are accounted for. Significance under the FTAA is not defined by the number of homes delivered or the gross dollar value of economic activity, but by the net positive contribution to regional or national benefit. This distinction is fundamental to robust public sector appraisal.
36. The claim that no housing project could be significant under GDP-based benchmarks also misses the point. GDP share is not the sole criterion, but it is a relevant reference point to put claimed impacts in perspective. Suppose a project increases Auckland's GDP by less than 0.5%, yet requires substantial infrastructure and environmental trade-offs (including loss of Highly

Productive Land). In that case, it is appropriate to ask whether the benefits are commensurate. Dr Mead's use of macro benchmarks was intended to provide scale calibration, not to exclude housing projects categorically.

37. Regarding plan-enabled housing capacity, PE dismisses the benchmark of 2.8 million enabled homes as unrealistic. While it is true that enabled capacity exceeds feasible delivery, this does not invalidate benchmarking. In a market delivering about 18,000 dwellings per year, 4,000 homes spread over a decade represents roughly two to three months' supply. That is not immaterial, but nor is it transformational. Without clear evidence that these homes are additional (not displaced from elsewhere), and without net present value calculations that incorporate delivery timing, cost of capital, and infrastructure dependencies, the claim of regional significance lacks analytical grounding.
38. Finally, PE argues that comparing Sunfield to "other developments" is unfair or unclear. However, this is precisely what the Panel must consider: whether this project is exceptional enough to warrant fast-tracking and preferential status over others progressing through integrated planning channels. If dozens of other projects are being delivered through the normal process, and Sunfield delivers no incremental regional benefit over and above them, then significance is not established.

2.6. Review of PE's Assessment on "6. Loss of Employment Land"

39. Property Economics estimates that the proposed integration of Mill Road – Stage 2 would result in a 14% reduction (approximately 7.8 hectares) of land allocated to the employment hub within the Sunfield masterplan. They conclude that the economic impact of this change is minor, noting that approximately 1,200 jobs could be affected; however, the master plan would still accommodate 9,800 jobs overall. They value the impact at a net present value of \$70 million and a reduction of 500 job years, compared to total project estimates of \$3.1 billion in GDP and 24,000 FTE job years.
40. While PE identifies that the reduction is partial in nature, their treatment of this adjustment again reflects the same limitations discussed elsewhere in the EIA, namely, a reliance on gross figures without adequately addressing marginal effects and land-use efficiency. The question is not simply whether Sunfield still enables 9,800 jobs in aggregate, but whether the reallocation of land from employment to transport use improves or diminishes the net economic value of the masterplan.
41. From an economic development standpoint, employment land, especially in strategically located mixed-use areas, can have long-run productivity and agglomeration benefits that are not fully captured by comparing headline GDP or FTE figures. The lost capacity may constrain future flexibility, business clustering, or co-location efficiencies that underpin urban economic performance. These potential effects are not acknowledged in PE's analysis.
42. Moreover, the estimated \$70 million NPV reduction is not trivial in public economic terms. While PE presents this as proportionally small relative to their reported \$3.1 billion impact, the latter figure is not a net benefit; it is a gross GDP estimate derived from IO multipliers, and does not deduct costs, capital inputs, or displacement. In contrast, the \$70 million figure may reflect a closer approximation to a real resource loss. It should not be dismissed simply because it is smaller in scale.

43. Finally, the strategic significance of employment land must be considered in the wider regional context. If such land is scarce or difficult to replace, particularly in the south Auckland growth corridor, then a reduction of even 14% in designated employment land can have disproportionate economic and planning consequences. PE's claim that "no other aspect of the masterplan is affected" reinforces a static perspective that misses these broader strategic interdependencies.

3. Positioning EIA vs CBA, and why scenario testing matters

44. PE argues that gross Economic Impact Analysis (EIA) is sufficient and that Cost-Benefit Analysis (CBA) is costly. Even if the Panel were to rely on EIA as the primary evidence base, the net regional or national benefit would still need to be demonstrated. That can be done within an EIA frame by applying transparent scenario tests that adjust the gross figures for (i) counterfactual delivery (what still happens elsewhere or later), (ii) resource constraints and displacement (labour, construction, infrastructure sequencing), and (iii) timing and risk (discounting, downside shocks). This converts gross activity into a decision-grade approximation of net effect without requiring a full CBA (or a.k.a. Norway Scheme).

45. How to read the rest of this section:

Section 3.1 will explain why decision-makers increasingly prefer **net** over **gross**, and show how **scenario testing** can be used to derive net effects from EIA outputs (a practical bridge if a full CBA is not available).

Sections 3.2 and 3.3 summarise international practice (Norway's QA scheme) that embeds **alternatives, risk, and uncertainty**, the same elements that the Panel can request here.

Sections 3.4 and 3.5 tailor this to the Fast-track context and set out a compact **scenario suite** the Panel can ask PE to run (do-minimum, displacement/leakage, timing/discount-rate, and cost shocks).

What the Panel needs to decide (with concrete indicators).

- **Are there net gains after realistic offsets?** Look for explicit deductions for **deadweight** (what would happen anyway), **displacement** (what is delayed or moved from elsewhere in Auckland), and **leakage** (outside the region). A simple attenuation of EIA outputs (e.g., $\text{net} = \text{gross} \times (1 - \text{deadweight}) \times (1 - \text{displacement}) \times (1 - \text{leakage})$) is sufficient to show order-of-magnitude net effects.
- **Do results hold against credible alternatives and risk?** Ask for a quantified **do-minimum** (Council-timed delivery), an **alternative location/intensification** case, and **downside shocks** (cost +X%, labour tightness, ground conditions). Identify the **break points** where claimed benefits no longer dominate costs.
- **Is the evidential standard consistent with guidance and best practice?** Treasury/Waka Kotahi expect **counterfactuals, discounting, and uncertainty**. Even without a full CBA, the Panel can require **EIA-plus-scenarios** that meet the spirit of those standards and provide a clear **net-benefit narrative**.

3.1. Why decision-makers are moving from EIA to CBA

46. The best practice in New Zealand public decision-making emphasises **net social benefit** (benefits minus costs) rather than gross economic "activity." Treasury and Waka Kotahi guidance both foreground CBA for evaluating projects, starting with a defensible **counterfactual** and then

comparing incremental benefits and costs, time- and risk-adjusted (including opportunity costs and distributional impacts). In contrast, EIA (including multiplier/IO-based approaches) counts expenditures and jobs as “benefits,” risks double-counting, and does not measure social benefits per se. These are not semantic differences; they change decisions.

Two practical consequences follow:

- **Net, not gross.** Panels should be wary of analyses that tally gross effects for a single region without offsetting displacement or inter-regional costs; those do not demonstrate a net gain.
- **Always “compared to what?”** Benefits must be measured relative to a credible counterfactual (e.g., infill or other locations if a greenfield site does not proceed). This is explicit in NZ guidance for urban development CBAs and Waka Kotahi’s manuals.

3.2. International Best Practice: Lessons from Norway’s Quality Assurance Scheme

47. The Norwegian Quality Assurance Scheme for Major Public Investment Projects (often called the “QA-scheme” or “State Project Model”) is a structured governance mechanism introduced by the Norwegian government around the year 2000 for large state investment projects OECD, 2018). Key features include:

- **Mandatory thresholds:** All central government investment projects exceeding a cost threshold must undergo the QA process. The current thresholds are NOK 1 billion (approximately NZD 180 million) for general projects, and NOK 300 million (approximately NZD 54 million) for digitalisation projects. (Exchange rate as of November 2025: 1 NOK = 0.18 NZD.)
- **Two-stage external review:**
 - **QA1 (“choice of concept”):** Conducted after concept appraisal (needs analysis, alternative concepts) but before the Cabinet decides to enter a pre-project phase. The focus is on verifying that the problem definition, need, objectives, strategy, alternatives, and appraisal (including CBA) are sound.
 - **QA2 (“management base and cost estimates”):** Conducted before submission of the project to Parliament for approval and funding. It reviews cost estimates, contract strategies, risk/uncertainty analysis, and the implementation/realisation plan.

3.3. Why It Offers Valuable Lessons for Economic Evidence & CBA

48. From a cost-benefit / economic appraisal lens, the scheme embodies several good-practice features:

- **Formal CBA at concept stage:** QA1 requires that a benefit-cost analysis (monetised where possible) be prepared, comparing at least a “do-nothing” baseline and alternative concepts. This aligns with the best international guidance on infrastructure appraisal.

- **Uncertainty & sensitivity analysis built-in:** Both QA1 and QA2 emphasise analysis of uncertainty (e.g., scenario testing, stochastic cost estimation) and require, at QA2, updated cost models and implementation risk review.
- **Gatekeeping at key decision points: By mandating review before major commitments (pre-project and parliamentary funding), the scheme helps avoid the “lock-in” of poorly appraised options.** The process increases discipline in the front end of projects, which literature identifies as a common failure point.
- **Cost control & accountability:** The presence of an external review, fixed threshold criteria, and a requirement to log changes between QA1 and QA2 means that cost growth and scope creep are more tightly managed. According to research, the deviation between target cost and final cost in Norway is relatively symmetrical around the median, indicating stronger cost control.
- **Scalable and transparent:** The scheme is sector-agnostic (applies across infrastructure types) and emphasises transparency, enabling external scrutiny and institutional learning.

3.4. Contextualising New Zealand’s Fast-Track Regime

49. The Norwegian QA scheme is instructive not as a template to be copied wholesale, but as a disciplined way of ensuring that projects granted exceptional status face exceptional scrutiny. Translated to New Zealand’s fast-track context, the core idea is simple: front-load the analysis that matters for public value. In practice, this means setting a clear size threshold for when enhanced assurance applies; requiring a succinct, decision-grade CBA (with a specified counterfactual and realistic alternatives) before a project is advanced; and subjecting the economic case to an independent review that tests demand, cost, and benefit assumptions.
50. Equally important is timing and uncertainty. Rather than slowing decisions, early “gatekeeping” focuses effort where it counts, before commitments are locked in, by insisting on explicit discounting, sensitivity and scenario tests (including do-nothing or downside cases) so that decision-makers can see where results break. A modest discipline of recording how cost and scope estimates evolve between stages, and committing to ex-post review, strengthens accountability and improves future appraisal accuracy.
51. Of course, no single model is perfect. So, the standard economic practice therefore requires allowing for **risk and uncertainty**, not only via discounting, but also via **sensitivity tests and scenario analysis** to probe robustness and identify “break points” where net benefits flip sign. This aligns with the international evidence on systematic **optimism bias/strategic misrepresentation** in large projects: in a seminal multi-country study of 258 transport schemes, Flyvbjerg et al. (2002) show that cost estimates used at decision points are “**highly and systematically misleading**,” with underestimation best explained by political-economic incentives rather than random error. The policy implication is to **stress-test CBAs** and not rely on point estimates from promoters.

3.5. A practical scenario framework for this project

52. To assist the Panel’s discussion, I have outlined in the Appendix a simple illustrative scenario exercise. It is not a substitute for an independent economic assessment, nor does it provide definitive estimates of net benefit. Its purpose is to demonstrate the value of scenario testing—to show, in a tangible way, how the apparent benefits of the project change once different counterfactuals, timing assumptions, and risk factors are introduced. Even a stylised illustration helps decision-makers see how sensitive the headline “gross benefits” is to realistic variations in delivery sequence, labour availability, or infrastructure cost.

53. For Sunfield, a compact, decision-focused scenario suite would include three elements: 1) Core counterfactuals: comparing the fast-track proposal with a do-minimum (Council-timed) case and with alternative development locations or sequencing. 2) Demand and price paths: testing high, central, and low household-formation and absorption rates, including plausible displacement to other parts of Auckland or nearby centres. 3) Cost and timing sensitivities: examining infrastructure-cost shocks, ground-condition risks, and different discount rates to identify the break points at which the project's apparent net value turns negative.
54. The Appendix illustration shows that under a do-minimum counterfactual, where a portion of the activity would still occur elsewhere or later, the headline EIA "benefit" done by PE could fall by roughly half. This is not presented as a precise estimate but as a vivid demonstration of why scenario testing is indispensable. It reveals how dependent the claimed benefits are on timing, location, and resource assumptions, and why a robust fast-track decision requires understanding those sensitivities rather than accepting gross figures at face value.

4. Conclusion

55. The economic assessment provided in support of the Sunfield application falls short of the standards of analytical rigour and transparency that are essential for public decision-making, especially under a legislative framework as consequential as the Fast-track Approvals Act 2020 (FTAA).
56. Yet the analysis presented by Property Economics is not calibrated to this task. It relies on an Economic Impact Assessment (EIA) that emphasises gross outputs, jobs, spending, and construction activity without answering the more fundamental question: what net benefit will this project bring, and at what cost, compared to credible alternatives? It is in this space, the art of the possible versus the discipline of the probable, that public economics must do its work.
57. A well-executed Cost-Benefit Analysis (CBA) does not pretend to eliminate judgement, but it disciplines judgement with evidence. It tests assumptions, surfaces trade-offs, and ensures that when a decision is made, it is made with clarity about what is gained, what is lost, and what could be done instead. This is not a bureaucratic hurdle; it is the minimum threshold of responsible governance when choosing to override established planning pathways, especially in matters involving highly productive land, regional infrastructure sequencing, and public capital.
58. The rebuttal from Property Economics resists this logic. It argues that CBA is too complex, that employment is a sufficient benefit, and that scenario testing is too speculative. But in many countries, where infrastructure projects routinely overshoot costs, displace value, and embed structural inequities, we must demand better. As Bent Flyvbjerg (2002) and others have shown, optimism bias and strategic misrepresentation are not outliers in project economics; they are endemic. The antidote is structured scepticism: scenario testing, counterfactual appraisal, transparent discounting, and a commitment to learning from international best practice.
59. Sunfield is a substantial proposal. It may deliver value, but that value has not yet been demonstrated. Without clear evidence of net benefit, grounded in comparative analysis and tested under risk, the Panel may not be well-informed to determine whether the benefits are significant in a regional or national sense, or proportionate to the project's adverse impacts.

Dr William Cheung (PhD, The University of Hong Kong)
MRICS, MPINZ, SFHEA

5. References

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6. Appendix – Sensitivity of EIA Results under Scenarios

This Appendix provides a simple illustration, **not a substitute for an independent economic assessment**, of how sensitive the Sunfield results are to basic assumptions. The purpose is to **show why scenario testing is essential** when interpreting Economic Impact Assessment (EIA) figures.

Using the same data reported in the Property Economics (PE) analysis, this illustration compares three simplified cases:

- **Scenario A: Do-Nothing:** No project proceeds; part of the site (approximately 54 hectares) is in its current Future Urban Zone status.
- **Scenario B: Do-Minimum:** Development occurs later under normal council sequencing, or partly elsewhere in Auckland, at a slower pace and with some activity leaking outside the region.
- **Scenario C: Do-Something (Sunfield Fast-Track):** The project proceeds immediately through the fast-track process as proposed.

The table below summarises the comparison (illustration only).

Item	Scenario A – Do-Nothing	Scenario B – Do-Minimum (Council-timed)	Scenario C – Do-Something (Fast-Track)
Planning status	Future Urban Zone (i.e., 54 ha) + Mixed Rural Zone (i.e., 191 ha)	Rezoned/serviced later under normal sequencing	Rezoned/serviced immediately
Indicative timing	Remained no development	Delayed start (e.g., +10 years)	Start 2024, staged through 2044
Direct spend (excl. land)	≈ \$0 m	Same totals as PE Table 13, but delayed and scaled down	\$4,682 m (PE Table 13)
Multiplier basis	Near-zero output	Reduced multiplier (0.9) and 15 % leakage	Full Level-2 multipliers (PE)
Estimated total output (EIA)	≈ \$0 m	≈ \$1.46 b	≈ \$3.19 b
Incremental effect	Baseline	Shows a smaller, delayed effect	Shows upper-bound gross effect

The EIA presented by PE reports around **\$3.19 billion** of gross regional output from the Sunfield project. However, this headline number assumes that *none* of that activity would have occurred otherwise. In reality, some construction, spending, and employment would still take place under a normal market or council-timed development (the “do-minimum”) scenario.

When we take into account that, assuming that about 60 per cent of the activity would still happen elsewhere in Auckland, with 15 per cent lost to regional leakage and slightly lower integration effects, the apparent benefit falls by roughly half, to around **\$1.46 billion**.

Even this simplified exercise, using conservative and transparent adjustments, demonstrates how easily apparent “gross benefits” can shrink once alternative timing, redistribution, and leakage are recognised. It underscores that EIA results are **highly sensitive to underlying assumptions**, particularly regarding whether the same activity would have occurred elsewhere, later, or at a lower intensity.

The purpose of this illustration is not to produce new numbers but to highlight an important point for the Panel: **Without scenario testing, EIA figures risk overstating benefit by ignoring realistic counterfactuals.**

Understanding these sensitivities helps decision-makers focus on the *net* regional or national benefit—what is truly gained because the project proceeds now through the fast-track process, rather than what would have occurred anyway under normal planning pathways.