

**Supplementary Discussion Paper**  
**For Presentation at Pre-Hearing Conference**

**Thursday 9 March 2023**

**1 Introduction**

1 On behalf of Cockle Bay Residents and Ratepayers Association I have already submitted a statement of issues that we believe need to be considered by the Independent Hearing Panel (IHP) and our perspective of issues that are relevant to the pre-hearing conference. I would like to use this opportunity to elaborate on them a little.

2 Before I do so I think it is relevant to tell you a little of my background, since this will explain the context to my suggestions.

3 I hold an honours degree in economics, specialising in industry and trade. Now retired, I am a former member of a number of professional institutions. Long ago, in a previous century, I was Management Services Manager for a previous incarnation of Auckland City Council, where my major responsibility was to advise on all aspects of productivity, performance management, staffing levels and training across all facets of Council operations. As such, I like to say that I worked on everything from A to Z - the art gallery and abattoir through to the zoo. For the last 30 years of my career I worked as an independent consultant advising multilateral donors governments in developing economies on a range of subjects ranging from public sector reform and infrastructure investment through to social protection and poverty reduction strategies. Directly or indirectly my clients included the World Bank, Asian Development Bank, and other multilateral donors. Projects have included working on city infrastructure investments in a number of countries including Nepal, Pakistan, Viet Nam, Laos, Maldives and Kiribati, as well as other projects in 27 other countries.

**2 International Good Practice**

4 A notable point about all the projects funded by the major multilateral donors is that multilateral donors, and governments, require economic and financial assessments of proposals before committing to loans. So this is really my first major point. We see a key role of the Panel is to enable affordable intensification, not just intensification across the city regardless of constraints. This, directly or indirectly, was an underlying theme in the Watercare presentation on the initial day of the Pre-Hearing conference. Our hope is that the Panel will base its recommendations on an economic and financial framework as well as planning and legislative considerations.

**3 Objectives of this Supplementary Discussion Paper**

5 Soon after the legislation was passed Selwyn Pratt, from Reydon Place Residents Society, and I, met with Christopher Luxon to discuss concerns about the implications of the legislation. His response was very direct: Councils' had every opportunity to manage intensification using the qualifying matters provided in the Act. This is what we are looking to the Panel to do. We are asking you to take a long term view of intensification, with a particular reference to costs, funding, benefits and risks. The recent adverse weather has only served to emphasise the risks of permitting construction in the wrong places, and the financial and economic costs of permitting such developments.

6 Our earlier contribution to the pre-hearing meeting identified 3 key strategic issues and 4 other lower priority issues for consideration. Having listened to much of the first day's discussions we fully concur with the intention of the pre-hearing conference, which we see essentially as high level scene-setting for the more detailed conferencing to follow.

7 We would like to see the IHP adopt a similar methodology to that used by major multilateral donors funding infrastructure development in developing economies – a cross disciplinary approach to assessing the impact and outcomes from any proposed changes in zoning so that proposals blend technology (wastewater systems and treatment; stormwater management etc) with in-depth economic and financial analysis that indicates the Economic Internal Rate of Return

(EIRR) and Financial Internal Rate of Return (FIRR), from a medium to long term perspective Risk should also be evaluated. In effect we are suggesting the IHP define Terms of Reference for each theme to be considered in the Conferencing process.

- 8 The benefit of this approach is that it will enable the IHP to provide evidence-based recommendations to Auckland Council on any final plan change that reflects the requirements of the recent legislation.
- 9 Citizens – and the Panel - need to have some confidence in the numbers. At the moment the economic and financial internal rates of return appear subject to debate. For instance, the PWC/Sense Partners report to the Ministry of Environment on cost benefits from MDRS estimates increases in housing stock in Auckland to be between 28000 and 53700 dwellings, and the added cost of infrastructure for the country to be only \$2 million. But Watercare will tell you that the cost of the proposed Howick Diversion is some \$39 million; that this is a prerequisite to increasing local network capacity in Cockle Bay itself at an additional cost, and that the work is not planned to be completed until 2029.
- 10 My submission to the pre-hearing conference focussed on the key issues that I believe needed to be addressed by the Independent Hearing Panel. What I want to do now is focus in more detail on the sort of information that the Panel needs to require the experts to address in the conferencing process itself – in effect an outline of the Terms of Reference required to come up with evidence-based recommendations to Council for going forwards.

#### **4 Stormwater**

- 11 Stormwater is currently only a very limited qualifying matter, both in terms of scope and locations. Recent weather events have clearly demonstrated how flawed this approach is. However, I suggest the Panel cannot simply adopt a knee-jerk reaction to considering the importance and extent of stormwater as a qualifying matter. When judging the legislative requirement to intensify against the economic and financial costs of increasing the scope of stormwater as a qualifying matter the Panel needs to consider:

##### **a) Risk:**

- i) Given the increasing frequency of adverse weather events what do the experts predict as the likelihood of future flooding events? This must consider likely future localized heavy rainfall attributable to “atmospheric rivers”. The Panel should require experts to produce evidence of existing floodplains (easily available through geomaps) but also future floodplain areas attributable increased rainfall and adverse weather events;
- ii) Do the existing flood plain delineate the limits of increased flooding areas, or should they be enlarged?
- iii) This can be to some extent be backed up by evidence of past flooding. Should areas that have been flooded in the past be automatically excluded from intensification until satisfactory adaption measures have been introduced? If these are possible then what is the cost of such measures and the timeline for their implementation?
- iv) Where areas, such as Cockle Bay, are heavily dependent on streams for stormwater drainage, then what is the capacity of streams to handle increased water flows, and does this impact on future floodplains?

##### **b) Modelling**

- v) What is the number of existing houses constructed on flood plains, and what is their market value (which is at risk in economic and financial terms if there is future flooding).
- vi) What is the number of new houses that can be constructed under the legislation on the currently defined and future flood plains?
- vii) What is (i) the economic value to Auckland City from these potential new dwellings, and (ii) the economic value to the country from lower housing costs that can be attributed to increased housing supply?

**c) Economic Risks**

- viii) What is the economic cost – including the cost of potential loss of life – in the event of a future flooding event on these new houses? This is to include both damage to dwellings and to dwelling contents, motor vehicles etc.
- ix) What is the risk that insurance companies will decline to offer insurance on such properties, or will increase premiums substantially.

**d) Managed Retreat**

- x) What is the potential cost of managed retreat in individual at risk areas? How does this compare with the economic value added by permitting intensification in at risk areas?

**e) Assumptions**

- xi) We suggest three underlying assumptions can be considered:
  - a) climate change mitigation is too far into the future to have any short term impact on decision making;
  - b) if the work involved in completing this analysis is too time consuming to be completed before recommendations must be made to Council then a time bound qualifying matter of stormwater risks can be introduced, with the proviso that the necessary analysis must be completed within a defined time frame, when the issue will be revisited;
  - c) if climate change adaptation is considered feasible and economic within individual flood plain and stream areas, then a qualifying matter of stormwater risks for nominated areas be introduced until such time as adaption measures have been implemented. A timeline should be established for this work to be completed.

**5 Potable and Wastewater as a Qualifying Matter**

12 On the opening day of the pre-hearing, Watercare made the point that there will be enormous costs in providing infrastructure to cover short term intensification across the whole of the city. They also talked about the challenges of arranging funding for such investment, and the timelines required to physically implement infrastructure upgrades.

13 We do not believe it is realistic for the IHP to request Watercare (or its successor organization) to provide comprehensive, costed analyses for intensification across the city as a whole, for theoretical future populations under fully intensified scenarios, we suggest that any Terms of Reference for each area that might be considered liable to this qualifying matter, participants in this work stream need to consider:

**f) Population Projections**

- i) Existing population projections for area
- ii) Estimated increases in the number of dwellings and population over the next 10 and 20 years, by broad location, to be used for capacity planning purposes

**g) Infrastructure**

- iii) Existing infrastructure, including age and life expectancy (broad groupings only)
- iv) Indicative capacity utilization for both pipes and pumping stations
- v) Any local service impediments such as blockages and overflows that constrain acceptable existing service levels
- vi) Increased infrastructure requirements to service worst case population projections
- vii) The timeline for installation of increased capacity of pipes, pumping and treatment plants

## **h) Finance**

- viii) Indicative cost projections and associated funding requirements to accommodate growth at the maximum level envisaged under the intensification regime
- ix) Whether a lower level of investment would permit partial intensification
- x) A time bound “gap analysis” that contrasts the existing capital works program and sources of finance with capital investments and funding required to meet new intensified scenarios

## **i) Preferred (realistic) scenario**

- xi) Best possible development scenario that reflects operational realities for Watercare, indicating prioritised locations, investments required and timeline. This can be compared with existing population growth projections.
- xii) The question for the Panel to consider when making its recommendations is whether a phased and prioritized approach to intensification makes more sense and is more affordable. Should it be time bound (our original suggestion in our first submission) or perhaps linked to actual achieved growth?

## **6 National Coastal Policy**

- 14 It is a requirement of the legislation that national policy statements such as the NZ Coastal Policy Statement 2000; the National Policy Statement for Freshwater Management 2000 and the Hauraki Gulf Marine Park Act 2000 be accommodated within the revised planning rules.
- 15 We suggest that the IHP direct that work on these components be expedited in order to be included in an updated Plan. As noted in our original submission provided for the Pre-hearing, the Howick Local Board have also requested that this work be expedited.
- 16 The conclusions from such work have the potential to impact building code or consent requirements, where these may otherwise lead to stormwater discharges into streams etc.

## **7 Conclusion**

- 17 This is as far as I can proceed within my allocated speaking time. In essence, what I am saying is that I advocate for the Panel to identify in advance all the information they need to make decisions, and, in their briefing to experts participating in conferencing, they require these issues to be addressed.