Media Statement
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Infrastructure New Zealand

Rate Caps Risk Stalling NZ's Growth and Infrastructure Recovery

"Any form of rate capping must not come at the expense of building desperately needed new infrastructure and maintaining the crucial assets local governments already own," says Infrastructure New Zealand's Nick Leggett.

The Government's proposed rate capping policy risks weakening councils at a time when the country urgently needs stronger, better-resourced local government to maintain and build the infrastructure communities rely on.

"This is a blow to the infrastructure sector already under immense stress", says INZs Chief Executive. Already ageing, decrepit and dilapidated infrastructure will fall into a further state of disrepair because councils must now jump through hoops to get essential funds for renewals and maintenance.

This policy sends a message to councils from government – don't pay for infrastructure. So who will foot the bill?

"How are councils going to pay for new infrastructure or fix what they've already got when their primary funding tool is being restricted without any credible alternatives being offered?" Nick Leggett says.

A useful exercise for the Government might have been to list out all the reasons it wouldn't impose price controls in other parts of the economy and then ask why those very same reasons shouldn't apply here. "Is the Government going to impose the same kind of regulatory regime on their own deteriorating assets? Are schools, hospitals and roads going to be held to the same standard?", Leggett asks.

"If the Government is going to keep beating councils with a stick, they need to start handing out some carrots", he says.

If we want economic growth, we need to empower councils, not constrain them. Any form of rate capping must not come at the expense of building desperately needed new infrastructure and maintaining the crucial assets local governments already own.

Restricting councils' funding tools without providing viable alternatives risks undermining essential community services and hampering future investment.

Among the questions Nick Leggett says needs answering are who will the regulator be and will they be adequately resourced to deal with such a complex issue. Infrastructure New Zealand hopes to be part of the upcoming targeted consultation.

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Infrastructure New Zealand is the nation's leading infrastructure member association. Our core purpose is to advance best practice development of world-class transport, energy, water, telecommunications, and social infrastructure for all New Zealanders. We do this through research, advocacy, and public and private sector collaboration. Our membership is comprised of over 150 organisations, including central and local government agencies, consultants, contractors, financiers, utilities, and academics – collectively employing approximately 150,000 people in infrastructure-related roles. Together, we are committed to creating a better New Zealand through outstanding infrastructure.

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