BEFORE THE HEARING PANEL
FOR TASMAN DISTRICT COUNCIL

IN THE MATTER	**of The Resource Management Act 1991**
AND	
IN THE MATTER	**of a streamlined planning process under s 80B of the Act**
AND	
IN THE MATTER	**of Proposed Change 1 to the Tasman Regional Policy Statement and Proposed Plan Change 81 to the Tasman Resource Management Plan**

EVIDENCE OF DEREK RICHARD FOY (ECONOMICS) FOR ANDREW TALLEY AND SUSAN TALLEY

DATE: 27 OCTOBER 2026

PHERNNE TANCOCK
Duncan Ballinger
Barristers, Harbour Chambers
phernne.tancock@legalchambers.co.nz
duncan.ballinger@stoutstreet.co.nz

+64 21 496 823

INTRODUCTION

1. My name is Derek Richard Foy. My qualifications are degrees of Bachelor of Science (in Geography) and Bachelor of Laws from the University of Auckland.

2. This evidence has been prepared in respect of a submission and further submission by Andrew and Susan Talley (**the submitter**) on Change 1 to the Tasman Regional Policy Statement and Plan Change 81 to the Tasman Resource Management Plan (**Change 1**, **RPS**, **PC81**, **RMP**). The submitter has asked me to provide economics input in support of the submission, in relation to how growth in Māpua is planned for and proposed to be managed by Change 1 and PC81.

3. I am a member of the New Zealand Association of Economists, the Population Association of New Zealand, the New Zealand Association for Impact Assessment, and the Resource Management Law Association.

4. I am a Director of Formative Limited, an independent consultancy specialising in economic, social, and urban-form issues. I have held this position for five years, prior to which I was an Associate Director of Market Economics Limited for six years, having worked there for 18 years.

5. I have more than 25 years of consulting and project experience for commercial and public-sector clients. I specialise in the assessment of demand and markets, residential and business land, retail activity, urban form, forecasts, and the evaluation of economic outcomes and effects.

6. I have applied those specialties in studies throughout New Zealand, including assessments of housing demand and capacity, land-use change, urban growth, infrastructure, commercial activity, and local-government policy.

7. To assist the submitter in drafting their submission, I reviewed relevant documents and provided an economics assessment of the core economics issues relevant to Change 1 and PC81. The submitter subsequently included matters I identified in their submission.

8. This statement addresses the economics issues relevant to Change 1. I draw on material prepared for PC81 where it provides an example of an issue for Change 1 but will return to PC81 in more detail in later evidence.

9. In preparing this evidence I have considered:

   (a) Change 1 and PC81, including the relevant appendices, maps, and background material;

   (b) The submitter's submissions and further on Change 1 and PC81 (**submissions**);

   (c) The Section 42A Report;

(d) The evidence in chief of Jacqui Deans for Tasman District Council (**Council**), dated 12 October 2026;

(e) The evidence in chief of Sue McLean for Council dated 12 October 2026; and

(f) "Economic assessment of Plan Change 81 Tasman District Council", BERL, October 2026 (**BERL report**).

CODE OF CONDUCT

10. While this is not a hearing before the Environment Court, I confirm that I have read the Code of Conduct for expert witnesses contained in the Environment Court of New Zealand Practice Note 2023 and that I have complied with it when preparing my evidence. Other than when I state I am relying on the advice of another person, this evidence is within my area of expertise. I have not omitted to consider material facts known to me that might alter or detract from the opinions that I express.

SCOPE OF EVIDENCE

11. My evidence addresses:

(a) The implications of updated housing demand and capacity information for Change 1, including housing bottom lines, and housing timing and supply;

(b) The integration of growth planning with infrastructure and natural hazard planning; and

(c) How Change 1 should direct growth in relation to the above matters.

SUMMARY OF EVIDENCE

12. My evidence supports the provision of a regional growth framework that provides sufficient housing capacity and choice while integrating development with planning for infrastructure funding and delivery, and consideration of natural hazard constraints. Mapua/Ruby Bay illustrates the importance of this integration.

13. Council's updated 30-year demand forecasts are 43% lower than those presented in the 2024 HBA at the District level, and 49% less for Mapua/Ruby Bay. Council's draft capacity assessment still identifies medium term capacity shortages in some locations, because capacity relies on infrastructure timing.

14. In my opinion the regional growth framework advanced by Change 1 should include robust consideration of the delivery and whole of life costs of infrastructure, and hazard constraints.

THE SUBMISSION

15. Change 1 responds to national direction, including the National Policy Statement on Urban Development (**NPSUD**) by identifying where and how growth should be managed in the region, and provides high-level policies that guide future decisions on growth management planning. PC81 proposes the rules and zoning that will implement the strategic direction identified in Change 1.

16. The submission is particularly focused on Māpua and submits that some areas identified for future residential growth are unsuitable for that use due to the influence of natural hazards (particularly flooding) in the area.

17. The submission is that the regional framework does not provide sufficient direction to assess development capacity alongside infrastructure and natural hazard considerations. That is, a modelled need for housing does not establish the economic merits of any particular location or infrastructure proposal. Making some of the proposed areas available for future medium density housing development will result in impacts on existing residents who are already impacted by extreme weather events, and the Council has not properly considered the economic costs associated with the natural hazard risks of developing this land when drafting the regional framework.

18. The submitter's concerns about the proposed development in Māpua around Seaton Valley and Stafford Drive, within the Seaton Valley catchment, illustrate these concerns.[1] That development proposes a transition from a rural to an urban zoning. The submission identifies concerns with the Council's evidence base underlying decisions relating to development planning and matters that Change 1 should require assessment of.

HOUSING DEMAND AND CAPACITY

19. In this section I summarise the housing demand and supply environment relevant to Change 1, including in relation to Council's updated analysis for Māpua/Ruby Bay. The demand-supply balance is a central concern to the submission, because in an environment subject to risks such as natural hazards, planning for future growth should be managed around those risks.

20. Avoiding exposure to those risks will usually be the most efficient and most economic response to mitigating or avoiding potential effects from those risks, rather than proceeding with development in at-risk areas and then constructing mitigation works such as flood protection works.

21. The risk of poorly located growth giving rise to significant Council liability and costs at a later date is real. I have been involved with Hurunui District Council's Plan Change 7 (Rosewood Terrace). PC7 is a Council-initiated plan change to rezone rural land to residential to accommodate the proactive managed retreat and land-banking proposal for the Amberley Beach settlement. I am also aware of other councils' experiences in having to contribute financially to

[1] Identified in Figure of the PC81 submission.

compensate for losses incurred to due natural hazards affecting poorly located communities, such as in Auckland, Hastings and Napier during Cyclone Gabrielle, Matatā following the 2005 debris flow, and Paekākāriki where Council has budgeted $18m for a new seawall.[2]

22. Those examples indicate the benefit of a precautionary approach to assessing future growth locations, particularly in the context of climate change concerns.

23. Future demand for residential housing is always subject to some uncertainty, particularly at a spatially detailed resolution such as Māpua/Ruby Bay. Housing demand projections will change over time, and different authors will make different assumptions about growth drivers and growth rates. This has occurred in Tasman, where two markedly different dwelling demand projections have been used by Council recently:

    (a) Tasman Housing and Business Assessment 2024 (**HBA**):[3] Council's dwelling demand projections used in the HBA were derived through Council's Growth Model using the Dot Consulting medium population growth scenario, procured in early 2023 and based on the 2018 population base.[4] I refer to these projections as the **HBA projections**.

    (b) Infometrics ' projections: These were procured in October 2025 for the period 2027–2057, for low, medium, high and very high scenarios, based on data in the 2023 Census, and spatially allocated across the District based on 2018 sub-district information from the 2018 Census.[5] Council has selected the medium scenario for its internal use and incorporated the updated inputs into its Growth Model for the 2026 capacity analysis.[6] I refer to these projections as the **Infometrics projections.**

24. Those two projection sets represent two successive forecasting exercises, each containing alternative growth scenarios, with the medium scenario selected for each assessment. I do not present any projections of my own in this statement, instead rely on Council's two projection sets.

25. The HBA projections are summarised in my Figure 1 below, and project growth in demand in Māpua/Ruby Bay of:

    (a) 68 dwellings in years 1–3, against capacity of 44: a 24-dwelling shortfall;

    (b) 162 more dwellings arriving in years 4–10, against additional capacity of 204: a cumulative surplus of 18; and

    (c) 404 more dwellings arriving in years 11–30, against additional capacity of 834: a cumulative surplus of 448.

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[2] https://www.kapiticoast.govt.nz/Council/projects/our-towns-improvements/paekakariki/paekakariki-seawall/
[3] https://tasmandc-publicdocs.azurewebsites.net/api/doc/C8F82D29/37212
[4] Primary statement of Jacqui Deans (planning) paragraphs 27-29
[5] Primary statement of Jacqui Deans (planning) paragraph 51
[6] Primary statement of Jacqui Deans (planning) paragraphs 52 and 53

(d) This equates to total projected dwelling growth of 230 dwellings in the next 10 years, and 634 dwellings in the next 30 years.

Figure 1: HBA dwelling demand projection, including NPS-UD competitiveness margin (HBA Table 11)

Location	Short Term Years 1-3				Medium Term Years 4-10				
	Demand	Demand Plus 20%	Development Capacity	Surplus or Shortfall	Demand	Demand Plus 20%	Additional Development Capacity	Cumulative Development Capacity (adjusted for any surplus/shortfall in Years 1-3)	Surplus or Shortfall
Motueka	196	238	134	-104	446	535	191	87	-448
Māpua / Ruby Bay	57	68	44	-24	135	162	204	180	+18
Richmond	296	355	637	+282	856	1027	975	1,257	+230
Brightwater	66	79	69	-10	176	211	132	122	-89
Wakefield	68	82	126	+44	180	216	99	143	-73
Tasman urban environment	**685**	**822**	**1,010**	**+188**	**1,793**	**2,151**	**1,601**	**1,789**	**-362**
	Sufficient Capacity in Short Term overall				Insufficient Capacity in Medium Term overall				

26. That demand growth (i.e. based on the HBA projections) is much less than the additional capacity sought to be enabled by PC81. That surplus of supply is not necessarily inefficient and can support choice and competition in the residential land market. However, the core economic question relevant to Change 1 is how much of that capacity is likely to be required, and at what cost.

27. One potential answer to how much is likely to be required is provided in the evidence of Ms Deans, who identifies a medium-term residential shortfall of 410 dwellings across Tasman's urban environment, with shortfalls in every urban town, but a cumulative surplus of 1,788 dwellings by year 30.[7] Ms Deans identifies infrastructure constraints as a major constraint to the delivery of additional capacity, which is why there are medium-term shortfalls, but a long-term surplus, once infrastructure provision has been able to be addressed.

28. In Mapua, infrastructure funding for all Māpua PC81 sites (residential and business), is outside the LTP 2027–2037.[8] Ms Deans states that bringing the identified infrastructure programmes forward would more than alleviate the overall urban medium-term residential shortfall.[9] These findings make the prioritisation of deliverable capacity central to Change 1.

29. Ms Deans' evidence recognises that the 2024 HBA is now out of date and that Council's draft 2026 capacity analysis provides relevant supplementary information to the 2024 HBA, for assessing the sensitivity of the capacity conclusions based on different demand assumptions" .[10] That supplementary information includes the Infometrics projections, and those projections, which provide a more contemporary assessment of future growth potential than the HBA projections, are relevant to the economic choices made under the regional growth framework.

[7] Primary statement of Jacqui Deans (planning) paragraph 64
[8] Primary statement of Jacqui Deans (planning) paragraph 65
[9] Primary statement of Jacqui Deans (planning) paragraph 66
[10] Primary statement of Jacqui Deans (planning) paragraphs 49-50

30. Appendix 5 to Ms Deans' evidence includes updated growth projections (the Infometrics projections), which Ms Deans notes are now settled and will not change.[11] Whereas the 2024 HBA projected 30-year growth of 634 dwellings for Ruby Bay/Māpua, the updated (Infometrics) projections are for growth of 328 dwellings (11 dwellings per year), a reduction of 306 dwellings (48%) (Figure 2).

31. In my opinion the Infometrics projections represent a better estimate of likely future growth because they are based on information (including recent building activity) that was not available when the earlier 2024 HBA projections were calculated. In my opinion the 2026 Infometrics projections should be used in preference to the HBA projections for assessment of Change 1 because they provide a better basis for making decisions about the timing and scale of investment decisions, and how and where to efficiently direct growth. The 2024 HBA projections are much different, and older, and should not be relied on to give an accurate indication of likely future growth within the District.

Figure 2: HBA 2024 vs 2026-update dwelling projections for Ruby Bay/Māpua

Period	2024 HBA	2026 analysis	Difference
Years 1–10	230	214	-16 (-7.0%)
Years 11–30	404	114	-290 (-71.8%)
Years 1-30 total	634	328	-306 (-48.3%)

32. The implication of the large decrease in demand projected for Ruby Bay/ Māpua, and for other parts of the district and the district as a whole, is that much less growth should be planned for. Three notable aspects of that are that:

(a) Less infrastructure capacity will need to be provided to service that (now lower projected) level of growth.

(b) Fewer and/or small growth areas will need to be provided to service that (now lower projected) level of growth.

(c) The lower updated (Infometrics) demand projections warrant testing to understand whether sufficient capacity can be supplied through more efficient, less costly, or less risky alternatives that those previously planned for.

33. Because the new Infometrics projections are for growth over the next 30 years that is nearly 50% less than Council had planned for in its HBA 2024.

[11] Primary statement of Jacqui Deans (planning) paragraph 55

HOUSING BOTTOM LINES AND PLANNING DECISIONS

34. Ms Deans states that the housing bottom lines remain based on the 2024 HBA, despite accepting that the Infometrics projections provide relevant supplementary information.[12]

35. I understand that other councils have updated demand and capacity information when updating their district plans without waiting for a new full HBA:

    (a) Lower Hutt's Plan Change 56 identified a 2019 HBA as the most recent HBA but relied on a 2022 housing only update for its residential demand and capacity data.[13]

    (b) Christchurch City similarly provided an interim 2023 housing capacity assessment as evidence for Plan Change 14, followed by a further interim assessment supporting its September 2025 decision on that plan change.[14]

    (c) In Queenstown commissioners considering the Inclusionary Housing Plan Change examined updated 2023 demand and capacity information alongside the 2021 HBA, while expressly acknowledging that the update was not itself an HBA and identifying limitations in comparability.[15]

36. Apart from identifying those examples, I leave further response to that position to legal and planning feedback.

37. From an economic perspective, however, retaining the 2024 HBA baseline does not establish that all growth options identified using that baseline should receive the same priority or infrastructure investment. There are other factors that should come into play to establish how to best accommodate growth. I acknowledge that housing bottom lines are minimums not maximums, and my concern is not that Change 1 might enable supply in excess of demand. My concern is that the framework should support an informed choice about the costs, risks and timing of delivering capacity, as well as providing sufficient opportunities to accommodate growth.

38. The HBA assessed capacity (supply) for Mapua/Ruby Bay of 1,023 dwellings and demand of 634 dwellings, meaning supply was 1.6 times more than demand. For the much lower level of growth now projected (by the Infomertics projections, 328 dwellings), supply in Mapua/Ruby Bay is 3.2 times projected

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[12] Primary statement of Jacqui Deans (planning) paragraphs 80 and 81

[13] "Proposed District Plan Change 56 Enabling Intensification in Residential and Commercial Areas Volume 2 of 2 Section 32 Evaluation and Attachment", paragraphs 43 to 45

[14] "Christchurch City Council Assessment of demand, plan enabled and feasible plan enabled housing capacity for the partial withdrawal of PC14", October 2025, paragraphs 1.1, 1.2, 2.2, and 3.2

[15] "Inclusionary Housing Plan Change -Report and Recommendations of Independent Commissioners," 5 June 2024, paragraphs 264-268

demand. That equates to a very large quantum of supply relative to projected demand and means that most potential dwelling sites will not house a dwelling in the next 30 years. That is a level of overprovision that may expose Council to financial risk, because infrastructure put in place to enable that capacity is likely to cost more than what the smaller level of growth that arrives will be able to fund.

39. The section 32 report's Appendix 24 (Natural hazard risk level assessments for PC81) states that its assessment is qualitative and based on staff judgement,[16] is not a formal cost-benefit analysis,[17] does not assess how mitigation costs are spread across development scale or yield,[18] and does not determine development viability or economic return.[19]

40. I would expect that there should have been assessment of the feasibility of growth areas before they are identified as growth areas, such as when developing the Future Development Strategy. It would not be efficient to identify growth areas in the FDS, then to plan around the growth areas, only to establish later once more detailed investigations are undertaken that those areas are not in fact feasible to develop or accommodate growth. That would then potentially require other growth areas to be identified to replace them, with implications for the sufficiency of supply and for Council funding programmes.

41. A relevant learning comes from the Medium Density Residential Standards, where significant natural hazard risks could be recognised as a qualifying matter and development intensity restricted to the extent necessary to address those risks. While that framework concerns intensification rather than the identification of new growth areas, it illustrates the importance of assessing development constraints when determining where, and to what intensity, growth should be enabled.

42. Further, the Infrastructure (Appendix 3) Report section 12.2, records that while planning for the future Seaton Valley Detention-Wetland (**SVDW**) is sufficiently advanced to support PC81,[20] a substantial amount of work remains outstanding, including groundwater and sea-level-rise assumptions, salinity, tide gates, detention volumes and possible stream rerouting.

43. Those qualifiers mean that there is no way of accurately establishing, from the information presented, that the proposed mitigation works are economic to construct, or whether they would have the positive flood mitigation effects assumed.

44. In my opinion, until works on those matters are costed, the capital cost is incomplete and not a reliable basis for making decisions on, because the total cost may be many times higher than the few items of capital cost recorded in the Asset Management Plan (as I discuss below), which would have material

[16] Document pages 3, 7, 12, and 14
[17] Document page 14
[18] Document page 14
[19] Document page 14
[20] Page 131

effects on the cost-benefit balance, and therefore on whether zoning new residential areas is appropriate from a financial and economic perspective.

45. These are examples of the type of information that the regional growth framework should require to be integrated into planning decisions. It is important that infrastructure servicing and funding be prime considerations in planning decisions.

46. Further on the Māpua example, the Infrastructure report assesses the rezoning options for each site, and classifies the three flood-prone sites I identify above (T-11a/b, T-42a/b and T-33a/b) as Category B2.[21] B2 means that "Infrastructure required to service the proposed rezoning is identified in adopted Council planning documents or technical work, but delivery remains subject to material uncertainty at the time of assessment."

47. The assessments confirm that the sites are not fully serviced, depend on future SVDW and developer-led works, and that T-11b may require raising and the future role of the T-33 dam remains unresolved.

48. There does not appear to be a publicly available, project-specific business case for the Seaton Valley flood or stormwater works, although there is for a comparable project in Richmond Central. Strategic justification is provided in the Māpua Masterplan which states:

> *Major changes are proposed to the Seaton Valley Basin, which will largely be funded by growth through Development Contributions and Reserve Financial Contributions. A large new stormwater wetland and detention area is proposed to be created. This will manage the stormwater run-off from several new development areas and over time a new wetland haven will be developed to support native ecology and offer new opportunities for the community to connect with and enjoy nature. The proposed wetland will require ongoing community support and volunteer time to develop and maintain.*[22]

49. Council has also produced:

    (a) Indicative capital programme entries in the Stormwater Activity Management Plan, where the Seaton Valley Integrated Stormwater Solution (Project 66095) is listed as $4.0m cost;

    (b) funding allocations in the development contributions policy (works are listed as a $4.7m cost); and

    (c) a high-level infrastructure dependency assessment for PC81, as provided in in the Infrastructure report (Appendix 3).

50. These documents do not include an options assessment, cost-benefit assessment, analysis of a do-nothing counterfactual, or any risk-adjusted

[21] Pages 166-172
[22] Māpua Masterplan, August 2025, page 5

whole of life cost. To provide a robust basis for decision making, in my opinion Council's assessment should have been much more detailed as to both the costs and infrastructure provision side of the equation, and as to options for residential land within the catchment. That more detailed assessment should be required as part of the regional growth framework under Change 1.

51. On the supply-side a more thorough assessment should have assessed the costs and benefits of different development options, such as staged development, developing only more elevated sites, or developing in different locations. Council's assessment does not quantify how much of the total dwelling capacity of the flood-prone areas could have still been provided if those matters had been taken into account. The assessment therefore also does not link the costs to the community, and implications for both existing and future households in the community of different levels of development or hazard mitigation.

52. Further, PC81 also appears to leave substantial expenditure to future developers, including onsite detention, local pipes, overland flowpaths, and site raising, but those costs are all uncertain as to quantum, and when and if the works will proceed. This means that because current infrastructure planning appears to be incomplete, ad hoc expansions and new infrastructure may be required to supplement initial works.

53. That is an inefficient approach to growth planning, and risks significant financial uncertainty and risk, particularly to the Council and ratepayers. Uncertainty should aim to be minimised in growth planning, by taking into account all relevant information, such as the cost of exposure to hazards and growth uncertainty. As noted above, this means some communities may experience adverse effects arising from development going into the wrong place at the wrong time, potentially exacerbating existing hazard risks, and causing new problems for future households.

54. Ms McLean describes Council's infrastructure challenges as financial, operational and regulatory, including limited revenue sources, existing debt, extensive networks and expenditure following storm damage.[23] I agree with those constraints, which strengthen the economic need to identify and minimise uncertainty, and to compare growth and sequencing options carefully.

55. In my opinion regional direction should consider infrastructure requirements and the implication for the cost and timing of growth. Identification of a development option in a strategy does not mean that it is the most efficient or appropriate outcome, without supporting assessment of the effects of that option, including cost implications. The level of detail of assessment of those cost implications should be proportional to the scale of the investment required, and the risk Council may be exposed to through acting, or not acting, towards a development option.

56. Māpua and the proposed SVDW illustrate the importance of this distinction. Council's assessment describes the proposed detention basin as managing

[23] Primary statement Sue McLean, paragraphs 42-48

runoff from future development and avoiding increased flooding around Stafford Drive but contains significant uncertainty as to the scope and scale of benefits, and the scale of expenditure required for the project.

57. BERL's district-wide assessment estimates expenditure and GDP associated with construction and additional households. Those measures describe economic activity, not net economic benefits, and do not show that one growth location is preferable to another. They therefore do not replace the comparative assessment that is needed to inform investment and sequencing decisions.

58. The economic case for prioritising one growth option over another, including a larger or smaller area in the same place, therefore depends on the net costs and benefits of each option, including with reference to natural hazard risk exposure. A lower demand projection provides a reason to reassess priorities, although I accept it does not automatically change the appropriateness of each option. Similarly, changed natural risk assessment may change option decision making, but the important point is that these factors should be included in the decision-making process.

59. These principles should operate across the regional framework, rather than only for individual sites later in the planning process. Application of those principles for each project level should then be proportionate to the evidence required to support each decision.

60. For the planned growth framework, including Policy 5.1A, I support explicit direction to assess capacity by period, location, housing type and deliverability, and to integrate that assessment with infrastructure funding and timing.

61. Objective 5.1A's housing bottom lines, and assessments under Objective 5.1C and Policy 5.1B, should be considered alongside Council's updated 2026 demand projections. As I stated earlier, other councils have incorporated updated information in their plan-making processes, and in my opinion, it is important that those processes are based on the best and most up to date information available. I support the requirement for assessment of unanticipated or out-of-sequence proposals to consider their contribution to housing supply and choice alongside infrastructure considerations, public costs, effects on planned investment and hazard exposure.

62. Overall, I support regional direction that requires material infrastructure and natural hazard constraints to be explicitly factored into growth decisions to avoid committing to a pattern of development without understanding its costs, funding exposure and ability to deliver the intended capacity. The information supporting those decisions should be regularly updated.

63. In my opinion Change 1 does not adequately require such assessment, and there are gaps in what needs to be considered in the planning framework. These gaps are directly relevant to the National Policy Statement for Natural Hazards 2025 (**NPS-NH**), particularly:

(a) Clause 3.2(2): residual risk beyond mitigation design thresholds;

(b) Policy 4: increased significant risk on other sites;

(c) Clause 3.3(3): cost-effectiveness of mitigation relative to risk; and

(d) Policy 6: climate-change effects over at least 100 years.

64. Returning to the Māpua example, the Māpua Catchment Management Plan describes the detention basin as mitigating runoff from future development in the higher parts of Seaton Valley and avoiding an increase in flooding in the Stafford Drive lowlands.[24] It does not say the project will eliminate or reduce existing flooding. Council needs to (but has not, as far as I can see) distinguish between:

(a) works necessary to address existing flooding and climate risk;

(b) the incremental capacity necessary to enable PC81 development; and

(c) ecological, recreational and general amenity enhancements.

65. In my opinion that lack of assessment indicates the shortcomings of Change 1, because Council has not demonstrated that the full PC81 stormwater and flood mitigation works are specified in sufficient detail to provide certainty as to their costs and performance. There is also no basis for establishing that those works, or the proposed residential growth areas that rely on those works, are feasible or financially viable.

66. Council has presented an economic assessment of PC81 from BERL. The BERL report draws conclusions at a District-level about the economic impact of PC81, finding that "construction and the spending of additional households are together estimated to support $2.9 billion in direct expenditure and $1.3 billion in direct gross domestic product (GDP)". That report does not assist in understanding the potential benefits of PC81 at a sub-district level, and it is also not a cost-benefit assessment, so does not provide a basis for understanding the potential economic effects of different growth areas. That is, the BERL assessment is conducted at a level that is too broad to be useful to inform decision making about the merits of individual growth areas.

CONCLUSION

67. I support the objective of providing sufficient development capacity and a wider range of housing choices, however that provision must be informed by a robust evidence base that includes consideration of all material factors that influence the costs of providing for growth, to avoid committing to a pattern of development without understanding its costs, funding exposure and ability to deliver the intended capacity.

[24] Māpua Masterplan, August 2025, page 44

68. If the Council includes housing bottom lines that significantly exceed demand, that creates risk that the Council will plan and commit to provide infrastructure earlier than is needed. That can have significant financial implications for Council, because if growth does not arrive to pay for the committed infrastructure, it is the existing ratepayer who will be left to fund it.

69. That can be a significant burden, and persist for decades, and is a source of significant financial risk to the Council. For that reason, aligning funding decisions with growth planning, as informed by a robust, contemporary evidence base that appropriately factors in all relevant matters, is critical.

70. The updated Māpua/Ruby Bay demand projection is material to decisions about the timing, scale and funding of growth infrastructure in Mapua, and which development options are the most appropriate to be planned for in the area. The new demand data warrants reassessment of the relative merits of available growth options and is a good indication of the type of assessment that Change 1 should require when advancing the regional growth framework.

71. Māpua provides an example of why this regional direction matters. Detailed conclusions on its individual growth areas and the SVDW should follow through the PC81 process, informed by the site and infrastructure evidence, to avoid future exposure to a large financial liability as the result of committing to a growth trajectory that is unlikely to eventuate and which will not be able to fund the infrastructure that is assumed to be required. The SVDW will, based on the new growth projections presented in Ms Deans' evidence, represent investment at a much greater level that is justified by population growth and future needs, and it is probable that the infrastructure investment will not be recouped for a long time, which will add significantly (including through the cost of capital) to the whole of life cost of the proposed works. Simply put, the large cost of works will be recouped from a small base of new growth arrivals, spread over a long time, representing a high cost per arrival. This is the cost of ratepayers' and Councils' funding growth-related upgrades and infrastructure, and then the growth (future population) not arriving.

72. That, combined with the uncertainty about the cost that has been assessed to date, and accounting for potential cost increases once a complete scheme is assessed, introduces considerable financial risk for Tasman ratepayers in exchange for an expensive infrastructure asset that is very unlikely to realise the benefits assessed by Council.

73. Overall, from an economics perspective, the most appropriate way for Council to accommodate growth in Māpua will be to concentrate growth into areas that are less at risk of natural hazards, and avoid the expenditure required to unlock development potential in more at-risk areas. There is not the need to create new development capacity in at-risk areas in Māpua when only modest growth is projected.

74. That modest growth provides Council with the valuable opportunity to avoid significant future expenditure on hazard mitigation works such as the SVDW. Development in at-risk areas should be a very low priority or avoided in Māpua (or indeed anywhere in New Zealand) when there are other potential growth

areas that are less exposed to risk, and growth should be prioritised in more suitable areas first.

Dated 26 October 2026



Derek Foy
Director, Formative Limited