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City deals – Options and Key Considerations

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Introduction

City Deals have significant promise as a platform for stronger partnerships between central and local government and between the public and private sectors at a local level. Done well, they also have the potential to drive economic growth and enhanced well-being for people and communities across New Zealand.

This paper has been developed to provide some insight into international experience around city deals and how this might be applied in a New Zealand context.

City deals have been around for a while. In the United Kingdom (UK) at least there is now a track record extending over 10 years. City deals have also been implemented across a range of jurisdictions in Australia, with the earliest being the Townsville City Deal signed in 2016. However not all city deals are the same. This paper aims to bring some clarity to the discussion in New Zealand on city deals, including by reference to city deals developed in UK and Australia.

There is no precise definition of a city deal, however key features are:

- A formal multi-party agreement, including the national government, local or regional government, and often other stakeholders like business organisations or educational institutions.
- Focus on a specific urban conurbation, or regional area encompassing perhaps more than one city or major town.
- Intentionally designed to address the unique challenges and opportunities of the specific city/region.
- Funding commitments by both central and local government, for specific projects and initiatives.
- Cost sharing agreed up front.
- Long-term commitment spanning several years or decades.
- Includes measurable targets and incentives to invest in growth
- New governance structures, such as combined authorities, to oversee and manage the agreed-upon initiatives.
- [In the UK] devolution of certain powers and responsibilities from the national government to local or regional level.

While the term "city deal" is often used, similar agreements may go by different names in different countries, such as "growth deal" or other regional development agreements.

Background

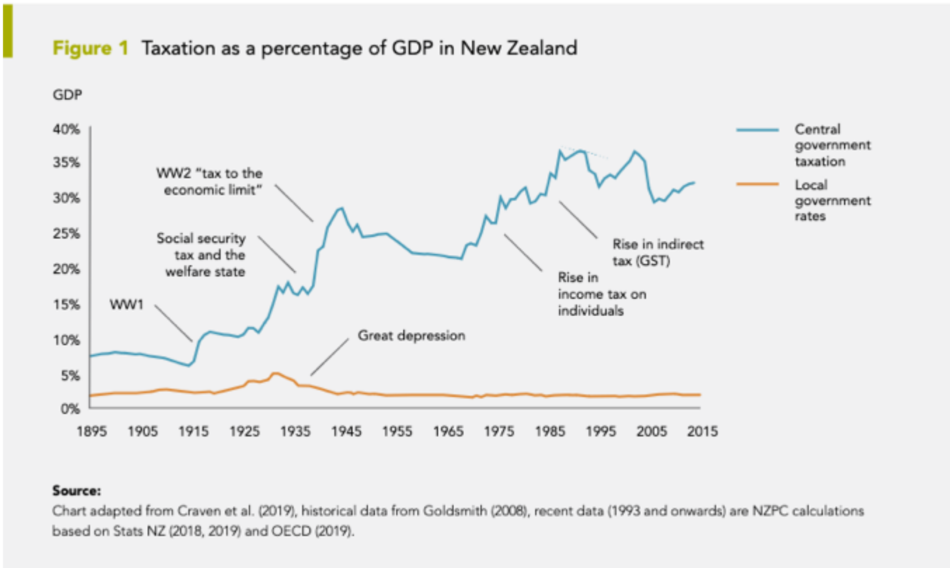
City deals have the potential to be an important new tool. Well designed and implemented City Deals should do three things:

1. Stimulate economic growth.
2. Accelerate the planning and delivery of critical infrastructure projects.
3. Revitalise urban areas, and/or address the impacts of significant events.

City Deals are highly adaptable and can be tailored to the specific needs and priorities of individual cities and regions. This flexibility aligns with a growing desire to address localised challenges and opportunities in new ways. In part this is because it is clear that local government in New Zealand is increasingly getting squeezed.

Figure 1 below makes it clear why this is.

Figure 1



Source Productivity Commission

Despite New Zealand sitting in the middle of the pack for total tax burden as a percentage of GDP at around 32-33% (very similar to the UK and Canada, far less than Denmark (46%) but a lot more than the US (25%) or Ireland (23%)), the tax burden through rates impost has remained at around 3% for decades.

Not only that, but central government taxes have risen considerably over time due to a combination of bracket creep and policy changes such as increased GST. Added to this Central government does not pay rates on much of the land it owns and indeed reaps GST revenue from the GST levied on rates. Rates are of course not the only form of revenue to local government, in fact in aggregate rates only provide around 55% of local government revenues, with an increasing amount in recent years coming from transfers from central government. The emergence of city deals should be placed within this context. City deals should not be thought of as an alternative to rates (to fund core council services) but rather as a new way of working – in partnership with central government, universities and the private sector – to drive economic growth, and enhance community wellbeing. Only by realising economic growth can taxpayer funding increase.

City deals have evolved in the UK over an extended period, and their success can be partly attributed to the initial impetus coming from local government not as a construct imposed from the centre. Indeed the emergence of the city deal concept is rooted in the regeneration of Manchester, triggered initially by a response to the IRA bombing in 1996. Sir Howard Bernstein was a key architect of the Manchester economic regeneration, playing a key role in the re-build of central Manchester following the bombing. This experience, alongside his work planning for the 2002 Manchester Commonwealth Games, strongly influenced his thinking about the respective roles of central and local government, the importance of local government in the economic prosperity of a city-region, and the need for (in his mind) much greater devolution of responsibilities from central government to local government – including not just education (already devolved in the UK), transport and housing but also health and social services.

Over time he became convinced the economic potential of Manchester as the capital of the north of England could only be realised by coming to an agreement with "Whitehall". His start point was to develop a common vision for the Greater Manchester city-region, spending considerable time developing a detailed strategy for economic regeneration, which was rigorously peer reviewed by a panel of internationally renowned experts. This laid the blueprint for future investments.

He also spent considerable time working across the 10 authorities across greater Manchester (and other key stakeholders such as Manchester University) to achieve alignment on priorities. Each party was put in charge of leading on a particular element – whether that be education, arts, sports or civic amenities – and in some case the lead role sat outside of the councils; for example with the private sector.

The success of the city deal concept in Manchester has seen the population of Manchester city grow from 350,000 to over 600,000 in the 14 years since the initial Greater Manchester Fund was established, and has resulted in the increasing popularity of city deals seen today across the UK.

The most recent comprehensive city devolution deal agreed in the UK is the North East Devolution Deal which will see 7 councils form a North East Mayoral Combined Authority with authority to invest GBP4.2B over 30 years. The deal aims to create 24,000 new jobs and unlock an additional GBP5B private investment. Like Manchester, this deal is based on a common vision for the future of the city-region, including the urban environment, with considerable time spent developing a detailed strategy for economic regeneration.

A Comparison of Australian and UK City Deals

As a generalisation, city deals in Australia can be described as more superficial compared to UK city deals and certainly compared to the Greater Manchester City/region deal. In part this may be because Manchester initiated and led development of the deals, while in Australia the city deal concept came out of federal government, and the states have in some cases been slow to join the party.

Australian city deals have tended to focus on large projects that were already in the pipeline, and only rarely supported by comprehensive job creation or economic growth strategies from the outset. And while greater co-ordination between federal, state and local government was the stated ambition, existing complex funding arrangements between federal and state governments often get in the way (e.g. around GST clawbacks between federal and state government). Critics have pointed to the opportunity for significant reform in terms of innovative financing and funding (there are no earn-back type schemes), or devolution from state to local government.

A major issue in Australia is the lack of capacity at the centre (in Canberra) to lead and negotiate multiple deals, let alone have ongoing oversight and evaluation. A lack of focus on planning and administrative reform has meant the deals are at risk of becoming a series of disconnected investments. So while Australian city deals have the potential to deliver significant economic benefits (depending on the mix) they are not really a pathway to transformation of local government or even the relationship between central and local government.

By comparison, the start point in the UK is to develop a common vision for the future of the city and wider urban environment, and then to intentionally invest in and work towards all of the projects and initiatives that will make the most difference over an extended period of time. Manchester is the most advanced in this respect due to an unusually high degree of consensus and collaboration between the key parties, starting with the 10 councils across Greater Manchester. But as a rule of thumb, city deals in the UK can include:

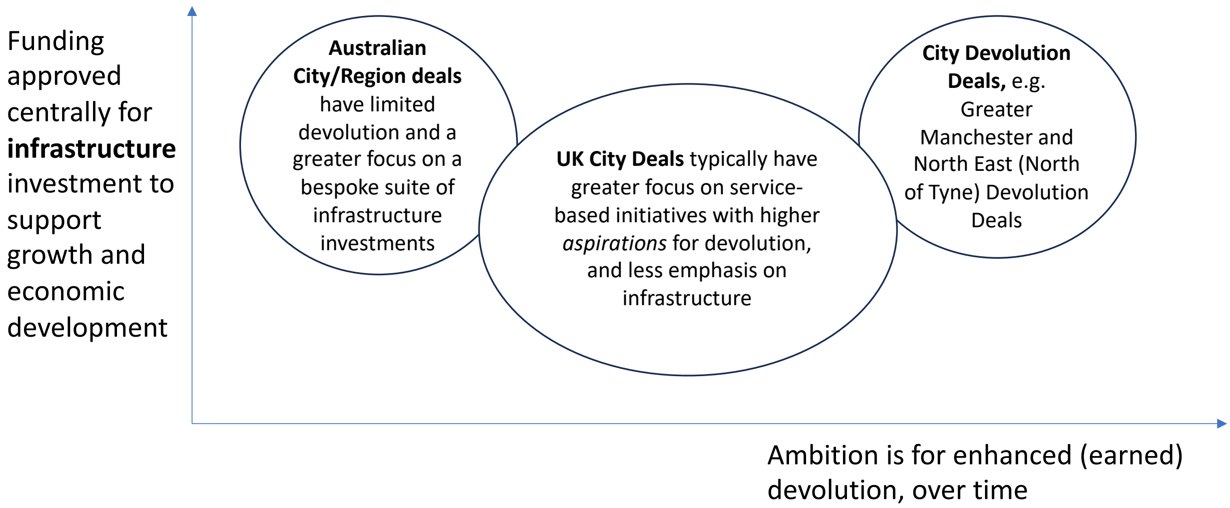
- Some degree of "earned autonomy" – i.e. progressive devolution of powers (and associated funding) from central government to local government. Typically this would be for social services and/or funding of social and transport infrastructure.
- An integrated funding pool, bringing together funding from a number of sources into a single pot, with a mechanism to independently prioritise spend according to highest net benefit (conceptually similar to the original intent behind the NLTF).
- Some sort of "earn-back" of increased revenues going to HM Treasury due to improved economic performance (in Manchester this is a share of corporate taxes – in NZ it could be GST on commercial rates for example).
  The Earn Back scheme offers incentives to "invest in growth," principally in infrastructure, in return for a share of national tax revenues.

A feature of the Greater Manchester city deals – which the North East Devolution Deal has found harder replicate - is the unusually high degree of consensus and collaboration between the key parties, starting with the councils. Both deals, as well as the West Midlands[1] Devolution Deal signed in 2015 (and more recently the West Midlands Deeper Devolution Deal, collectively known as the "trailblazer deals") demonstrate the importance of getting the governance model right, and grounding the deals in rigorously peer reviewed strategic blueprints for future investment. These two pillars have allowed all parties to solidly work towards implementing the initiatives that will make the most difference over an extended period of time.

Spectrum of City Deals

City Deals tend to fall on a spectrum internationally, as depicted in Figure 2 below.

Figure 2



When looking at the differences between the city deals developed across the UK and Australia it is important to understand where the emphasis lies. Is it about earned autonomy over time to make local decisions at a local level, or is it much more about packaging up some investments with the aim of picking projects that will lead to economic growth? The terminology used can provide a clue:

- City/Region deals tend to emphasise enhanced connectivity and support population growth. Often these deals can be characterized as "catch-up" deals, where a city or region has an infrastructure deficit, or has been badly impacted by an event such as a cyclone, or is severely disadvantaged.
  A subset of City/Region deals are what might be termed Provincial Growth Deals, typically centred on smaller cities.
- City Devolution Deals as the name suggests, have a long term goal to build a partnership between central and local government, based on the concept that much greater autonomy will be earned over time as more and more services (and funding) are devolved to a local level. In these deals, investment is agreed up front to support a strategy for economic growth and if this growth eventuates (under the good management of local government) then additional "deals" will be struck – for example, greater powers over housing, education or social services.
  Devolution deals typically also aim to proactively leverage private sector investment. For example the North East Devolution Deal aims to leverage GBP5B private investment.

- Sitting somewhere between are City Deals with a narrower focus on certain industries and a much more targeted emphasis on supporting job creation in those industries.

[1] The West Midlands includes the urban conurbations of Birmingham, Coventry and Wolverhampton.

City Deal Options

Looking across the spectrum of deals to date, and considering the New Zealand context, there would appear to be four broad options for city deals in New Zealand. The first three could be implemented immediately, while the fourth is likely to take time to develop and evolve. These are discussed in turn below.

Option 1: Provincial Growth

The first option could be described as a "provincial growth" city/region deal. Key characteristics would likely include:

- An emphasis on infrastructure to drive population growth & housing affordability
- Support for enhanced community resilience
- Designed to stimulate regional economic development
- Stronger linkage between spatial planning and infrastructure investment
- Wider range of infrastructure investments, beyond road/rail/water; Examples include stadia, community amenity, town centre renewal, natural disaster recovery
- Often leverage existing Growth or Workforce strategies
- Support the expansion of *existing* business / industry
- Funding and financing likely to be traditional grants/loans or co-funding.

Examples include:

- In Australia - Townsville, Darwin, Hobart, Geelong
- In the UK – Plymouth/SW Devon, Scottish Highlands, Midlands Engine Strategy, Belfast

Case study: Townsville City Deal

The Townsville City Deal is designed to be a 15 year programme of planning, reform and investment to boost the prosperity and liveability of Townsville. It builds on the 2011 Townsville Futures Plan vision for Townsville as Queensland's "second capital" and as an economic gateway to Asia.

Townsville has been at the mercy of mining boom and bust cycles, and natural disasters, profoundly impacting on Townsville's prosperity and wellbeing. The deal aims to build resilience in the region, reinvigorate the city and stimulate job creation through:

- Infrastructure to enhance the region's attractiveness to businesses and investors [North Queensland industries include defence, mining and agriculture, as well as marine science institutions]
- Improved amenities and public spaces
- Tourism promotion and cultural development
- Supporting affordable housing

A 2021 review of the Deal noted that the 16 projects committed under the deal were making good progress but siloed in their pursuit and not always aligned with plans at a national, state or even local level.

These could in some respects be seen as an evolution of the investments made through Kānoa – RDU over the last 6 years, starting with the Provincial Growth Fund. The best of these deals feature strong linkages between spatial planning and infrastructure investment.

By way of illustration in the New Zealand context, a Provincial Growth type city deal could be contemplated for Whangarei city and the wider region since there is already a pipeline of potential investments and a good case to be made for investment to the reinvigorate the urban environment, stimulate growth and build resilience.

Option 2: Jobs Growth (Key Focus Industry)

The second option is a deal strongly focused around a key focus industry and deliberately designed to grow jobs in the city/region by leveraging that industry. Key characteristics would likely include:

- Designed to support key industries where a city or region has global competitive advantage
- May leverage a national Sector Strategy (e.g. tourism, energy, food, technology, primary sector)
- Attracting foreign investment may be a KPI
- Include investments in industrial parks, connectivity, ports, digital infrastructure, workforce development and liveability
- Funding and financing arrangements could include earn-back or value capture

Examples include:

- In Australia – Darwin/Townsville (defence), Adelaide (innovation economy)
- In the UK – Glasgow (creative industries), Edinburgh (data & digital), Cardiff (semiconductors) Birmingham (advanced manufacturing & engineering), Aberdeen (new energy)

Case study: Edinburgh City Region and South East Scotland deal

A collaboration between the UK government, the Scottish government, and local authorities, and signed in 2018, the Edinburgh City Region and SE Scotland deal has a particularly strong focus on data and digital sectors and data driven innovation. It is credited with creating 15,000 jobs over the last 5 years.

The overarching goal is to create job opportunities in the region, with a particular focus on data-driven innovation, life sciences and financial services. Investments include initiatives to enhance digital technology and data-driven innovation capabilities.

A total of GBP1.5B investment over 15 years, including range of investments to attract inward investment:

- Fibre infrastructure
- Creation of an Innovation Campus at Heriot-Watt University
- Expansion of the tram network
- Affordable housing for an expanded workforce
- Cultural amenities and public spaces

Edinburgh aims to become the Data Capital of Europe and the deal is considered one of the more ambitious of the UK city deals for job creation. Edinburgh is home to around a quarter of the population of Scotland and is seen as leading the way when it comes to collaboration between central and local government, higher education, business, and NFP

By way of illustration in a New Zealand context, a Job Growth type city deal could be considered for a region like the Central North Island region, centred around Manawatū - Whanganui, potentially extending west to Taranaki and east to Hawke's Bay. This region already has key strengths in food production and processing, as well as energy – leveraging off two key national sector strategies. The Manawatū – Whanganui Economic Action Plan (refreshed in 2020) has the potential to provide a start point for developing a city deal blueprint, and critically Massey University is a key strategic asset for the region.

Option 3: Major Urban Centre

The third option is a deal centred on a major urban centre, typically in response to existing or projected significant population growth. Cities are known to be engines of economic growth due to agglomeration benefits, but these benefits can be constrained by insufficient investment in infrastructure.

Major cities around the world are experiencing rapid growth and urbanisation and city deals can be a way to respond to this, including the need to address infrastructure deficits.

Key characteristics would likely include:

- Often in response to significant population growth (or projected growth) in an urban conurbation
- Significant existing pressure on infrastructure
- Emphasis on improving housing affordability, and quality of life
- Strong focus on transportation, congestion reduction and digital technology
- Often include airport, port and public transport improvements
- Precinct planning integrated with infrastructure investments
- May include a focus on nationally important industry sectors to create jobs
- An alternative to local government amalgamations
- Funding and financing could include congestion charging and other forms of user charges, alongside value capture

Examples include:

- In Australia - Western Sydney, Perth, SE Queensland
- In the UK – Liverpool Region, West Yorkshire (Leeds), Greater Birmingham, Glasgow

Case study: South East Queensland city deal

A partnership between the federal and state government and the South East Queensland Council of Mayors.
Includes 29 commitments designed to support one of the fastest growing regions in Australia, population projected to grow a further 42% by 2041. Designed to complement delivery of the Brisbane 2032 Olympic & Paralympic Games

Includes significant investments in:

- Transport – roads, rail, public transport
- Digital connectivity
- Liveability including waste, rivers, cultural assets
- Housing infrastructure to support growth
- The SEQ Innovation Economy Fund

It is early days yet for the SE Queensland City Deal which was signed in March 2022, with an Implementation Plan released mid 2023. The SE Queensland city deal started with the SE Queensland Economic Foundations Paper published in 2018 by the Queensland (state) government "Cities Transformation Taskforce" – the body responsible for negotiation of city deals with the federal government on behalf of Queensland.

The intention was to provide a framework for investment to support the growth of priority industries, the expansion, efficiency and connectivity of key corridors and clusters, and provide connectivity between workforce and centres of employment activity. The framework was intended to guide the identification and prioritisation of programmes and projects to achieve the outcomes.

In this way it is more similar to UK style city deals than other city deals in Australia. It has a strong focus on key focus industries for example – advanced manufacturing, agribusiness, and tourism for example, including identifying enablers for the success of these sectors. The South East Queensland City deal demonstrates that city deals are not solely focused on cities or regions in a state of decline or industrial dereliction as might be suggested by the UK term "levelling up"

Major urban centres typically have a range of inter-related challenges not readily addressed by simply taking a project pipeline approach. A more co-ordinated approach such as that intended by city deals can allow for much better integration and the ability to capitalise on opportunities.

A key challenge for these sorts of deals, where the benefits are reliant on co-ordination, is to establish strong and high-functioning governance early on – and to maintain focus on the end goals, avoiding splintering into factions or self-interest.

By way of illustration, a "new" city deal could be considered for Wellington, taking the best of the analysis and conclusions from the Let's Get Wellington Moving programme and morphing it into a deal designed to support future growth, housing affordability and quality of life.

Option 4: City/region Devolution Deal

The final option is likely to be the toughest deal to put together, but also has the potential to drive the most significant benefits. This is the sort of deal the UK calls a City/Region Devolution Deal. The boundaries of these deals are typically drawn by reference to workforce, but they also consider from the outset the possibility of autonomy across the city/region zone to deliver services ranging from public transport and housing to health, education and care. Such deals are seen from the outset as a pathway to meaningful partnership between central and local government. They also include significant involvement of private business – including in leadership roles

Key characteristics include:

- Designed around a jointly developed economic growth strategy
- Provides a pathway to increasing levels of devolution, often starting with transport
- Intentional investment to support job creation, encourage inward investment and workforce development (including research and development)
- Integrated funding pool(s), and new funding & financing tools available

City/region devolution deals take time. A defining feature of a city/region devolution deal is the creation of a combined authority[2] across multiple local authorities, with devolved powers to a greater or lesser extent – most typically transport and/or housing.

There are a number of deals in the UK labelled as city/region devolution deals but three stand out – the Greater Manchester Devolution Deal, the West Midlands Deeper Devolution Deal – and most recently the North East England Devolution Deal (centred on Newcastle upon Tyne).

Figure 3 below shows how the Greater Manchester Devolution Deal evolved over time.

[2] A combined authority is not an amalgamation of the various (up to 10) local authorities, but rather a newly created entity that has authority over only those things that needed to be governed (invested and managed) in an integrated way. Some combined authorities have elected mayors.

Case study: Greater Manchester Devolution Deal

By the time the first Manchester City Deal was signed in 2014, at least 10 years effort had been put into getting to that point including:

- Putting in place a new legal framework to pool financial resources in 2008, leading to the creation of a GBP1.5B Greater Manchester Transport Fund in 2009
- Unrelenting pressure across the 10 councils to co-ordinate economic development, transport, planning and housing policies
- A City Agreement signed in 2009 which included a statutory Skills and Employment Board and a single revenue pot for skills provision across Manchester for >16 yos, and a commitment to investigate how transport powers could be devolved to Greater Manchester in a similar way to Transport for London.
- The development of a Greater Manchester Strategy – including analysis lead by an independent panel of world class experts – set the priorities to drive economic growth (essentially jobs) through both supply-side and demand-side actions

A unique feature of the Manchester deals in the Earn Back mechanism. This had its' genesis in the Greater Manchester Transport Fund established in 2009 which brought together central and local government funding (including 60% debt) into one pot.

Investment from the pot is prioritised by an Independent Advisory Panel based on net GVA impacts at a Greater Manchester level. The Earn Back Model uses a formula to provide a new revenue stream and incentivises Manchester to prioritise spending to maximise GVA growth. There is now a pipeline of 80 projects with close to guaranteed funding, including investment in commercial developments, transport and broadband infrastructure, business growth, housing and low carbon projects.

City/region Deals in New Zealand

Before deciding on the sort of city deal that might be most suitable for a given city or region in New Zealand, it is useful to consider where our biggest opportunities might lie for economic growth and job creation. These sit at the intersection of global opportunity – where there is increasing or unsatisfied demand globally – and local economic advantage – where we punch above our weight. **Figure 4 below** shows this graphically:

The biggest opportunities sit at the intersection of global opportunity and local economic advantage. For New Zealand these Key Focus Industries are:

- Agri-business
- Tourism
- Food innovation and processing
- Advanced manufacturing (e.g. med-tech, fin-tech, gaming)
- Energy (emerging)
- Logistics (to support all of above)

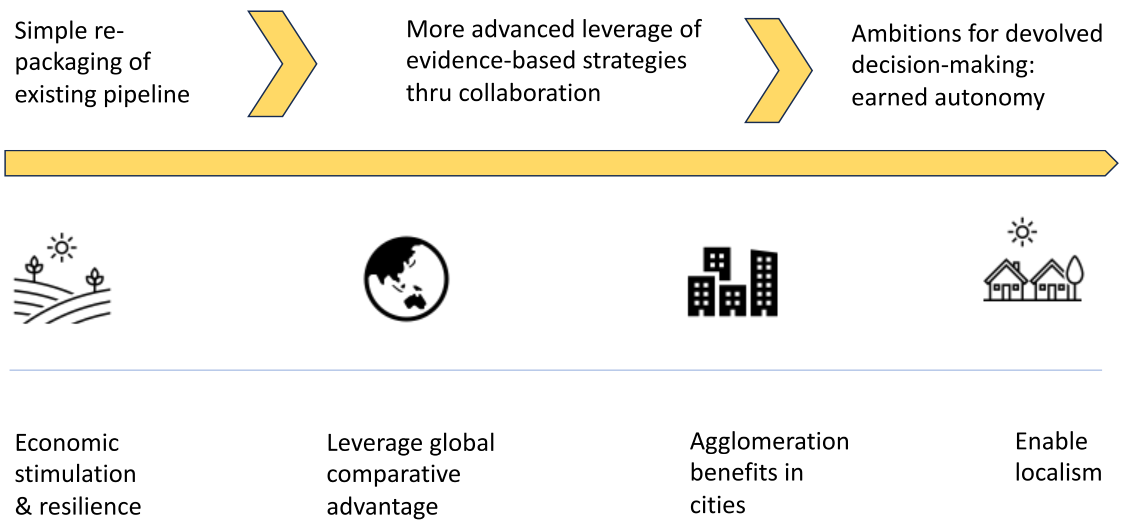
Other drivers of economic performance for New Zealand are the same for most small advanced economies and include:

- Investment in education as the single most beneficial activity to improve prosperity, attract investment, and overcome challenges in health, welfare and community wellbeing
- Agglomeration benefits from large urban centres
- Improve connectivity to major markets – in our case to Australia and Asia.

A Framework for City Deal Design

As each city/region considers what sort of city deal might work best it is useful to keep the continuum shown below in mind. Moving from left to right, city deals increasingly focus on providing the right conditions for creation of jobs. At the same time, by assuming greater freedoms and powers devolved from central government there is much greater opportunity to realise the full potential of our cities. In these cases, high functioning governance arrangements become increasingly critical.

Figure 5: City Deal Continuum



To the right hand end, key factors in the selection of City Deal candidates should be:

1. Workforce – a city or region well placed to provide access to skilled workforce to meet the needs of growing companies or potential inward investors.
2. Connectivity – a city or region well connected to local or international (export) markets, or is a key domestic connectivity hub.
3. Industry clusters with a strong comparative advantage – New Zealand needs to grow industries where it has a comparative advantage for exports.
4. Appropriate land, infrastructure & facilities to support industry development, and infrastructure to support housing supply. Investment may be required.

One thing to try and avoid – even though this may be politically challenging – is trying to distribute investment across a region to keep everyone happy. In the UK, they have attempted to get around this by forming combined authorities and independent advisory boards. While these bodies have added to the number of "local authorities" in the UK (most of the combined authorities have an elected mayor), the implementation of these authorities has proved a very useful circuit breaker where previously the conversation may have become bogged down in talks of amalgamation.

Instead each location needs to consider its competitive advantage deeply. Creative technologies…renewable energy…food processing…advanced manufacturing are just some possibilities. Creating an integrated fund like Manchester did is also important as basis for agreeing with central government on an earn-back type mechanism. Signature investments in each location must be prioritised to catalyse economic growth.

Taking these factors into consideration this could suggest the first tranche or "pathfinder" City Deals are those with:

1. Strong economic growth and job creation potential, due to:
    - Good existing, or potential for excellent connectivity due to port/airport access.
    - Key Focus Industry (KFI) cluster, with potential to grow & add jobs.
    - High functioning tertiary education sector presence to support workforce development and innovation.
    - A great place to live – attractive for inward investors.
2. Nationally important infrastructure projects, expected to drive significant economic benefits and unblock constraints on economic growth.
3. Possibly also…high priority location for climate adaptation investment (or natural disaster recovery).

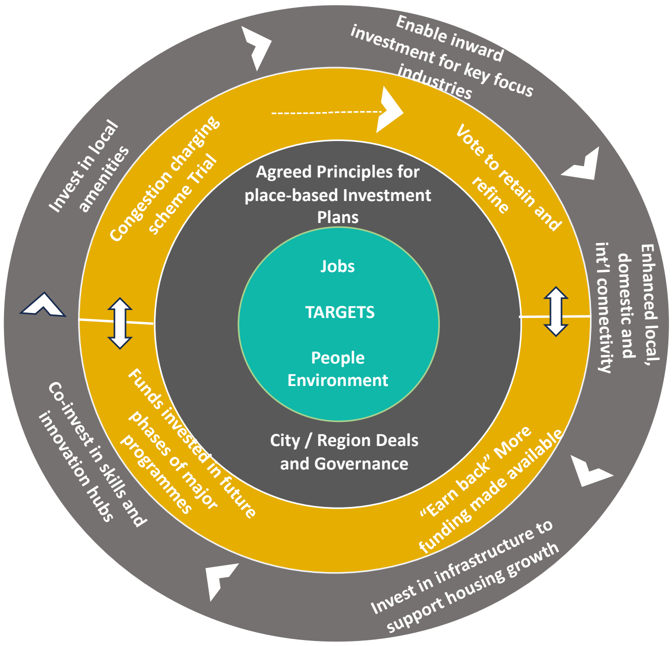
Key take-aways for New Zealand

Some key lessons learned for New Zealand city deals are:

1. Identify sources of potential jobs / competitive advantage in a particular location,
2. Collaborate to leverage competitive advantage, for example JVs between universities and centres of innovation.
3. Focus on education; growing a skilled workforce (and not just tertiary)
4. Agree on strategy and use this to prioritise investments to catalyse growth.
5. Invest in infrastructure to support a great lifestyle, e.g transport
6. Connectivity to global markets remains vital
7. Don't forget about cities – agglomeration benefits are important
8. Good governance is critical, but can be elusive

For cities and regions around New Zealand seeking to design a city deal, **Figure 6** may assist.

- At the centre is the goal of the city deal. What really matters most.
- At the next level out is development of the strategy that defines the deal, and putting in place functional governance.
- The yellow ring is how you think about funding and financing.
- And only when you get to the outer ring do you start making investment decisions.



Afternote: Funding and financing

While general taxes and rates make up the bulk of funding sources for government services and infrastructure, there are other sources of funding (levies and excise duties) which are material in aggregate - 8% of the total taxes paid by the average New Zealander.

As things stand, most of these levies can be viewed as simple funding tools, i.e. used to pay for public services on a PAY-GO basis. New types of user levies may be feasible in some situations and some cities and regions are already working with Crown Infrastructure Partners to implement levies as permitted by the Infrastructure Funding and Financing Act. Care does need to be taken however. Too many bespoke funding arrangements at a local level could lead to individual ratepayers finding themselves paying multiple times for different types of infrastructure or service.

There is potential for new tools to be introduced which allow for diversification of funding and financing. In other words to move away from PAY-GO tax funding supplemented by public debt raising, and towards an approach which much more explicitly recognises how private individuals and companies gain value from infrastructure, and build this into the financing arrangement.

Colloquially this is referred to as "value capture". At its essence value capture is a financing mechanism. This can best by illustrated by two examples seen overseas:

1. The first is the most simple and this is where the private sector directly pays for the cost to build specific public infrastructure in recognition of future value uplift potential to adjacent land. Two tube stations on the Elizabeth Line were funded in this way. No public funding at all.

2. The second is securitisation of future user-pays cashflows, and using this to finance the infrastructure up front. Toll roads have been doing this for generations. If congestion charging was enabled here then the net revenues raised have the potential to be securitised to pay for complementary infrastructure such as assets to support public transport.

In both cases, financing occurs outside of the public sector, while the funding (to pay back the financing) is also derived from a new funding source – not rates or general taxation.

Of course, by far the easiest way to capture value is to own the land. But this is often hard for governments to get the cost to purchase over the line against competing priorities.

New Zealand Infrastructure Commission - Te Waihanga recently released a report which found that designating or purchasing land for infrastructure well in advance could make it cheaper and easier to build essential infrastructure, such as schools and public transport routes. The current "wait and see" approach often means valuable infrastructure never gets built, as the land is too expensive to purchase by the time it is needed. The research found advance site protection could be beneficial, even if it was uncertain when the project would be built.

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