Memorandum

To: Rachel Morgan, Director, Barker & Associates
Cc: Greg Dewe, General Manager, Fulton Hogan Land Development Ltd
From: Natalie Hampson, Savvy Consulting Limited
Date: 30 July 2026
Subject: Peer Review of the Economic Assessment of Milldale Stages 14-17 Fast-track Substantive Application

Introduction

1. I (Natalie Hampson) am the director and owner of Savvy Consulting Limited. I am an economic consultant with over 25 years of industry experience. My expertise and experience are summarised in Appendix 1.

2. I have been contracted by Fulton Hogan Land Development Limited (the Applicant) to carry out an independent peer review of the economic assessment of the Milldale Stages 14-17 Fast-track Substantive Application (the Project) prepared by Insight Economics (the Economic Report).[1] I have had no prior involvement in the Project (i.e. during the referral application). I have, however, had an opportunity to provide constructive feedback during early methodological design for the Economic Report as well as on a draft version of the Economic Report.[2]

3. This memorandum sets out my peer review of the final Economic Report dated 29 July 2026. I focus on the general suitability of the approach and assumptions adopted in the Economic Report and whether there are any key gaps remaining in the assessment of economic effects that would be relevant or useful for confirming (or firming) conclusions on the scale and extent of regional economic benefits.

4. Although this is not an Environment Court hearing, in preparing this peer review, I have read and agree to comply with the Code of Conduct for Expert Witnesses in

[1] Authors include Fraser Colegrave, Danielle Chaumeil and Nicholas Keith.
[2] I attended (although more in an observer role) a pre-application meeting between Fraser Colegrave (Insight Economics) and the Auckland Council's peer review (Mr Denne), and party planning representatives) on the 9 April 2026.

the Environment Court Practice Note 2023. This evidence is within my area of expertise, except where I state that I am relying on material produced by another person. I have not omitted to consider material facts known to me that might alter or detract from the opinions that I express.

Suitability of the broad approach to determine the scale and extent of economic costs and benefits

5. **The Economic Report provides a clear description of the Project**, including its component parts, dwelling mix and yield, expected time frames for development, the current zoning and use of the land, its relationship to the wider Milldale urban growth area, the housing market that Milldale primarily operates within (being the wider Hibiscus Coast inclusive of Milldale) and relevant infrastructure service catchments.

6. **Economic effects of the Project have been assessed quantitatively and qualitatively**. The quantitative analysis is focussed on the economic impacts (direct and flow-on) expected to be catalysed by approval of the Project over the long-term (30 year horizon). These impacts have been calculated using an Input-Output multiplier approach. I consider this methodology well suited to portraying the scale, timing, and extent (spatial and sectoral) of economic activity attributable to development activities proposed under the Fast-track Approvals Act (FTAA), so long as assumptions are clearly stated and the limitations of such modelling are accounted for. Importantly, the Economic Report does not rely solely on its modelled economic impacts and identifies wider economic benefits of the development. I consider that the Economic Report traverses Project impacts and benefits (and their inter-relationship) clearly and appropriately. I discuss this further below.

7. **The Economic Report clearly articulates the counterfactual scenario that has been applied.** This counterfactual plays a central role in framing net economic impacts (as a portion of gross economic impacts) as well as other economic benefits of the Project. The Counterfactual is based on the current zoning of the Project site and therefore the development anticipated on the site in accordance with current planning documents should the Project not be approved. I support this current zoning basis for defining the counterfactual.

8. The Site's existing zoning is Future Urban Zone (FUZ) with a signalled urban development timing of 2050+ in the Auckland Future Development Strategy (FDS).

9. The Economic Report takes the position that the Project delivers the same urbanisation of the Site that may be expected from 2050 but starting from 2027 (i.e. the same outcome for the Site, but sooner). It follows that most of the impacts, benefits and costs of the Project are already anticipated in the counterfactual but are brought forward in time to help meet demand. The Economic Report therefore focusses on the temporal benefits of the Project relative to the counterfactual, noting that private infrastructure funded by the Applicant is proposed to overcome existing infrastructure barriers that would otherwise limit the Site's development opportunity in the short-medium term.

10. There is also a spatial element to assessing the Project relative to the same counterfactual. That is, in maintaining the Site as FUZ over the life of the Unitary Plan and beyond (i.e. to 2050+ in accordance with the FDS), those planning documents imply (assume) that household demand in the Hibiscus Coast/North Auckland will be (can be) met elsewhere in other existing, plan enabled, feasible and infrastructure serviced residential capacity.[3] The spatial aspect of the counterfactual therefore requires consideration of the benefits and costs of delivering additional serviced capacity specifically in Milldale as opposed to housing growth occurring elsewhere in the medium term.

11. The Economic Report addresses the spatial aspects of the counterfactual through discussion on current wastewater constraints in the Hibiscus Coast, analysis of recent housing growth trends (and Milldale's contribution to housing growth), and through discussion on the nature and sequencing of other FUZ land in the North Auckland catchment. It notes that much of the FUZ indicatively sequenced sooner than the Project Site is currently in fragmented ownership, which I agree will further constrain (complicate) future integrated development even if it is live zoned in the years to come.

12. I consider that the spatial element of the counterfactual can be inferred in general terms only. It is speculative as to exactly where housing growth will occur and in what form or quantities it will be supplied relative to demand and housing need. Based on information contained in the Economic Report and my own cross checks, it seems likely that the greenfield housing growth opportunity in North Auckland (Hibiscus Coast) in the medium term will be reliant on the FUZ, with remaining pockets

[3] This may be through a combination of infill/redevelopment and greenfield growth.

of residential zoned greenfield land currently undergoing development (and therefore estimated to be fully occupied in the short term (i.e. next three years))[4].

13. It is not certain that the rezoning and subsequent development of earlier sequenced FUZ land to the south of Milldale (with any associated infrastructure upgrade investment) will happen in a sufficiently timely manner to avoid shortfalls of greenfield housing capacity (or, that there are willing landowners to meet that demand in those locations). Demand for greenfield housing land in North Auckland appears to already be putting pressure on FUZ land north of Milldale, with consented subdivision spilling over to the western side of the State Highway inland from Orewa (with the Delmore Fast Track Project also adjacent to that area) which suggests that the FDS sequencing is already too slow to proactively direct where urban growth occurs next in North Auckland.

14. While the Economic Report does not labour that point, I consider it relevant context for the spatial element of the counterfactual. The Economic Report takes the view that given the substantial role that Milldale has played in recent years in meeting housing demand in the Hibiscus Coast, that if the Project's capacity is not approved, that there is a material risk that housing supply in the short-medium term may experience a net decrease rather than simply 'transfer' to other zoned housing land in the same housing market. Based on the information I have been able to examine (in the time available) I also consider this outcome reasonable.[5]

15. This indicates to me that the economic benefits of adding additional housing capacity in Milldale North in the short-medium term (as proposed) are not limited to competition in the housing market (i.e. ensuring more choice of housing locations in the Hibiscus Coast housing market) and supporting a well-functioning urban environment (both benefits I agree with), but also helping ensure that greenfield housing demand can be met <u>at all</u> in the short-medium term (i.e. by helping ensure sufficient, infrastructure served capacity in a location of proven demand).

16. Overall, I consider the temporal and spatial aspect of the counterfactual has been appropriately addressed in the Economic Report. The net economic impacts have been calculated through a temporal lens, but no further transfer effects need to be

[4] I acknowledge that the capacity of the Wastewater Treatment Plant in Army Bay (or lack of) may frustrate the growth rate of this zoned greenfield land. If delayed, this would be put further pressure on housing capacity that is infrastructure served through other (private) means in the near future, until those upgrades are delivered.
[5] Any decrease in supply (capacity constraint) may be temporary depending on when Delmore's residential lots start to come on-line to help meet demand. Importantly, this 'relief' is only through consented development in the FUZ, and not through the Unitary Plan's growth management.

applied to then address the spatial lens, given the low level of certainty that zoned housing capacity in the Hibiscus Coast is (or will be) sufficient to meet expected housing demand during the Project's projected development period of 2027-2034).

Are the quantified gross economic impacts of the Project robustly estimated and described, including any limitations of modelling approaches and assumptions?

17. This section considers just the economic impact modelling set out in the Economic Report. The quantified gross economic impacts of the Project have been robustly assessed and reported in my view. Expenditure assumptions are clear. Timing assumptions appear to be validated by recent housing growth rates occurring in other stages of Milldale. The source of the multipliers is stated (i.e. the national input-output table, updated by Insight Economics between 2020 and 2025 based on a range of economic data inputs). A conservative approach has been taken by including only modelled direct and indirect impacts (with induced impacts excluded from modelling) and by not including the costs to deliver the ecological restoration programme. Results are also expressed in net present value (NPV) terms, using an 8% discount rate – consistent with recent FTAA economic assessment practice.

18. The Economic Report presents economic impacts estimated to be felt within Auckland Region. This is achieved by applying a 90% assumption (with the remaining 10% of impacts assumed to be felt in the rest of New Zealand). While this 90% assumption is relatively crude, I agree that the Auckland share of impacts is likely to be in that broad order of magnitude.

19. The Economic Report appropriately describes the limitations of multiplier analysis. Rather than acknowledge that modelled economic impacts may overstate actual impacts by an unknown amount (and for a range of compounding reasons) and frame conclusions accordingly, the Economic Report adopts an 80% figure to scale down their direct and indirect gross impacts. While I consider that 80% is an arbitrary scalar, not supported by any evidence, I accept that the approach is a way (in addition to excluding induced impacts) to help ensure that results can remain quantified while erring on the conservative side.

20. The same development and multipliers, and therefore economic impacts, are assumed to occur in the counterfactual for the Site (i.e. development starting on the site indicatively from 2050). Housing preferences, development costs and economic multipliers are unlikely to remain the same in 2050, but I consider that maintaining

these assumptions over time is pragmatic (and these assumptions are appropriately acknowledged).

21. I support the addition of economic impacts associated with continued rural use of the Site up until 2050 under the counterfactual. I concur that the gross output assumptions for that rural use are likely to be generous given that lifestyle blocks are less productive than large scale rural farms. I agree that forgone primary production under the counterfactual is a relevant opportunity cost of the Project, and a minor one.

22. The net economic impacts are calculated by the difference in the NPV of the Project scenario and the counterfactual – that is, the temporal change. This is effectively a demonstration of the time value of money and discounting in practice. Bringing forward any expenditure (irrespective of what it is on) will show the same sort of result.

23. Nonetheless, in the context of this Project, the temporal lens is the most certain element of the Project relative to the counterfactual scenario and I consider it a valid method to calculate the net impact of the Project to avoid double counting construction and ongoing impacts. As discussed above, I am satisfied that no further netting-off of those net Project impacts is needed to account for the potential for a spatial transfer of the equivalent urban development elsewhere in the Hibiscus Coast. Last, I support the retention of the gross impacts alongside the net economic impacts of the Project, as the gross impacts are best for understanding the scale of the significance of the Project in the regional economy.

Are the regional or national economic benefits of the Project (quantified and qualified) appropriately identified by the applicant?

24. This section considers the assessment of wider economic benefits of the Project. The Economic Report focusses on regional benefits but also considers benefits at a more localised catchment (being Auckland North/Hibiscus Coast).

25. Firstly, the Economic Report provides an explanation of how, and to what extent, the modelled economic *impacts* can be considered as wellbeing benefits. This is contained in Section 10.3 of the Report and I generally agree with the approach taken.

26. Wider economic benefits have been discussed (qualified) in Sections 11-14 of the Economic Report. I agree with both the scope and scale of these wider benefits and consider that they have not been overstated. I consider that the key economic benefits of the Project are:

    a. significant serviced[6] housing supply in the short-medium term (and conversely the avoided economic costs of not maintaining a sufficient pipeline of readily developable residential land to meet housing demand);

    b. a mix of housing typologies that aligns with current housing needs in that location (i.e. the appropriateness of the mix has already been proven in wider Milldale);

    c. consolidation of growth in an existing greenfield growth area (and the associated efficiencies, economies of scale, and marginal cost improvements for infrastructure investment that go with that growth form);

    d. retains a pipeline of housing construction for a wide range of group home building companies that are already in-situ in Milldale, increasing productivity as well as investment and labour certainty (with significant employment sustained through to 2034);

    e. long term job and business creation in the proposed neighbourhood centre and associated functional and social benefits for current and future households serviced by the centre (with reduced convenience shopping travel);

    f. Catalyses roading infrastructure upgrades that will benefit households not limited to those in proposed Stage 14-17;

    g. Catalyses development of privately funded recreation (and ecological) areas that will benefit households not limited to those in in proposed Stage 14-17.

Is there any material economic costs/disbenefits of the application and have these been adequately addressed in the Application?

27. There are economic costs (externalities) associated with urban growth that are not unique to the Project or the Site – and that will likely be felt in the counterfactual

[6] Three waters infrastructure.

(temporally on the Site, or spatially (elsewhere where housing is enabled/approved)). It is important that economic costs are considered in the same lens as the impacts and benefits of the Project, in gross and net terms.

28. The report quantifies the opportunity cost of forgone primary production on the land under the Project relative to the counterfactual. As a comparable quantified impact (i.e. measured in GDP and employment terms), this is appropriately deducted from gross Project impacts in keeping with established practice under the FTAA.

29. The Economic Report states that it considers a range of costs, but it is not evident that any other costs are identified. Rather than being a gap in the report, I am inclined to agree that there are not any other material economic costs of the Project.

30. For completeness, I note that I agree that non-market impacts of the Project are not required to be monetised in the Economic Assessment and my expectation is that these are addressed in detail by other experts/technical reports (which are outside the scope of my peer review).

Are the conclusions on the extent and significance of regional economic benefits of the Project supportable based on the evidence?

31. Based on the information provided in the Economic Report, it is clear that Milldale has been an important (and highly successful) greenfield urban growth area for Auckland and the Hibiscus Coast and will continue to be as future stages are rolled out. It is a master planned community with substantial investment in roading, three-waters infrastructure, open space and social infrastructure. Delaying planned stages 14-17 of the Milldale development indicatively till after 2050 in accordance with FUZ sequencing would generate a number of inefficiencies and material economic disbenefits/opportunity costs.

32. The Economic Report considers that the Project will deliver gross and net economic benefits that are of significance for Auckland and only minor economic costs. I consider that the Report provides a robust and reliable assessment upon which those conclusions are drawn.

Appendix 1 – Experience and Expertise of Peer Review Author

I (Natalie Hampson) hold a Master of Science degree in Geography from the University of Auckland (first class honours). I was employed at McDermott Fairgray Limited in 2000, which subsequently reformed as Market Economics Limited in 2001. I worked there as an economic consultant through to October 2023, becoming a director in 2019. After leaving Market Economics I formed Savvy Consulting in November 2023. I am an associate member of the New Zealand Planning Institute and a member (and regional committee member) of the Resource Management Law Association.

I have worked in the field of economics for 25 years for commercial and public sector clients, with a particular (although not exclusive) focus on economic assessment within the framework of the Resource Management Act 1991 (RMA). Since 2001 I have specialised in studies relating to land use analysis, assessment of demand and markets, the form and function of urban economies and growth, policy analysis, and evaluation of economic outcomes and effects, including costs and benefits. This work has been nationwide.

I have considerable experience in the assessment of economic effects of housing development. This includes through resource consents, private plan changes, district plan changes, district plan reviews, structure plans, future development strategies and from a policy context, including assessments of housing demand, capacity and sufficiency under the NPS-UDC and NPD-UD.

I am currently involved in a number of Fast-track Approval Act applications spanning housing, industrial development, transport infrastructure, mining, quarrying, and tourism infrastructure. I was on the expert panel for the Taranaki VTM (seabed mining) application.