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ECONOMIC MEMORANDUM

To: Precinct Properties New Zealand Limited

c/- Bianca Hurrell

Associate Director

RCP

Email: [redacted]

RE: RESPONSE TO AUCKLAND COUNCIL ECONOMIC REVIEW OF THE DOWNTOWN CARPARK SITE DEVELOPMENT APPLICATION UNDER THE FAST-TRACK APPROVALS ACT 2024

ECONOMIC RESPONSE

This memo outlines a high-level response to the review provided from Auckland Council (14 April 2026) by Rodney Yeoman of Formative on the economic matters set out in the Downtown Carpark Site Development Economic Impact Assessment (EIA) by Phil Osborne and Tim Heath from Property Economics (November 2025).

We, as authors of the EIA, have three decades of experience assessing tens of billions of dollars of project development under resource management, and more recently fast track, legislation both for private sector developers and central government agencies. Our role in economic assessments includes both EIAs and Cost Benefit Analysis (CBA), including multiple assessments for NZTA and other central government agencies under Treasury guidelines, as well as assessments for monetarised benefits and costs. We have undertaken dozens of economic assessments for Fast Track consent applications and have successfully applied the same economic assessment (as that for the Downtown Carpark Site) for approved Fast Track consents.

It would appear the fundamental point of divergence from both the Council and their independent economic reviewer appears to be the objectives and process of the FTAA and the impact this has on the direction and extent of the economic assessment required. The legislative context is crucial in understanding the economic benefits identified.

Pertinent issues raised in the review and addressed here include:

1. The use of CBA versus EIA
2. Counterfactual position (permitted baseline)
3. Development costs
4. Quantification of 'other' costs

5. Operational benefits

CBA versus EIA

A reoccurring assumption (and the basis for the majority of the reviews comments) is the use of CBA rather than an EIA to assess the Project. The Fast-track Approvals Act 2024 (FTAA) seeks to identify the significance of benefits (which includes economic benefits) associated with projects to accelerate their development and construction.

The level of economic activity, along with other benefits, is then assessed against the potential adverse impacts outlined in the various other reports. There are a number of reasons why it is considered unnecessary and inappropriate to undertake a CBA:

a) The FTAA process allows for consideration of other (primarily non-economic) costs to be weighed and considered by the Panel.

b) A CBA would inappropriately consider the private development investment as a cost to be weighed against other benefits. This appears to be contrary to the review's identification (albeit smaller) of a benefit.

c) A CBA requires assumptions that would render the results difficult to compare.

d) The undertaking of a CBA, particularly to the extent outlined, would in effect create a hurdle more prohibitive than an assessment currently experienced under the RMA process. An EIA in this instance provides an assessment of actual economic benefit rather than a position that assesses commercial projects as the best of all commercial options and the most efficient.

e) When considering the regional economic benefit, or social benefit the FTAA does not explicitly identify economic efficiency but does state that the assessment as a whole will consider the potential adverse effects of the proposal which are, in part, weighed against the economic impacts.

f) As identified in the review, CBAs are routinely used by both Treasury and NZTA. Firstly, these projects or policies are designed to be weighed against alternative, either roading or policy options, rather than simply seeking to assess the level of economic effect. Having undertaken multiple assessments for NZTA ourselves for Roads of National Significance and other Ministries, including Fast Track applications there are clear reasons for adopting this approach (that have not been implemented in NZTA Fast Track applications) including, but not limited to, the expenditure of limited public funds.

The objectives of the FTAA are relatively unique and allow for the distribution and relativity of qualitative costs to be weighed by the Panel against the level of economic activity generated.

A CBA also fundamentally answers the wrong question asked by the FTAA, that is the level of significance rather than a relative Cost Benefit Ratio designed to weigh alternative policies or projects against each other.

Counterfactual position

A key concern in the review is the extent of the EIA and the counterfactual position. We understand that this "permitted baseline" that Mr Yeoman has considered does not represent a viable counterfactual as this development would not feasibly occur as of right. This is addressed in the planning response and legal memorandum. This would render much of the reviews 'discounting' of economic impacts futile.

Development costs

A material component of the economic assessment is the level of economic activity resulting from the level of investment by the applicant. The review questions the level of costs associated with this development as being 'generic' build costs. This is fundamentally incorrect and it is unclear how the review arrived at such a position.

The budget and timeframes were the result of specific development considerations uniquely assessed by Rider Levett Bucknall (RLB) for the applicant and this Project. Contrary to being a 'generic' assessment of built costs, the construction costs we have relied on for the EIA are highly detailed and specific to the development specifications and requirements.

The EIA provides a summary of the modelling results in a manner that is entirely typical for such an assessment. As clearly outlined in the EIA report, the assessment undertakes a detailed breakdown of the development over the specified construction timeframe considering the impacts on 48 ANZSIC[1] categories providing results within thousands of data points. These are accurately and appropriately summarised in the associated tables within the EIA.

Quantification of 'other' costs

The review identifies potential costs associated with amenity impacts etc and suggests that the EIA is not robust due to the fact that these have not been quantified. As addressed earlier, the approach proposed in the review is not considered appropriate under the FTAA, nor does it result in an accurate outcome (relying on the value bestowed by an economist rather than the FTAA panel).

Operational benefits

The review considers that, while the economic activity generated through development is minimal the operational benefits of activity in this location would be regionally significant.

[1] *Australian and New Zealand Standard Industrial Classification 2006.*

This opinion is reached by Mr Yeoman without any assessment of the costs that are considered by the review as important. Essentially, the review argues that a CBA is necessary to establish significance but proceeds to reach the conclusion that it is regionally significant without undertaking one.

Additionally, the counterfactual assumed by the review (of approximately 75% of activity occurring under a 'permitted' baseline) as I have addressed above as an incorrect approach, would apply to this position as well, materially impacting what the review argues is the 'net' economic impact of the Project and creating inconsistencies.

Concluding comments

Overall, Mr Yeoman's review starts from the wrong premise by treating this as a cost-benefit exercise, when the FTAA is concerned with the significance of the Project's benefits. Once that is recognised, and the review's assumptions about the counterfactual, development costs and other impacts are revisited, there is no persuasive basis to move away from the conclusions reached in the EIA.

It remains our position that a development of this magnitude and structure will result in a significant economic benefit to the region.

Phil Osborne / Tim Heath

Directors