

RATES CAPPING IS NEEDED NOW

Chris Harwood, Chair, Concerned Ratepayers Kapiti

Concerned Ratepayers Kapiti is a voluntary local community group, formed in 2024, working for fair and sustainable rates on the Kapiti Coast. We also advocate for open and transparent Council processes, and for good Council governance and accountability. Our details can be found at www.concernedratepayerskapiti.org

Since the Government's confirmation that it will introduce legislation to cap local authorities' rates increases to between 2 to 4 percent, the reaction has been fast and furious. Mayors up and down, the country, including our own, have vehemently argued that rates have increased because of the need to deal with infrastructure deficits and the additional responsibilities and costs imposed by central government. They say that rates capping puts their support for communities at risk. Local Government NZ proclaims that rates capping will "hamstring already-constrained councils' ability to maintain investment in the services and infrastructure that people rely on them to provide." Mayors warn that "something is going to have to give" and that "tough choices lie ahead". What they are really threatening is a reduction in services for their communities.

Residents provide a different perspective. No matter what mayors say, on-going high rates increases have not been all about infrastructure deficits or costs imposed by central government. The choice our Councils has made in recent years is to treat residents as bottom-less banks. Ratepayers are asked to find additional money to pay their compounding rates increases. We say it's time for this to stop.

Potential savings for residents are significant. We believe that Local Government NZ and other government officials have massively underestimated the savings that rates caps would bring. Their estimates range from only \$34 a year to around \$938 over seven years.¹

We have worked out that for an average household in the Kapiti district, a rates cap from 1 July 2029 (which is the Government's current plan), the average savings in seven years' time will be about \$830. We have based this figure on the rate increases projected in Kapiti's current Long Term Plan.

Generally speaking, KCDC is a well-run Council. Its core services work well. It has invested prudently in core infrastructure when it's needed: the pipes work and the roads don't have potholes. It hasn't had to deal with the aftermath of a major natural disaster.

KCDC faces inflation but the Local Government Cost Index for operating costs (which household rates pay for) has closely tracked the rate of general inflation since 2021². But since 2022, average rates in Kapiti have increased 54.6 percent while inflation has only been 17 percent.

In Kapiti we have heard heartbreaking stories from residents for whom rates increases have caused real hardship. We know people who are selling their houses or have moved somewhere else

¹ DIA Regulatory Impact Statement, 25 November 2025, page 3
[https://www.dia.govt.nz/diawebsite.nsf/Files/Proactive-Releases-2025-26/\\$file/Rates-capping-RIS-December-2025.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Proactive-Releases-2025-26/$file/Rates-capping-RIS-December-2025.pdf)

² Infometrics Report to Wellington City Council: "Wellington City Rates Affordability Research", March 2026, chart 23

because they can no longer afford their rates bill. We do not hear our Council talking about, or acknowledging, the financial distress that is happening.

We have been closely tracking what's been driving these rates increases in Kapiti. If KCDC isn't dealing with infrastructure gaps, or excessive cost growth, or the aftermath of a natural disaster, what has been going on?

The reality is something a bit more mundane, but the impact on rates is just the same. It's about a lack of spending control. It's a 43% increase in staffing costs in the three years between 2021/22 and 2024/25³, even though there was a hiring freeze on for much of this time. It's a 28% increase in other operating costs over the same period⁴. It's a whopping 275% increase in grants and sponsorship spending over the same three years.⁵ It's spending several millions of dollars each year on "economic development" which the Council can only justify by grossly exaggerating its impact. It's about treating every little increase in costs as something that must be automatically passed on to residents without thinking about how these costs can be managed back. It's spending \$43,000 on an overseas training course for the CEO when elderly ratepayers are struggling to pay the rates bills.

As a residents' group, we have tried many times over the past three years to support our Council to understand the impact of high rates rises and what can be done to limit them. We have tried submissions, briefings to Councillors and repeated speaking slots at Council meetings. But our Council hasn't listened and hasn't changed.

Let's be clear – as a country we shouldn't have to resort to rates capping. Local councillors should listen to their communities when they tell them that their rates are too high. Councillors should be responsible and proactive stewards of the rates paid by everyday people and to look after every dollar as if it were their own.

Concerned Ratepayers Kapiti supports rates capping as a powerful way to get the change we need. Rates capping is the circuit breaker we need to get rates increases affordable again.

³ Staffing costs rising from \$30.1 million in 2021/22 (revised figures included in Note 6 to the 2022/23 Annual Report) to \$42.8 million in 2024/25

⁴ Non-staff operating costs rising from \$35.653 million in 2021/22 (figures un Note 6 to the 2022/23 Annual Report) to \$45.604 million in 2024/25

⁵ Grants and sponsorships increasing from \$0.819 million in 2021/22 to \$3.1 million in 2024/25.