

**Before the Hearings Panel
At Wellington City Council**

Under Schedule 1 of the Resource Management Act 1991

In the matter of the Proposed Wellington City District Plan

**Statement of evidence of David Stanley Norman on behalf of Wellington
City Council (Economics)**

Date: 15 July 2024

INTRODUCTION:

- 1 My name is David Stanley Norman. I am employed by GHD as Chief Economist for Australia and New Zealand. In this role, I cover a wide range of macro-economic and micro-economic issues including the inevitable trade-offs between outcomes that society would like to achieve and the financial and other constraints that limit what is achievable.
- 2 I have prepared this statement of evidence on behalf of the Wellington City Council (the **Council**) in respect of technical related matters arising from the submissions and further submissions on the Proposed Wellington City District Plan (the **PDP**).
- 3 Specifically, this statement of evidence relates to the matters in the Ecosystems and Biodiversity (ECO) chapter.
- 4 I am authorised to provide this evidence on behalf of the Council.

QUALIFICATIONS AND EXPERIENCE

- 5 I hold the qualifications of a Bachelor of Arts degree in Economics (2005, University of South Africa) and a Post-graduate diploma in Management (2008, Massey University), as well as a Bachelor of Science in Psychology and Genetics (1999, Stellenbosch University) and a Master of Theological Studies (2023, Reformed Baptist Seminary).
- 6 I have 17 years of experience in increasingly senior roles as an economist in the private sector (BERL, PwC, Westpac and now GHD), research (the Building Research Association of New Zealand), and in government (Auckland Council). I have led, worked on, or reviewed at least 650 projects over those 17 years.
- 7 My role immediately prior to joining GHD was as Chief Economist at Auckland Council, a role I held for almost five years. That role included the review of plan change and resource consent economic assessments, in particular to evaluate their robustness and defensibility.

Code of conduct

- 8 Although this is a Council Hearing, I have read the Code of Conduct for Expert Witnesses set out in the Environment Court's Practice Note 2023. I have complied with the Code of Conduct in preparing my evidence and will continue to comply with it while giving oral evidence before the Environment Court. My qualifications as an expert are set out above. Except where I state I rely on the evidence of another person, I confirm that the issues addressed in this statement of evidence are within my area of expertise, and I have not omitted to consider material facts known to me that might alter or detract from my expressed opinions.

SUMMARY

- 9 My name is David Stanley Norman.
- 10 I have been asked by the Council to provide Economics evidence in relation to the Council hearing on the Ecosystems and Biodiversity (ECO) chapter of the PDP.
- 11 My statement of evidence addresses my assessment of the economic implications of the proposed changes to the PDP, allowing for Significant Natural Areas (SNAs). My work considers the economic costs and benefits of SNAs being established on public land, and on privately-held rural and residential land.
- 12 In summary, my analysis estimates that the benefit-cost ratio (BCR) for establishing SNAs on public land and on private **rural** land is likely between 0.8 and 2.1. A BCR of over 1.0 means the benefits outweigh the costs of taking this action.
- 13 In estimating the BCR, I took a particularly conservative approach that is likely to have underestimated rather than overestimated benefits, and potentially overstated the costs. This means the BCR is defensible, and if anything, may be understated.
- 14 Including SNAs on privately-held **residential** land hold much higher costs because of the potential development opportunity foregone on urban residential land, such that the private costs of SNAs on privately-held **residential** land will likely exceed the public benefits.

INVOLVEMENT WITH THE PROPOSED PLAN

- 15 I have been involved in the PDP since 2023, when I was asked to consider the economic costs and benefits of incorporating water sensitive design into the PDP. I have since worked with the Council to understand the economic costs and benefits of SNAs on publicly land and on privately-held rural and residential land.

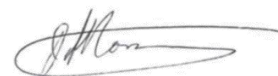
SCOPE OF EVIDENCE

- 16 My statement of evidence addresses the following matters:
- 16.1 The potential **benefits** of proposed SNAs, which are likely to accrue to the public at large. These include:
- 16.1.1 More wildlife interactions
 - 16.1.2 Improved aesthetic value
 - 16.1.3 Reduced noise
 - 16.1.4 Improved physical and mental health
 - 16.1.5 Greater biodiversity conservation
 - 16.1.6 Improved ecological balance
 - 16.1.7 Higher cultural values
 - 16.1.8 Better climate outcomes and carbon sequestration
 - 16.1.9 Improved water management
 - 16.1.10 Geater inter-generational bequest value.
- 16.2 The potential **costs** of the proposed SNA, which are likely to accrue to private landowners. These include:
- 16.2.1 More development restrictions
 - 16.2.2 Increased regulation of private land
 - 16.2.3 Greater exposure to allergens and pests

16.2.4 Higher maintenance costs.

- 17 The majority of the **benefits** can be measured by people's willingness to pay for more green space or biodiversity protection. Using New Zealand and overseas studies, I was able to credibly estimate the likely benefit to Wellington residents of protection of various quantities of land that include significant indigenous biodiversity. These benefits were estimated at between **\$16 million and \$40 million** when SNAs are introduced only on public land and privately-held **rural** land.
- 18 The most significant **costs** are due to the reduction in useability of rural land. Because rural land is used for production purposes, land that is easily used for production is likely to be used that way already, and therefore will not have significant indigenous biodiversity value today. Areas on rural land that may still preserve indigenous biodiversity are likely in that state because they are not easily converted to agricultural uses. The loss in use value is therefore likely to be relatively small, despite the significant scale of areas proposed for protection (around 1,230 hectares of privately-held rural land), at around **\$19 million**.
- 19 Consequently, with a benefits stream of \$16 to \$40 million, and a cost stream of around \$19 million, the **BCR** is estimated at **0.8 to 2.1**.
- 20 I also considered the impact of introducing SNAs on privately-held residential land. Residential land has higher values and, where zoning allows, a lot of that land value is a function of developability. Where SNAs would reduce developability, there would be a significant reduction in land values, which is a cost to landowners. The consequent BCR for extending SNAs onto **residential** land **as well** was estimated at 0.3 to 0.7, with costs exceeding benefits in all estimation scenarios.

Date: 15/07/2024



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