Auckland Council
Te Kaunihera o Tāmaki Makaurau

Sunfield Fast-track

Auckland Council Specialist Memo

Annexure 2:

Economics

Dr. Richard Meade

4 August 2025

Comments on Economic Evidence Provided in Support of Sunfield Fast-Track Application

Dr Richard Meade, Cognitus Economic Insight®, [redacted]

Version: 4 August 2025

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1. Introduction

1.1 Scope of this Memorandum

1. I have been asked by the Auckland Council to assess the economic analysis (**the Analysis**) provided by Property Economics on behalf of Winton (**the Applicant**) in support of the Sunfield application (**the Application**) for a master-planned development near Takaanini (**the Development**).

2. In particular, I have been asked whether, in my opinion as an expert economist, the Analysis credibly and robustly demonstrates significant regional or national benefits as required under the Fast-track Approvals Act 2024 (**FTA**), and whether there are material adverse effects arising from the Development either not or inadequately accounted for in the Analysis (including, but not limited to, regarding any loss of highly productive land (**HPL**) arising due to the Development).

1.2 Background, Experience and Code of Conduct

3. I am a professional economic consultant and researcher with 33 years' experience in providing economic and/or financial analysis and advice. My primary professional role is as Principal Economist at Cognitus Economic Insight, an economic consulting and research practice I founded in 2002. Since 2023 I have been an Adjunct Associate Professor at Griffith University, and was appointed a Lay Member of the High Court for Commerce Act matters in 2024. In June I retired after being on the organising committee of the Law & Economics Association of New Zealand for 10 years, having been president for three years, and Auckland vice president for six years.

4. Prior to founding Cognitus, I was an investment banker with Credit Suisse First Boston (1992-1998), through which I was a valuation and corporate finance specialist. I have also taught undergraduate and MBA finance and/or corporate finance for Victoria University of Wellington in New Zealand and Hong Kong multiple times, and completed a graduate-level course in finance as part of my PhD (further details below).

5. I have also been a Research Principal at the New Zealand Institute for the Study of Competition and Regulation (2001-2011), and a Senior Research Fellow at AUT University (2015-2025). In addition to teaching finance or corporate finance, I have also lectured in industrial organisation and/or environmental economics at AUT University and University of Auckland multiple times.

6. I hold the following qualifications: a PhD (awarded with Distinction) in industrial organisation and regulation, as well as an MPhil and MSc in economic theory and econometrics, all from Toulouse School of Economics. I also hold a BSc (Hons, First Class) in statistics and operations research (including papers in finance and economics), a BSc in statistics and operations research, and a BCA in economics and finance, all from Victoria University of Wellington.

7. I belong to multiple professional and academic associations, including the Law & Economics Association of New Zealand (Member), Competition Law & Policy Institute of New Zealand (Member), Asia-Pacific Industrial Organisation Society (Member), New Zealand Association of Economists (Member), and the New Zealand Institute of Forestry (Ordinary Member).

8. Relevant examples of my work for this exercise include:

   (a) Providing expert economic evidence (including for multiple landmark cases) in the High Court, Waitangi Tribunal, and Environment Court – in the latter case, including in relation to clause 3.10 of the National Policy Statement for Highly Productive Land;

   8.1. Undertaking numerous and often-times complex financial evaluations, including for primary sector activities, also including for mixed-use activities (e.g. solar electricity generation combined with dairy farming);

   8.2. Applying the total economic value (**TEV**) framework for describing and categorising the full range of economic values that attach to a given activity or resource, and also non-market valuation (**NMV**) techniques for ascribing monetary values to product or service attributes that are not traded in markets and hence which lack identifiable market prices;

   8.3. Undertaking studies on behalf of the former Ministry of Agriculture and Forestry on the importance of "alternative" business models (cooperatives) in agriculture, on the effect of industry structure and institutional arrangements on growth and innovation in New Zealand agriculture, and to develop a valuation methodology for forests and forest land when forests can generate multiple value streams (i.e. through carbon sequestration as well as fibre production);]

   8.4. Undertaking various studies for the Ministry for the Environment and/or Māori peak bodies on climate change policy and the transition to net zero in multiple sectors, and in particular how it affects Māori landowners (especially given the

strong primary sector interests of Māori, and the cultural and socio-economic importance of whenua Māori);]

8.5. Relatedly, assisting a Māori peak body in its engagement with the Ministry of Foreign Affairs and Trade and UK High Commission in the development of the UK-NZ FTA, with a particular focus on using the FTA to leverage Māori primary sector interests, as well as another Māori peak body with the development of a Māori Forestry Strategy;

8.6. Assisting Māori peak bodies with their engagement with the Ministry for the Environment regarding the reform of the RMA (under both the previous and current governments), including a particular focus on Māori rights and interests in freshwater;

8.7. Undertaking major future-focused studies for either ministries or industry/corporate bodies on how new technologies and business models will likely disrupt sectors such as transport, electricity, and fuel supply; and

8.8. Undertaking research on how land use is affected when land provides cultural services as well as commercial value, as well as research more broadly on the role of cooperative ownership in affecting business viability and behaviour.

9. I confirm that I have read the Environment Court Practice Note 2023 - Code of Conduct for Expert Witnesses (**Code**), and have complied with it in the preparation of this memorandum. I also agree to follow the Code when participating in any subsequent processes, such as expert conferencing, directed by the Panel. I confirm that the opinions I have expressed are within my area of expertise and are my own, except where I have stated that I am relying on the work or evidence of others, which I have specified.

1.3 Documents Reviewed

10. In preparing this memorandum, I have undertaken a visit to the site of the Development on 11 July 2025, and reviewed the following:

10.1. A report by Property Economics dated December 2024, *Sunfield Application Economic Assessment* (**PE Report**);

10.2. A report by Tattico dated 31 March 2025, *Sunfield Fast-track Approvals Act 2024 Substantive Application Planning Report* (**Tattico Report**);

10.3. A report by Dr Reece Hill of Landsystems dated 25 November 2024, *National Policy Statement for Highly Productive Land assessment of the Sunfield Site, Ardmore* (**Landsystems Report**);

10.4. A report by Commute Transportation Consultants dated 28 February 2024, *Sunfield Masterplanned Community: Preliminary Transportation Assessment Report* (**Commute Report**);

10.5. A report by Ruth Underwood dated 4 August 2025 on rural productivity/highly productive land (**Underwood Report**);

10.6. A report by Dr Dani Guinto of Auckland Council dated 4 August 2025, *Soil and Land Use Capability Memo* (**Guinto Report**);

10.7. Part B of the overarching planning report relating to strategic and policy matters, authored by Ilze Gotelli and Rachel Dimery, of Auckland Council dated 4 August 2025 (**AC Memorandum**);

10.8. A report by Nicolas (Neil) Stone of Auckland Transport dated 4 August 2025 (**AT Report**);

10.9. A report by Andrew Chin of Healthy Waters dated 4 August 2025, *Memorandum – Specialist Input: Healthy Waters and Flood Resilience Department of Auckland Council* (**Healthy Waters Report**);

10.10. A report by Helen Shaw of Watercare dated 4 August 2025, *Sunfield Fast-track Application Cosgrove Road, Papakura 2582* (**Watercare Report**); and

10.11. Other documents and materials as referenced throughout this report.

1.4 Summary of Main Conclusions

11. In the following sections I set out my detailed assessment of the Analysis. By way of summary, it is my opinion that:

11.1. Any assessment of whether the Development gives rise to significant regional or national benefits necessarily requires a cost-benefit analysis (**CBA**), not an economic impact analysis (**EIA**) as provided in the Analysis;

11.2. Even if EIA is accepted as a legitimate approach for assessing the Development's benefits, the particular approach adopted has inherent limitations that mean it systematically overstates the relevant benefits, which could be remedied by using an alternative EIA methodology which does not share those limitations;

11.3. Irrespective of whether CBA or EIA is used to assess the Development's benefits, those benefits ought to be net of any relevant displacement effects or costs, meaning that regional benefits can only arise if net inter-regional benefits can also be demonstrated, including consideration of spillover effects (positive or negative) with other regions;

11.4. In any case, any meaningful assessment of the Development's benefits must be relative to an appropriately-defined counterfactual (i.e. what happens absent the Development being fast-tracked), which the Analysis has not done;

11.5. It is unclear whether the Analysis has appropriately adjusted for the timing of the Development's purported benefits, though no attempt has been made to adjust purported employment benefits for their timing (and claiming employment benefits from the Development's construction phase is especially problematic, since it suggests inefficient developments – with high levels of construction employment – are somehow more beneficial than efficient ones that require lower employment);

11.6. The Analysis has not adequately addressed uncertainties and risks relating to the realisation of the Development's benefits;

11.7. Certain costs/adverse effects have not been adequately addressed in the Analysis, including costs relating to the loss of HPL, additional infrastructure costs, transport and parking congestion costs, socio-economic costs to nearby residents, opportunity costs relating to the Development being relatively low-rise, and other additional costs due to developing on peaty soils;

11.8. Certain benefits of the Development have been overstated, including overcounted employment benefits (including due to overstated industrial development area), overcounted housing supply impacts, failure to distinguish benefits to local parties from benefits to overseas ones, failure to demonstrate how the Development improves housing affordability (when in fact it could

worsen it for certain parties), and presumption that providing space for healthcare facilities will by itself improve local accessibility to healthcare (when changes to primary healthcare funding formulas would also be required to do so).

12. In conclusion, it is my opinion that:

12.1. The Analysis has used a methodology that inherently overstates the Development's benefits;

12.2. Any assessment of the Development's benefits requires a full CBA, including suitable sensitivity analysis and scenario modelling to test the importance to claimed benefits of key uncertainties, which have not been provided;

12.3. The Analysis fails to properly define the Development's counterfactual, nor does it properly assess all relevant costs/adverse effects, and it overstates certain of the claimed benefits;

12.4. Hence, the Application's assessed benefits have not been reliably established, and certainly not to the level of demonstrating significant regional or national benefits.

2. Methodology for Assessing Regional or National Benefits

2.1 Necessity of Using Cost-Benefit Analysis, Not Economic Impact Analysis

13. Following Treasury guidance, and based on my own assessment – for the purposes of sound economic decision-making – any assessment of whether the Development gives rise to significant regional or national benefits necessarily requires a cost-benefit analysis (**CBA**), not an economic impact analysis (**EIA**) as provided in the Analysis:

13.1. Such a CBA measures the net benefits of an undertaking like the Development, being the total incremental benefits of the Development, less its total incremental costs (including opportunity costs, and both indirect costs and benefits as well as

direct ones),[1] appropriately adjusted for time and risk, and allowing for any salient distributional impacts;[2]

13.2. By contrast, EIA purports to measure the economic *impact* of the Development, not its *benefits* (and hence not its contribution to social wellbeing) *per se* – including by treating Development costs as benefits,[3] even if national wellbeing could be improved by allocating fewer resources elsewhere.[4]

14. Indeed, Treasury – as steward of limited public finances, and charged with ensuring those finances are used efficiently and equitable to maximise social welfare (i.e. national benefits) – argues for the use of CBA as follows:[5]

14.1. "[A]ll advice that is aimed at helping decision-makers make a decision, should adopt a CBA framework as an organising principle"; and

14.2. Investment in systematic CBA is justified whenever decisions impact on large numbers of people.

15. By contrast, Treasury notes the following additional shortcomings of EIA (which measures components of GDP):[6]

15.1. It does not measure social welfare *per se* (even if it proxies for social welfare);

15.2. It makes no inherent distinction between economic impact accruing to local parties and economic impact accruing overseas parties;

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[1] See, for example, the categories of costs and benefits arising from urban development as set out in MRCagney, 2019, *The costs and benefits of urban development*, final report prepared for the Ministry of the Environment, at Table 4.

[2] For example, distributional impacts of urban developments on house prices and rents are identified as relevant for urban development CBA in MRCagney, 2019, *The costs and benefits of urban development*, final report prepared for the Ministry of the Environment, at Table 4 and Appendix 11.

[3] The classic example of EIA indicating a benefit, when society is not in fact made better off by the relevant activity, is paying a person to dig a hole and then to fill it in again. This is counted as a gain under EIA, but not under CBA.

[4] Treasury, 2015, *Guide to Social Cost Benefit Analysis*, July, at p. 54.

[5] Treasury, 2015, *Guide to Social Cost Benefit Analysis*, July, at p. 39.

[6] Treasury, 2015, *Guide to Social Cost Benefit Analysis*, July, at p. 47.

15.3. It ignores non-market effects ("externalities"), which can be socially important; and

15.4. It offers no insight as to any distributional concerns – i.e. whether resources are allocated to groups deemed in need of greater access than others.[7]

16. Treasury concludes that "EIA can provide useful contextual information for decision-makers, but it is not suitable as a tool for measuring the balance of costs and benefits of a decision to society"[8] [emphasis added]:

16.1. This appears highly pertinent to assessing FTA applications.

17. In the present context, a CBA for the Development would compare the benefits of the proposed Development (e.g. increases in housing services and commercial/industrial revenues) with the costs of realising those benefits (counting development and construction costs (including employment-related costs), and any other direct or opportunity costs associated with the Development, as costs, instead of economic impact) – relative to what those benefits and costs would be absent the Development (discussed further in Section 2.4).

18. Failing to assess the Development in terms of its net social benefits under a CBA framework risks misallocating national resources, with purported regional or national benefits potentially being lower – and distributed more inequitably – than what could be achieved through more efficient and equitable use of resources (as might be identified using CBA).

19. I consider a full CBA of the Development to be feasible, and warranted given its scale, purported significance, and possibly material adverse effects (discussed further below).

2.2 Multiplier-Based Economic Impact Analysis Has Known Limitations Leading to Overstated Benefits, Which Alternative Methods Avoid

20. Even if an EIA were deemed appropriate for establishing significant regional or national benefits, this requires use of an approach that more properly assesses the flow-on

[7] This latter issue can be partially addressed through an alternative approach involving a social accounting matrix (**SAM**). The Analysis does not apply this approach, and even this alternative approach is subject to inherent limitations of multiplier-based EIAs, as discussed in the next section.

[8] Treasury, 2015, *Guide to Social Cost Benefit Analysis*, July, at p. 39.

economic impacts of the Development than the method used by Property Economics. That method – input-output (**I-O**) multiplier analysis – has widely-acknowledged limitations due to the restrictive and unrealistic assumptions it is based upon, and which systematically overstates economic benefits due to those limitations.[9]

21. For example, the Australian Bureau of Statistics (**ABS**) ceased publishing I-O multipliers over 20 years ago due to the method's unrealistic assumptions and inherent bias, stating:[10]

> "Production of multipliers was discontinued with the 2001–02 issue for several reasons. There was considerable debate in the user community as to their suitability for the purposes to which they were most commonly applied, that is, to produce measures of the size and impact of a particular project to support bids for industry assistance of various forms. …
>
> "I–O multipliers are most commonly used to quantify the economic impacts (both direct and indirect) relating to policies and projects. While their ease of use makes I–O multipliers a popular tool for economic impact analysis, they are based on limiting assumptions that results in multipliers being a biased estimator of the benefits or costs of a project." [emphasis added]

22. The ABS summarises the "inherent shortcomings and limitations of multipliers for economic impact analysis" as follows:[11] [underlining added]

    22.1. **Lack of supply–side constraints:** The most significant limitation of economic impact analysis using multipliers is the implicit assumption that the economy has no supply–side constraints. That is, it is assumed that extra output can be produced in one area without taking resources away from other activities, thus overstating economic impacts. The actual impact is likely to be dependent on the extent to which the economy is operating at or near capacity.

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[9] For example, see Counsell, K., 2024, "Improving economic analysis in environmental decision-making: a tale of two coal mines", *Resource Management Journal*, August. A more comprehensive discussion of I-O multipliers and their alternatives for economic impact analysis is given in Dwyer, L., Forsyth, P. and W. Dwyer, 2020, chapter 9, "The Economic Impacts of Tourism", *Tourism Economics and Policy*, Channel View Publications.

[10] https://www.abs.gov.au/ausstats/abs@.nsf/Previousproducts/5209.0.55.001Main%20Features42009-10.

[11] https://www.abs.gov.au/ausstats/abs@.nsf/Previousproducts/5209.0.55.001Main%20Features42009-10.

22.2. **Fixed prices:** Constraints on the availability of inputs, such as skilled labour, require prices to act as a rationing device. In assessments using multipliers, where factors of production are assumed to be limitless, this rationing response is assumed not to occur. Prices are assumed to be unaffected by policy and any crowding out effects are not captured.

22.3. **Fixed ratios for intermediate inputs and production:** Economic impact analysis using multipliers implicitly assumes that there is a fixed input structure in each industry and fixed ratios for production. As such, impact analysis using multipliers can be seen to describe average effects, not marginal effects. For example, increased demand for a product is assumed to imply an equal increase in production for that product. In reality, however, it may be more efficient to increase imports or divert some exports to local consumption rather than increasing local production by the full amount;

22.4. **No allowance for purchasers' marginal responses to change:** Economic impact analysis using multipliers assumes that households consume goods and services in exact proportions to their initial budget shares. For example, the household budget share of some goods might increase as household income increases. This equally applies to industrial consumption of intermediate inputs and factors of production.

22.5. **Absence of budget constraints:** Assessments of economic impacts using multipliers that consider consumption induced effects (type two multipliers) implicitly assume that household and government [e.g. local government] consumption is not subject to budget constraints.

22.6. **Not applicable for small regions:** Multipliers that have been calculated from the national I–O table are not appropriate for use in economic impact analysis of projects in small regions. For small regions multipliers tend to be smaller than national multipliers since their inter–industry linkages are normally relatively shallow. Inter–industry linkages tend to be shallow in small regions since they usually don't have the capacity to produce the wide range of goods used for inputs and consumption, instead importing a large proportion of these goods from other regions.

23. Notably, for the Development:

23.1. The Analysis' methodology not allowing for supply–side constraints means that competition for things like (skilled) labour, building materials, or temporary accommodation for construction and other workers – if there is not significant excess capacity for those things – might simply displace economic activity elsewhere:

23.1.1. Such economic activity includes the larger – likely competing – developments c. 5 km south of the subject area in process at Drury-Opāheke and Pukekohe-Paerata (**the Other Developments**);[12]

23.2. Likewise, due to assuming fixed prices, the Development's purported impact may turn out to be much less beneficial than as assessed if competition for things like (skilled) labour, building materials, or temporary accommodation for construction and other workers bids up prices such as wages, materials prices and rents:

23.2.1. Price rises like these will result in lower increases in activity, and could even crowd out activity in other sectors or developments;

23.3. Budget constraints – such as Auckland Council's for required infrastructure – might mean that the Development's benefits cannot be realised without imposing opportunity costs on other infrastructure users (discussed further in Section 3.2).

24. Given these limitations, Treasury guidance when assessing project proposals is that I-O multipliers of the sort used in the Analysis of the Development should be ignored unless there is significant unemployment (I would add, or other significant spare capacity – e.g. in materials supply, accommodation for construction workers, etc) in the economy:[13]

24.1. This means, at best, the Development's assessed value is at most that assessed in the Analysis;

24.2. In reality, since the Analysis measures only gross economic impact, and does so using I-O multipliers, its assessment of the Development's economic impact will overstate the Development's actual benefits.

[12] For example, as summarised in the PE Report, at pp 25-29.

[13] Treasury, 2015, *Guide to Social Cost Benefit Analysis*, July, at p. 16.

25. A technique better suited to assessing the economic impact of the Development is computable general equilibrium (**CGE**) analysis. Unlike I-O multipliers-based EIA, CGE more comprehensively and realistically accounts for how an economic stimulus ripples through other parts of the economy (either by sector or region), including by allowing for constraints in the supply of land, labour (etc), and also allowing for prices to adjust in response to the proposed stimulus:

25.1. In my opinion, if EIA is deemed appropriate, it is necessary – as well as appropriate and feasible – to undertake a full CGE analysis of the Development's regional and national impacts;

25.2. By better accounting for regional and economy-wide feedback loops than I-O multipliers-based EIA, CGE analysis would better identify whether the Development gives rise to net regional benefits, and also net national benefits (discussed further in the following section).

2.3 Net Benefits – Not Gross – are Required for Sound Economic Decision-Making

26. Whether the Development's benefits are assessed using CBA or EIA (including whether any EIA is based on I-O multipliers or CGE analysis), it is imperative that any purported regional or national benefits are net benefits – not gross benefits as assessed in the Analysis:

26.1. Table 13 of the PE Report makes it clear that gross benefits – for the Auckland region – have been assessed in the Analysis; and

26.2. The PE Report further makes clear that the Analysis does not account for the redirection of growth opportunities from elsewhere in the relevant catchment.[14]

27. As such, it is not clear that the Development's assessed benefits represent a net gain to the Auckland region:

[14] PE Report, at p. 71.

27.1. It is probable – for the reasons discussed in Section 2.2 – that the Development will displace economic activity in other parts of the Auckland region, meaning that its economic impact proves to be far less than claimed.

28. Similarly, even if the Development does lead to a net benefit to the Auckland region, the analysis does not reveal whether that comes at a cost to other regions (e.g. due to redirecting resources, economic activity, or housing demand, from those other regions):

28.1. As such, to demonstrate regional (net) benefits, in my opinion it is further necessary to also assess inter-regional (net) benefits – to show that purported (net) benefits to a particular region have not come at the expense of offsetting costs to other regions;

28.2. Absent such an assessment of inter-regional (net) benefits, the level of any purported regional (net) benefits ought to be viewed with caution.

29. As above, failing to account for all relevant costs of the Development, and assessing only its gross benefits, risks socially-harmful decisions being reached – i.e. by prioritising a project with positive gross benefits which might have negative net benefits, or at least smaller net benefits than other projects (that have lower gross benefits, but larger net benefits.

2.4 Benefits Can Only Meaningfully Be Measured Relative to An Appropriate Counterfactual

30. Whether the Development's benefits are assessed using CBA or EIA (including whether any EIA is based on I-O multipliers or CGE analysis), it is imperative that that any purported regional or national benefits are measured relative to an appropriately defined counterfactual – i.e. relative to what would happen if the Applicant's FTA application is not granted.

31. Indeed, Treasury identifies that the very first step in evaluating a project proposal is to identify a suitable counterfactual,[15] defining the counterfactual to be "the situation that would exist if the [project approval is not given], if the [project] does not go ahead."[16]

[15] Treasury, 2015, *Guide to Social Cost Benefit Analysis*, July, at p. 8.

[16] Treasury, 2015, *Guide to Social Cost Benefit Analysis*, July, at p. 9.

31.1. New Zealand Transport Agency/Waka Kotahi does likewise in its well-established framework for transport-related CBA, stating:[17]

> "There should be careful consideration of what the counterfactual is, as this is what the activity will be measured against. Overstating or understating the counterfactual can have an adverse effect on the CBA. Effort should therefore be applied early in the development of the analysis to define the future state if an activity did not proceed in order to establish a realistic baseline that options can be assessed against."

32. More specifically, in a guide prepared for Ministry for the Environment (**MfE**) on CBA for urban development, the required counterfactual for an urban development like the Applicant's is described as follows:[18]

> "**Compared to what?**
>
> "… 'what would happen instead if urban development did not occur in a specific location?' That is, what counterfactual scenario are we comparing development against?
>
> "Demand for housing, and demand for urban places, is like a waterbed. If you push it down in one corner, the displaced water will just pop up elsewhere. By analogy, demand for development that cannot be met in one location for whatever reason does not simply disappear – rather, it displaces to other locations instead.
>
> "Assumptions about what the counterfactual locations are can affect our conclusions about whether urban development in a particular location leads to net societal costs or net societal benefits." [emphasis added]

33. That guide further explains:[19]

> "For instance, consider an attempt to assess the costs and benefits of developing new 'greenfield' suburbs on previously non-urban land near Auckland. This will lead to a variety of effects, such as consumption of open space / agricultural land, increased travel demands, and various benefits and costs for the people living in new homes.
>
> "If this development did not proceed, then there are a few things that could happen instead:

[17] NZTA/Waka Kotahi, 2024, *Monetised benefits and costs manual*, at p. 17.

[18] MRCagney, 2019, *The costs and benefits of urban development*, final report prepared for the Ministry of the Environment, at p. 14.

[19] MRCagney, 2019, *The costs and benefits of urban development*, final report prepared for the Ministry of the Environment, at p. 15.

- People who would have otherwise lived in the new greenfield suburb would stay in Auckland and live in new 'infill' housing in existing suburbs
- They would move to other urban areas in New Zealand, such as Hamilton or Whangārei
- They would move to non-urban areas in New Zealand, for instance a lifestyle block in Western Bay of Plenty
- They would leave New Zealand and move to, say, Brisbane or Perth instead
- Lastly, in the absence of development some people may simply be unable to find housing and may end up living in overcrowded dwellings, temporary accommodation, or sleeping rough.

"Each of these alternatives would lead to different types of costs and benefits. …"

34. The Analysis does not provide a clear and unambiguous counterfactual to the Development with any such features.

2.5 Necessity of Adjusting for Benefit Timing

35. As is usual for projects whose benefits and costs arise over time, the Analysis converts future economic impacts into their present value (**PV**) by discounting them at an assumed discount rate (often referred to as measuring the (risk-adjusted) time value of money):[20]

    35.1. It is not clear whether the assessed monetary impacts are real (i.e. adjusted for inflation) or nominal (i.e. in the dollars of the day), so it is not possible to assess whether the discount rate assumed in the Analysis is appropriate for the nature (including riskiness) of the Development's assessed monetary economic impacts.

36. Furthermore, since the assumed discount rate value can markedly affect the present value of future financial amounts, standard practice would be to provide the assessed present value for a range of appropriate discount rates, which has not been done.

37. The Analysis purports to provide an assessed net present value (**NPV**) for the Development's economic impacts, which presumably means after deducting the cost of

[20] For example, see NZTA/Waka Kotahi, 2024, *Monetised benefits and costs manual*, at pp 23-24 and Chapter 5.

the land required for the Development – but not other costs – from the PV of those impacts (this is not clear from the PE Report):

37.1. However, since most of the Development's costs are in fact counted as benefits and not costs due to use of EIA instead of CBA, it is misleading to refer to this assessed figure as a net present value;

37.2. If a CBA had instead been undertaken, and all relevant benefits and costs been appropriately treated and discounted to the present value, then it would be possible to meaningfully provide a NPV for the Development, and thus to determine whether it creates net benefits (i.e. NPV reliably greater than zero) or net disbenefits/costs (i.e. significant prospect that NPV is less than zero).

38. Finally, many of the Development's assessed benefits are non-monetary, being expressed in terms of years of full-time equivalent (**FTE**) employment generated through the construction and then operating phases of the Development:

38.1. In principle, a present value for benefits such as these could be generated by applying an appropriate social opportunity cost of capital, given an FTE generated in 20 years' time is worth less to society than an FTE generated now – but this has not been provided.

39. However, the purported benefits of generating a large number of FTEs – particularly in the construction phase of the Development – are particularly difficult to count as a project benefit:

39.1. If doing so was appropriate, that would reward grossly inefficient urban development projects with excessive FTEs relative to efficient projects that can achieve the same outputs with fewer FTEs;

39.2. In turn, that would bias any FTA assessment of significant regional or national benefits towards grossly inefficient projects – resulting in a misallocation of resources, and net decrease in national wellbeing.

2.6 Necessity of Adjusting for Riskiness/Uncertainty of Benefits

40. Except in the unrealistic case that all decision-makers are assumed to be indifferent to risk or uncertainty, it is standard in economic analysis to allow for not just the timing of

any benefits or costs, but also their inherent riskiness/uncertainty. Hence, for example, if there is uncertainty regarding the realisation of claimed benefits, irrespective of their timing, those benefits ought to be discounted (in a general sense) when arriving at their equivalent risk-adjusted value:[21]

40.1. Methods like sensitivity testing and scenario analysis/modelling are also important for testing the robustness of any claimed benefits when there are uncertainties in key assumptions;[22]

40.2. No such sensitivity analysis or scenario modelling – and certainly not any analysis or modelling revealing at what value of key assumptions the net benefits of the Development turn negative – have been presented in the Analysis.

2.6 Necessity of Considering Fast-Track Applications in Context, Not in Isolation

41. Finally, even if any given application under the FTA can demonstrate clear and significant regional or national benefits, this is not to suggest those benefits should be considered in isolation:

41.1. If any given application in some sense substitutes for existing economic activities, or competes with other FTA applications (e.g. housing developments that might compete with others for infrastructure), then for overall regional or national benefits to be realised it is necessary to ensure that resources are prioritised to projects that maximise those overall benefits.

3. Evidence/Analysis

3.1 Omission of Appropriate Counterfactual Definition or Analysis

42. As noted above, the Analysis does not clearly and unambiguously articulate an appropriate counterfactual that the Development's economic impacts are being

[21] Under standard financial models, the discount rate used to produce PVs or NPVs should incorporate a "risk premium" if a project's benefits co-vary (i.e. move together) with general market investment returns, which serves to reduce those PVs and NPVs in reflection of their "systematic" riskiness.

[22] For example, see NZTA/Waka Kotahi, 2024, *Monetised benefits and costs manual*, at pp 25-26 and Chapter 7.

assessed relative to. For this reason alone it is difficult to interpret the Development's purported benefits, and hence to conclude that it produces significant regional or national benefits.

43. What can be said, however, is that the assessed benefits are gross (not net) Auckland regional benefits – not national net benefits:[23]

    43.1. Furthermore, as acknowledged in the PE Report[24] – the Analysis does not account for the redirection of growth opportunities from elsewhere in the relevant catchment, which in particular include the Other Developments at Drury-Opāheke and Pukekohe-Paerata referred to earlier;

    43.2. As such, the Analysis does not explicitly allow that, absent the Development, the Other Developments would have continued as planned, but in the factual (with the Development) some economic activity might be redirected from those Other Developments to the Development:

        43.2.1. This means the Development in effect could simply provide the Applicant with a competitive timing advantage relative to those Other Developments, affecting their viability, and potentially with higher direct and indirect costs, with the resulting impacts on regional or national benefits simply not assessed in the Analysis.

44. Another possible element of the Development's counterfactual – not apparently assessed in the Analysis – is that if it is fast-tracked:

    44.1. Any net benefits from the development in the part of the subject site currently zoned as future urban zone (**FUZ**) will be accelerated relative to when they would have been realised absence any fast-tracking – in which case the benefit of fast-tracking that part of the Development is not the realisation of those net benefits in their entirety, but rather just the value of accelerating the realisation of those net benefits (i.e. a time value of money benefit only, or predominantly);

    44.2. Any net benefits from the development in the part of the subject site currently zoned as mixed rural zone (**MRZ**) are in fact net benefits that would not have

[23] For example, see the PE Report, at Table 13.

[24] PE Report, at p. 71.

been realised absent fast-tracking, since that part would not ultimately have been made available for urban development in the counterfactual.

45. However, in the latter case, allowance would need to be made for the fact that since urban development would not arise on the MRZ part of the subject site in the counterfactual, nor would any infrastructure provision for that part (e.g. three waters (**3W**) infrastructure), implying additional infrastructure costs (discussed further in Section 3.2):

    45.1. Also, the loss of the net benefits of using HPL for land-based primary production (**LBPP**) on that land would also need to be accounted for – which the Analysis does, but only incompletely and qualitatively (discussed further in Sections 3.2 and 3.5).[25]

46. In any case, as stated above, it is difficult to meaningfully interpret the Development's assessed benefits absent a clear and unambiguous statement of the relevant counterfactual, and clear assessment of how the Development results in benefits and costs that differ from that counterfactual (systematically accounting for all meaningful such changes in benefits and costs arising due to the Development).

3.2 Understated or Omitted Costs/Adverse Effects

47. In my opinion, a number of material costs are either unaccounted for, or understated, in the Analysis:

    47.1. Recognition of such costs for FTA purposes is formally provided for via the legislation's adverse effects provisions;

    47.2. For the purposes of sound economic decision-making, those should be an inherent component of any assessment of regional or national (net) benefits.

3.2.1 Costs regarding the Loss of HPL for Land-Based Primary Production (LBPP)

48. Costs regarding the loss of HPL for LBPP due to the Development are understated in the Analysis due to inappropriately treating the relevant HPL – which accounts for the

[25] PE Report, at Sections 10 and 11.

bulk of the larger, MRZ zoned part of the subject site – as being either non-productive land, or HPL with only limited productive potential:

48.1. For example, the south-west corner of the relevant land is categorised in the Landsystems Report that the Analysis relies upon as non-productive land,[26] when I understand it is in fact highly-productive pastoral land;[27]

48.2. Furthermore, both the Underwood Report and Guinto Report conclude that there are no long-term constraints that would make the rest of the relevant HPL unsuitable for LBPP, with any wetness issues identified for the relevant soils manageable, as has long-been achieved in the vicinity on comparable soils.[28]

49. Based on my own assessment, which concurs with that in the Underwood Report and Guinto Report, there is clear evidence of current economically viable productive activity (i.e. cattle and horse grazing)[29] – including at commercial scale (e.g. kiwifruit, strawberry and vegetable growing, and nursery operations) – either on the subject site, or on comparable soils at other sites in its close vicinity:[30]

49.1. As such, the relevant HPL is not of limited productive potential, as indicated in the PE Report;[31]

49.2. Accordingly, the qualitative assessment applied in the Analysis regarding possible costs/adverse effects of the Development is unreliable,[32] and biased towards understating the relevant adverse effects.

3.2.2 Three Waters (3W) and Transport Infrastructure Costs

50. 3W infrastructure costs are also understated. This is regardless of whether they are direct costs borne by Auckland Council and other users, or indirect costs borne by other users, due to additional 3W infrastructure needing to be provided where it would not otherwise have been, or provided earlier than planned, leading to other 3W infrastructure

[26] Landsystems Report, at Figure 3.

[27] Underwood Report, at p. 11, and Guinto Report, at p. 5.

[28] Guinto Report, at pp 1 and 6-7, and Underwood Report at pp 2, 7-9, and 12.

[29] Underwood Report, at pp 2, 6-7, and 12, and Guinto Report at pp 6-7.

[30] Underwood Report, at p. 9.

[31] PE Report, at pp 77-78.

[32] PE Report, at p. 88.

spending needing to be deprioritised given funding constraints (in turn increasing risks such as flooding or untreated wastewater overflows):

50.1. Both classes of additional 3W infrastructure cost are pointed to in the Healthy Waters Report and Watercare Report.[33]

51. There are also potentially higher infrastructure costs – even when borne by the Applicant – as a consequence of the Development possibly displacing (or delaying the uptake of) the Other Developments:

51.1. This includes because infrastructure for the Other Developments is being developed at greater scale, and hence is likely to enjoy greater economies of scale relative to those of the Development;

51.2. The likely relative inefficiency of infrastructure developed for the Development is a source of additional social cost/adverse effect that the Analysis has not accounted for.

52. The AT Report raises similar concerns about the Development requiring out-of-sequence transport infrastructure expenditures that deprioritises/delays planned investments with resulting adverse effects on affected transport networks.[34]

53. I also understand from the Healthy Waters Report that development at the subject site risks creating downstream flooding, and further that the Development's reliance on informal flood-protection infrastructure creates risks to public safety and transport network reliability:[35]

53.1. This points to the Development potentially creating additional third-party flooding costs, and possible need for additional mitigating infrastructure, that has also not been accounted for in the Analysis.

[33] For example, Healthy Waters Report, at pp 3-6, and Watercare Report, at pp 3-6.

[34] AT Report, e.g. as discussed in the Introduction, paras (iv)-(v), and Executive Summary, para 9.

[35] Healthy Waters Report, at pp 3-6. See also Auckland Transport's comments including the stormwater memo by Awa Environmental attached as Annexure 4 to Auckland Transport's comments.

3.2.3 Possible Local Transport and Parking Congestion Costs

54. The Analysis ignores potential additional local transport congestion costs (both private and public), and also parking congestion costs (e.g. around the subject site's perimeter) should the "car-less" transport model being trialled in the Development not successfully result in reduced private vehicle ownership and use by residents and workers at the proposed Development facilities:

    54.1. The Applicant's own expert transport assessment states that the Development is "essentially a first for New Zealand",[36] meaning it remains to be seen how successful its "car-less" transport model will be, and how it fully interacts with surrounding public transport, and roading:

        54.1.1. The AT Report describes the Applicant's modelled trip generation as "aspirational and unlikely to eventuate", and proposed private provision of public transport as an undertaking that is "underestimated and not well considered";[37]

        54.1.2. The AT Report also highlights risks of increasing congestion on local roads, and other adverse effects (reduced productivity and efficiency) relating to transport linkages to railway stations and the State Highway 1 interchange;[38]

    54.2. There is a material risk that residents of the Development will be just or nearly as reliant as the Auckland population at large on private transport for getting to and from school, work, shops, recreation, taking deliveries, etc – however, due to a much lower than normal provision for on-site private parking this could result in disorderly or congested parking at the site's perimeter, and increased traffic congestion on local roads;[39]

[36] Commute Report, Executive Summary.

[37] AT Report, at paras 10 and 25.

[38] AT Report, at paras 9-10.

[39] AT Report, at paras 51-55.

54.3. Conversely, even if the model succeeds on-site, it could lead to greater congestion on public transport (e.g. where the proposed private bus service interfaces with public transport).

55. These considerations point to a need for sensitivity analysis or scenario modelling to gauge how uncertainties in the Development's transport (and parking) model might give rise to adverse effects like these, and hence affect the Development's assessed benefits. The Analysis has not done so.

3.2.4 Socio-Economic Costs for Nearby Residents

56. The Analysis ignores likely "gentrification" costs to socio-economically deprived residents in proximate urban areas (notably Takaanini, Papakura) arising from the Development due to it:

56.1. Involving residential units that are not affordable to current low-income[40] and/or unemployed[41] local residents nearby (who are disproportionately renters compared with other Aucklanders);[42] and

56.2. Being expected to result in increased land values, making existing properties or rentals nearby less affordable.

57. The latter, in particular, will potentially require those current nearby residents to relocate even further away from their places of actual or possible work and incur greater travel time costs, despite them already suffering disproportionately large travel times relative to other Aucklanders:[43]

[40] Papakura/Manurewa median household income of $84,000 p.a., versus $94,000 p.a. for the Auckland Region, per the PE Report, at Appendix 1.

[41] Papakura/Manurewa unemployment rate of 6%, versus 4% for the Auckland Region, per the PE Report, at Appendix 1.

[42] 47% of Papakura/Manurewa households live in dwellings not owned or held in a trust, versus 41% for the Auckland Region, per the PE Report, at Appendix 1.

[43] Papakura residents have an average commute time of 26.6 minutes to work (26.1 minutes to place of study), versus 19.9 minutes to work (15.7 minutes to place of study) for all Aucklanders, per ATEED, 2020, *Prosperity in Auckland*, at p. 131.

57.1. Or it could simply lead to greater over-crowding in their current homes.[44]

58. Conversely, it is possible that the Development will result in greater job opportunities for nearby residents, given the commercial and industrial capacity included in its design:

58.1. However, due to the disproportionately lower education status of those residents,[45] and their under-representation in high-skilled occupations,[46] those new local job opportunities are likely to be limited.

59. With nearby residents' focus on occupations such as manufacturing and construction,[47] the Development's construction phase is a likely exception (offering greater local employment opportunities in that phase):

59.1. However, increasing automation of manufacturing (and warehousing[48]) likely means any new capacity in those industries arising from the Development will have limited need for low-skilled labour.

60. Furthermore, any need for construction labour from outside of nearby urban areas to complete the Development is likely to increase demand for local (rental) housing, further exacerbating any housing unaffordability and overcrowding suffered by current residents in those areas, as well as congestion on local roads and public transport, and competition for local parking:

60.1. This points to the Development likely creating additional adverse socio-economic effects – both short/medium term and longer-term – which the Analysis has not considered, and which affect its (net) benefits.

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[44] Papakura/Manurewa has an average of 3.34 persons per household, versus 2.93 for the Auckland region, per the PE Report, at Appendix 1.

[45] 23% of Papakura/Manurewa adults have no qualification, versus 15% for the Auckland Region, per the PE Report, at Appendix 1.

[46] For example, only 7% of Papakura/Manurewa adults work in professional, scientific or technical services, versus 13% for the Auckland Region, per the PE Report, at Appendix 1.

[47] According to the PE Report, at Appendix 1, manufacturing and construction are the top two employment sectors for Papakura/Manurewa adults.

[48] For example, see the PE Report at pp 60-62.

61. Such distributional considerations are pertinent to any assessment of the Development's (net) benefits,[49] since a dollar lost to low-income households is felt more acutely than a dollar of benefits gained by higher-income households (of the sort that will be better placed to rent of buy homes in the Development):

    61.1. Hence *who* is bearing or enjoying any costs or benefits from the Development is relevant in addition to the *size* of those costs or benefits.

62. I note that some of these distributional adverse effects may arise in respect of the smaller portion of the subject site (zoned FUZ) in the counterfactual (depending on the form of development that arises from zone change), but from 2050+ instead of now – i.e. are adverse effects brought forward in time:

    62.1. However, any distributional adverse effects of the Development in respect of the larger portion of the subject site (zoned MRZ) would likely not arise ever in the counterfactual, so are altogether incremental adverse effects.

3.2.5 Opportunity Costs of Relatively Low-Rise Development

63. I understand the Development will likely be relatively low-rise (relative to what is permitted for comparable residential developments), possibly in part due to soil limitations (i.e. much of the subject site involving peat soils that are vulnerable to subsidence and settling, and which require pre-loading as a consequence – see further below):

    63.1. This means that if the Development displaces other residential developments on soils not subject to such limitations, and which can therefore make full use of permissible building heights or does not require special measures to compensate for those limitations, then this creates an opportunity cost that the Analysis should be accounting for, but has not.

[49] For example, as discussed in MRCagney, 2019, *The costs and benefits of urban development*, final report prepared for the Ministry of the Environment, at Table 4 and Appendix 11, distributional impacts of urban developments on house prices and rents are relevant for urban development CBA.

3.2.6 Costs of Building on Peaty Soils

64. The Guinto Report notes a number of challenges associated with developments on peaty soils such as those featuring at the subject site.[50] While there are potential engineering solutions for these, they carry additional costs:

    64.1. For example, from the site visit, I understand the proposed residential units will need to be constructed on preloaded bases – potentially making the Development less efficient than developments elsewhere (in addition to the relatively low-rise inefficiency mentioned above);

    64.2. Also, the Healthy Waters Report refers to potential risks – which have not been assessed in the Application – to both infrastructure and private property from earthworks and associated groundwater drawdown affecting settlement of peat soils.[51]

65. Furthermore, the Healthy Waters Report points to bulk earthworks and dewatering of peat soils creating risks of the following additional adverse effects, due to resulting changes in soil acidity:[52]

    65.1. Damage to underground (e.g. infrastructure) assets; and

    65.2. Harmful effects on the environment and ecology.

66. These are particular potential additional adverse effects of the Development which the Analysis has not adequately accounted for.

3.3 Overstated Benefits

67. Many of the benefits claimed in the Analysis hinge on future demand forecasts, over a 20 year period, that are inherently uncertain, and increasingly so the further they are into the future. While demand might prove to be higher than assumed, there is also the prospect that it proves to be materially lower than assumed:

[50] Guinto Report, at p. 8.

[51] Healthy Waters Report, at p. 4.

[52] Healthy Waters Report, at p. 19.

67.1. This is particularly important if the Development includes fixed/sunk costs or adverse effects that do not vary with the ultimate level of development realised (in which case the Development could have negative net benefits should demand prove to be insufficient to cover those costs);

67.2. It underscores the need for rigorous sensitivity analysis and/or scenario modelling of the sorts discussed in Section 2.6 but not provided in the Analysis, to reveal how sensitive the claimed benefits are to realistic levels of variation in the assumed demand forecasts.

68. Furthermore, in addition to the understated or omitted costs/adverse effects discussed above, and use of I-O multipliers inherently overstating the Development's benefits (unless significant spare economic capacity could be assumed), in my opinion the Analysis further overstates the Development's benefits for the following reasons:

68.1. As noted above, counting FTEs created by the Development as benefits – particularly in the construction phase – distorts assessment of the Development's true (net) benefits, given those FTEs are more legitimately treated as costs;

68.2. The PE Report states that "The Sunfield development would serve as an efficient and timely replacement of the southern Takaanini and Slippery Creek Future Urban Areas removal in the FDS and would partly offset the loss of previously identified residential capacity (around 7,000 dwellings) in the local market":[53]

68.2.1. However, I note from the AC Memorandum that the Development would not 'replace' the loss of development capacity in these areas as further assessment has confirmed that they are not suitable for urban development (e.g. these areas were removed from the Future Development Strategy). As such, the proposed Sunfield residential capacity is not needed to make up for this supposed capacity shortfall.[54]

68.3. I am advised by Auckland Council that the Notice of Requirement (**NOR**)[55] recently issued by New Zealand Transport Agency/Waka Kotahi for Mill Road

[53] PE Report, at p. 12.

[54] AC Memorandum, Section B under subheading "Development Capacity".

[55] NZTA/Waka Kotahi, 2025, *Notice of Requirement for a Designation of Land: Mill Road (Takaanini Section)*.

Stage 2 along the eastern part of the subject site will reduce the available area for the Development's proposed industrial area by around 15%, meaning (all other things equal) the Development's claimed industrial employment benefits need to be reduced by 15%:

68.3.1. For the reasons discussed above, greater use of technology for activities such as manufacturing and warehousing could further limit the demand for industrial employees, testing the veracity of the Development's claimed creation of industrial FTEs;

68.3.2. However, the greater accessibility to the site created by the Mill Road development should be a positive for the proposed industrial capacity.

68.4. As discussed above, the Analysis does not distinguish between benefits created for New Zealand parties from those created to overseas parties (e.g. expenditures on construction materials and products sourced from overseas, or profits to overseas investors, since the Analysis appears to count total construction costs as benefits)[56] – for the FTA test of significant regional or national benefits it seems clear that only benefits to New Zealand parties should be counted:

68.4.1. For example, if the Development's industrial space involves technology-based industry and investment (which the PE Report suggests might be the case),[57] then much of the associated returns could accrue to overseas investors if they are the ones bringing that technology, or that technology originates overseas.

68.5. The PE Report points to the provision of more affordable housing as being an expected benefit of the Development, although it provides no information regarding the likely pricing points for the proposed housing, or the extent of such affordability benefits:[58]

[56] PE Report, at pp 70-71.

[57] PE Report, at p. 62.

[58] Furthermore, the Analysis conflates the possibility of lower average construction costs for higher-density developments with lower house selling prices and/or rents. Sections 3.2.5 and 3.2.6 provide reasons why

68.5.1. For non-local residents who have the willingness and ability to purchase or rent the proposed housing, affordability is clearly a non-issue, so the Development does not improve affordability for them per se;

68.5.2. However, for non-local or local residents who lack the ability to pay for purchasing or renting the proposed units, it is unclear how the Development addresses housing affordability, especially since it does not appear to propose the provision of social or subsidised housing;

68.5.3. Conversely, for the reasons mentioned above, the Development is likely to worsen housing affordability for the current residents of nearby urban areas like Takaanini and Papakura, by resulting in increased house prices and rentals;

68.5.4. This relates to the Development's proposed retirement units as well as its other residential housing – nearby resident (especially since they are disproportionately low-income and renters) are unlikely to have the resources required to access retirement units.

68.6. Similarly, the PE Report highlights the lack of medical facilities in the subject area, and suggests that access to healthcare will improve by providing space for such facilities:

68.6.1. However, this will only improve accessibility of healthcare – particularly for existing nearby residents (who the PE Report acknowledges have disproportionately high health needs,[59] as well as low-income[60]) – if additional primary healthcare funding is also made available;

68.6.2. An important reason for the PE Report's acknowledged current lack of medical coverage in the subject site area[61] is that current primary healthcare funding formulas (capitation funding) are inadequate for

these lower average costs may not in fact materialise, but even if they do, they could translate into higher developer profits as much as lower prices or rents. The Analysis does not establish which.

[59] PE Report, at p. 67.

[60] PE Report, at Appendix 1.

[61] PE Report, at p. 67.

servicing high-need, low-income (especially Māori and Pasifika) populations, like those in the nearby areas;

68.6.3. Absent any significant improvement in primary healthcare funding for high-need, low-income households like those currently living near the subject area, it is unlikely that the Development's proposed healthcare facilities will significantly improve healthcare access for those households, even if it does facilitate local healthcare access to future residents of the Development.

69. These considerations provide further basis for supposing that the Development's purported benefits have been overstated in the Analysis.

3.4 Significance of Purported Benefits

70. As discussed above, there are grounds to question whether the Analysis demonstrates that the project will produce regional or national benefits of the sort required to satisfy the relevant FTA test (before or after allowing for any material adverse effects).

71. However, supposing that (net) regional or national benefits have been demonstrated, a question remains whether those benefits are significant.

72. While the Analysis frequently asserts significant benefits from the Development, no attempt is made to demonstrate that significance:

72.1. An obvious complication is that the FTA does not define what it means by "significant".

73. However, there are some simple benchmarks that might be considered as shedding light on the Development's significance:

73.1. For example, the claimed NPV of the Development's benefits (albeit overstated for the reason discussed above) is $3.2 billion in 2024 dollars[62] – over the Analysis' 20 year horizon, this amounts to an NPV of c. $160 million per annum,

[62] PE Report, at p. 72,

which represents just 0.1% of the Auckland regions' GDP in the year to March 2025, in 2024 dollars;[63]

73.2. Similarly, the Development proposes 3,400 residential homes and 600 retirement units,[64] which in total represents just 0.14% of the c. 2.8 million plan-enabled dwelling capacity Auckland-wide (including c. 2.2 million terrace houses) under Plan Change 78 (**PC78**)[65], which capacity is required to be maintained under PC78's replacement;[66]

73.3. Even relative to just the Other Developments, the Development's proposed housing capacity is relatively modest:

73.3.1. For example, the Development's proposed 4,000 residential units (including 600 retirement village units)[67] represent just 12% of the combined 34,522 houses projected for the Other Developments;[68]

73.3.2. Conversely, while the Development's projected employment capacity of 11,000 jobs[69] represents 65% of the combined 17,018 jobs projected for the Other Developments, [70] this share hinges on that capacity translating into actual jobs (and not just excess capacity), and also on the Development, if fast-tracked, not simply cannibalising jobs from the Other Developments (especially given its closer proximity to Auckland).

74. Hence, even if it were accepted that the Development results in net regional benefits to Auckland (despite only gross benefits having been assessed), then there are grounds to question the significance of those benefits.

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[63] https://qem.infometrics.co.nz/auckland/economic/gdp.

[64] PE Report, at p. 16.

[65] Auckland Council, 2022, PC 78 Section 32 Evaluation Report (Economy Matters), at pp 69-70.

[66] Resource Management (Consenting and Other System Changes) Amendment Bill, new schedule 3C, clause 4.

[67] PE Report, at p. 16.

[68] Figures from PE Report, at Tables 1 and 2, pp 27 and 29.

[69] PE Report, at p. 13.

[70] Figures from PE Report, at Tables 1 and 2, pp 27 and 29.

3.5 Unavailability of NPS-HPL Exemption

75. Further to the above discussion of the Development causing a loss of HPL for LBPP, I understand that counsel for the Council will address the effect of section 85(4) of the FTAA.

76. In this regard, it is my opinion that the Application would clearly not satisfy the requirements for an exemption under the NPS-HPL – according to counsel, being the requirements in clause 3.10 of that NPS (not those in clause 3.6 as used in the Analysis).

77. This is because – based on my own assessment following inspection of the site and examination of nearby sites (including using satellite imagery), but also on the concurring assessments in the Underwood Report and Guinto Report (as discussed in detail in Section 3.2.1):

    77.1. The subject site is already being used for LBPP – further indicating that that LBPP is therefore economically viable; and

    77.2. There is clear evidence of LBPP currently occurring – including at commercial scale – on nearby sites with comparable soils (so even if the existing activity on the HPL part of the subject site is not economically viable LBPP, it could be – as provided for in the NPS-HPL).

78. As a consequence, the requirements of clause 3.10(1)(a) – that "there are permanent or long-term constraints on the land that mean the use of the highly productive land for land-based primary production is not able to be economically viable for at least 30 years" – are not satisfied.

79. Since clause 3.10 of the NPS-HPL sets out multiple tests that must simultaneously be satisfied in order for "Territorial authorities [to] allow highly productive land to be subdivided, used, or developed for activities not otherwise enabled under clauses 3.7, 3.8, or 3.9", the clear failure of the test in clause 3.10(1)(a) means the Development would not qualify for the required exemption to the NPS-HPL under clause 3.10.

80. Indeed, since the clause 3.10(1)(a) test fails due to LBPP on the relevant land already being economically viable, the further additive test in clause 3.10(2) – i.e. that "the permanent or long-term constraints on economic viability cannot be addressed through any reasonably practicable options that would retain the productive capacity of the highly

productive land" – also automatically fails, only further indicating why the Development would not qualify for an exemption under clause 3.10.

4. Conclusions

81. In conclusion, it is my opinion that:

81.1. The Analysis has used a methodology that inherently overstates the Development's benefits;

81.2. Any assessment of the Development's benefits requires a full CBA, including suitable sensitivity analysis and scenario modelling to test the importance to claimed benefits of key uncertainties, which have not been provided;

81.3. The Analysis fails to properly define the Development's counterfactual, nor does it properly assess all relevant costs/adverse effects, and it overstates certain of the claimed benefits;

81.4. Hence, the Application's assessed benefits have not been reliably established, and certainly not to the level of demonstrating significant regional or national benefits.

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