



City Deal a good start – but now the work begins

Auckland's City Deal will boost New Zealand's economic growth if it's done well, Infrastructure New Zealand says.

Chief Executive Nick Leggett welcomes today's announcement by central government and the Auckland Mayor.

Done well, City and Regional Deals are not simply funding announcements or plans for a plan. They are structural changes in how decisions are made.

The aims of the plan – to support economic growth, deliver connected and resilient infrastructure, and improve the supply of affordable and quality housing are all critical for a strong future for Auckland.

Nick Leggett says firm funding commitments and new funding and financing tools are needed. A promise to allow growth to pay for growth is critical.

A bed charge is one of those funding tools that right now looks like a missed opportunity.

"A modest accommodation levy, or bed charge, is hardly radical internationally. Cities across Europe and North America routinely use them to help fund tourism infrastructure," Mr Leggett says.

"They are essentially a user-pays mechanism: visitors who benefit from a city's infrastructure contribute toward maintaining it. That is a charge for using something, not a tax. For places with strong visitor economies, it can be a meaningful source of revenue. For other parts of the country, it will not make sense. The point is that local governments should have the ability to decide and work with the Government to unlock revenue sources that ease pressure on struggling ratepayers. There's also an incentive; increase the number of bed nights in your city or district, and your revenue increases to help support that."

A better relationship is needed between central and local government and INZ hopes this is the first step towards that. Auckland's deal is a start, but more are now needed around the country.

We must drive these deals to evolve and build over time developed by this Government and future ones.

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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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