

## **Auckland Council's hocus pocus on tourism funding and bed taxes**

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Don't fall for Auckland Council's consultation hocus-pocus on tourism funding and bed taxes.

It started with Mayor Wayne Brown regularly appearing on radio in full "get things done" re-election mode. Councillor Desley Simpson wrote an opinion piece in this newspaper (Feb 28). What's going on?

Each year regional authorities consult with ratepayers about their annual budgets. Auckland Council is this year asking ratepayers about hotel bed taxes - something it has no power to implement.

The arguments put forward are flimsy, but sound plausible in parts.

First, it says events are vital for Auckland's economy. True.

Second, the council tells you that events might not come to Auckland in future without funding. This is also true. Since events drive verifiable economic benefits for host cities, making a contribution towards running costs – called "subvention funding" – is a legitimate use of ratepayer funds.

After a solid start, here's where the reasoning falls apart. "Auckland has no source of funding for events," it claims. Therefore [so the argument goes], central government must empower Auckland Council to impose bed taxes and spend the money on event attraction and destination marketing.

This weak claim is propped up with pure populism. Apparently the only way New Zealand can host the America's Cup again is if we give Auckland Council new powers of taxation. Smart observers will start to smell a rat. Auckland Council has rivers of incoming cash but chooses to prioritise other things.

Back in 2017, Auckland Council provided \$53 million in funding to Ateed (Auckland Tourism Events and Economic Development). Ateed used to put around \$15m annually into event attraction. That amount is chump change out of total 2017 council revenues of \$4.12 billion – less than four-tenths of 1% and by no means excessive.

Nowadays, Auckland Council has slashed annual spending on events to around \$7m. Meanwhile, total council revenues ballooned by 62% across the same period, reaching \$6.67b in 2023.

When it comes to tourism, Auckland Council really is "doing less with more" – it takes way more from you in rates and spends way less on attracting world-class events. Auckland is miles behind even the mid-size Australian states, and yet the Aussies have just 10% GST and no bed taxes.

The civic de-funding of tourism and events is a political choice that Auckland Council has made for reasons I don't fully understand. If it cannot find half of 1% of total revenues to activate the city properly, then perhaps we need new councillors?

The sources of possible funding are many – not just rates. For example, Auckland Council received a combined \$2.14b in 2023 and 2024 for selling Auckland Airport shares. This very recent tourism-

related asset sale windfall could have been the catalyst to unblock event attraction funding, but councillors decided to go in a different direction.

There's money at central government level too, with \$4.1b in tourism GST collected last year, some of which could support events of national significance in Auckland. It's not for me to list out all the wasteful Auckland Council spending over the past decade. Brown himself has done a great job of starting to get that under control.

Smart event attraction funding is never wasteful and delivers a positive return. It should be a much higher priority for Brown to dial up event attraction and give hospitality businesses some support.

The hotel sector is not against the idea of a new accommodation levy, provided it is done once and done right for all New Zealand. Accommodation providers are trying to end a three-way tourism funding deadlock between industry, central government and local government.

Hotel Council Aotearoa has repeatedly proposed collaboration with Auckland Council on this issue of critical importance to all New Zealand. Our industry-backed national scheme delivers an ongoing tourism dividend to every destination that welcomes visitors anywhere in the country, not just in Auckland.

As landing spot for 70% of international travellers, Auckland has a privileged position, but there's no good reason for an "Auckland first" approach to new tourism taxes. Many international tourists don't exactly choose New Zealand because of Auckland.

Auckland Council knows that an Auckland-only bed tax is simply not supported by anyone who matters in the accommodation sector. The consultation materials skim over what industry wants.

Brown sometimes declares he's "not a tourism guy", but credit is due for his great work raising the profile of Auckland and looking to attract more airlines. As someone who admits to being a passionate tourism guy, I believe Auckland is on the wrong path when it comes to attracting events. Brown has a chance to fix Phil Goff's mistakes and restore funding quickly.

Here's what I'll be saying to the Auckland Council consultation on event funding: "If event attraction and destination marketing is as important as you say it is, please stop wasting money elsewhere. Take a tiny part of your annual budget and return tourism funding to where it was a decade ago. This stuff is important to all Aucklanders and it drives future economic growth. Work as partners with industry on a sustainable national plan."

If he quickly restored Auckland's event attraction funding to what it was 10 years ago, then no-nonsense Brown would immediately become a tourism and hospitality industry hero.

**James Doolan**