

RATES

R↑**ISES.**

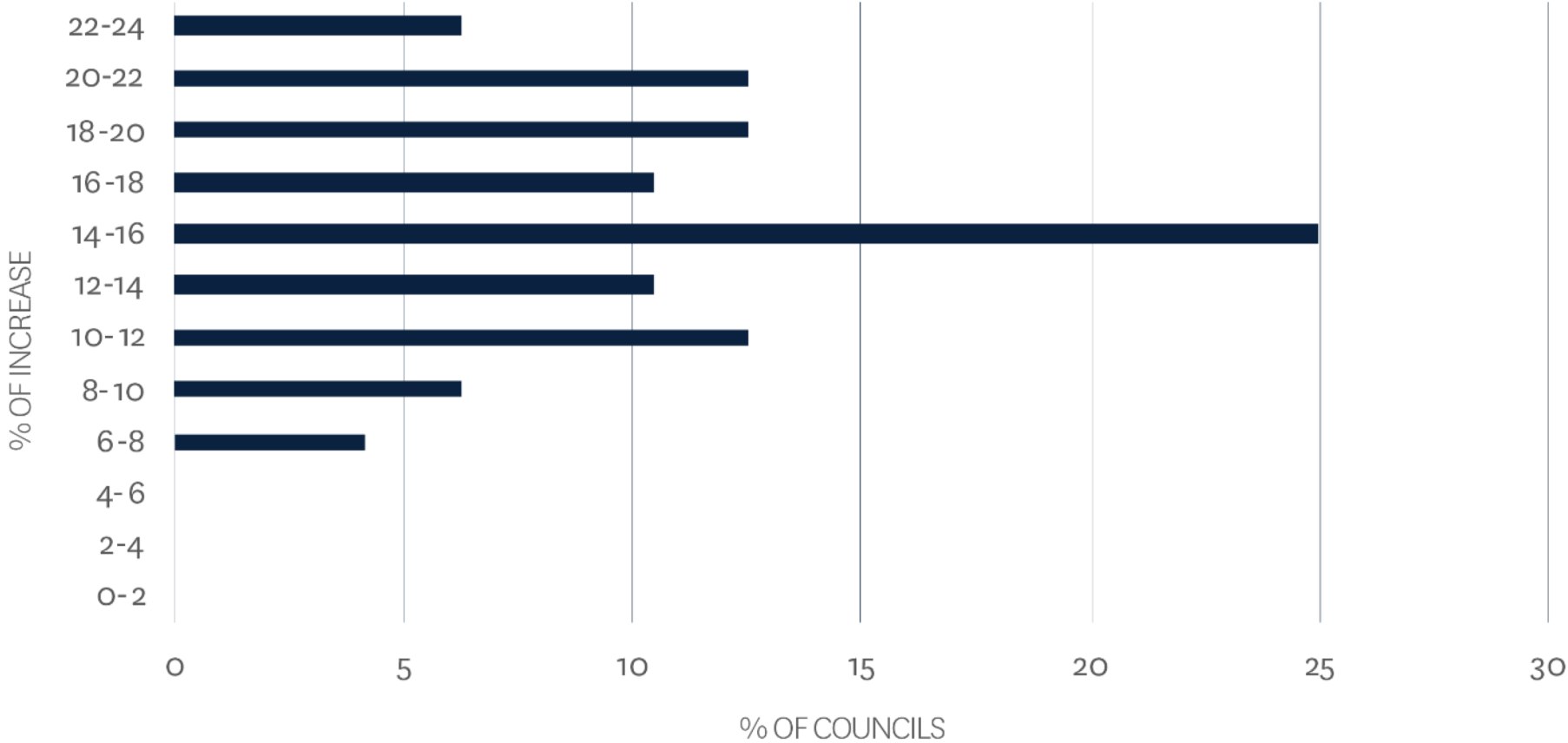


LET'S TALK ABOUT RATES.

All councils are struggling with rates rises due to inflation and other factors. We need a national conversation about funding.

2025 DRAFT RATES RISES.

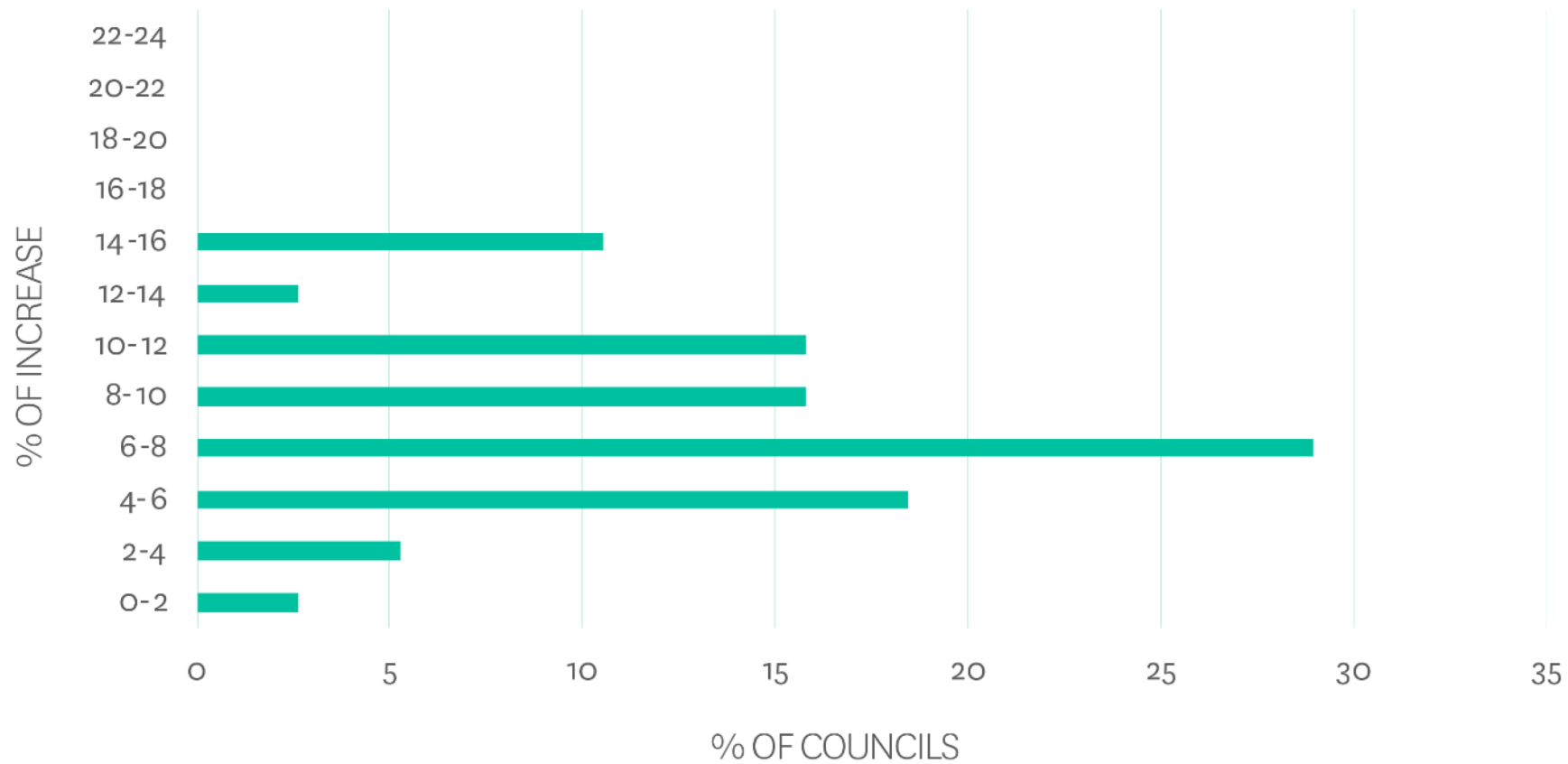
HIGHEST: 24%
AVERAGE: 15.3%
LOWEST: 6%



// 2025 RATES INCREASES IN DRAFT LTPS: Sample from 48 councils

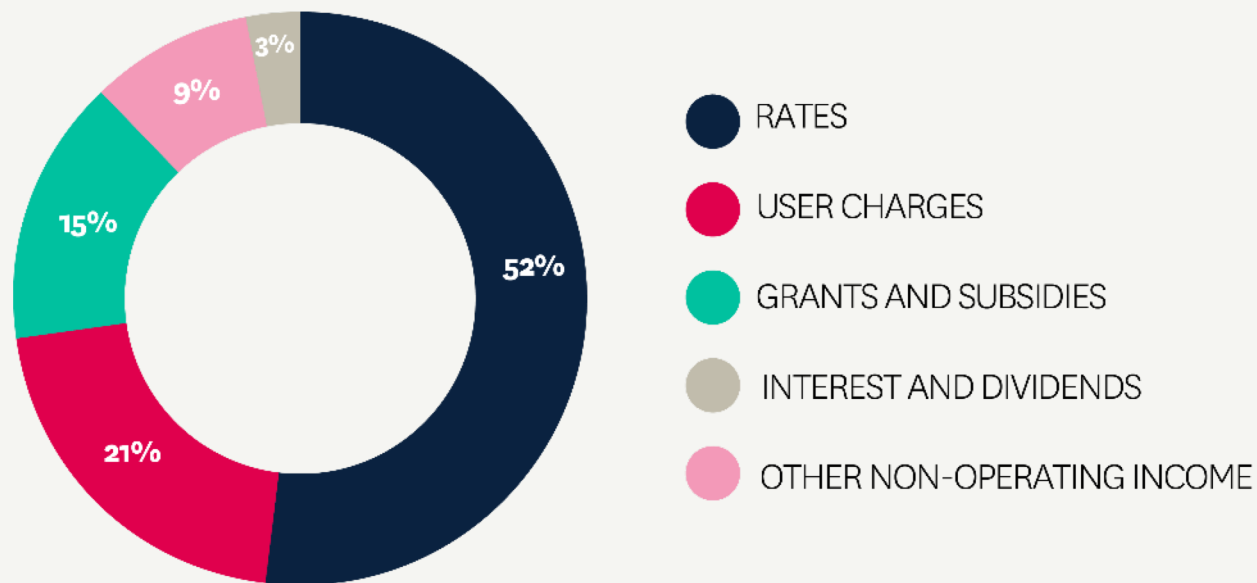
2026 - 2035 DRAFT RATES RISES.

HIGHEST: 15%
AVERAGE: 8%
LOWEST: 2%



// 2026-2035 RATES INCREASES IN DRAFT LTPS: Sample from 38 councils

**RATES
ACCOUNT
FOR MORE
THAN
HALF OF
COUNCIL
FUNDING.**

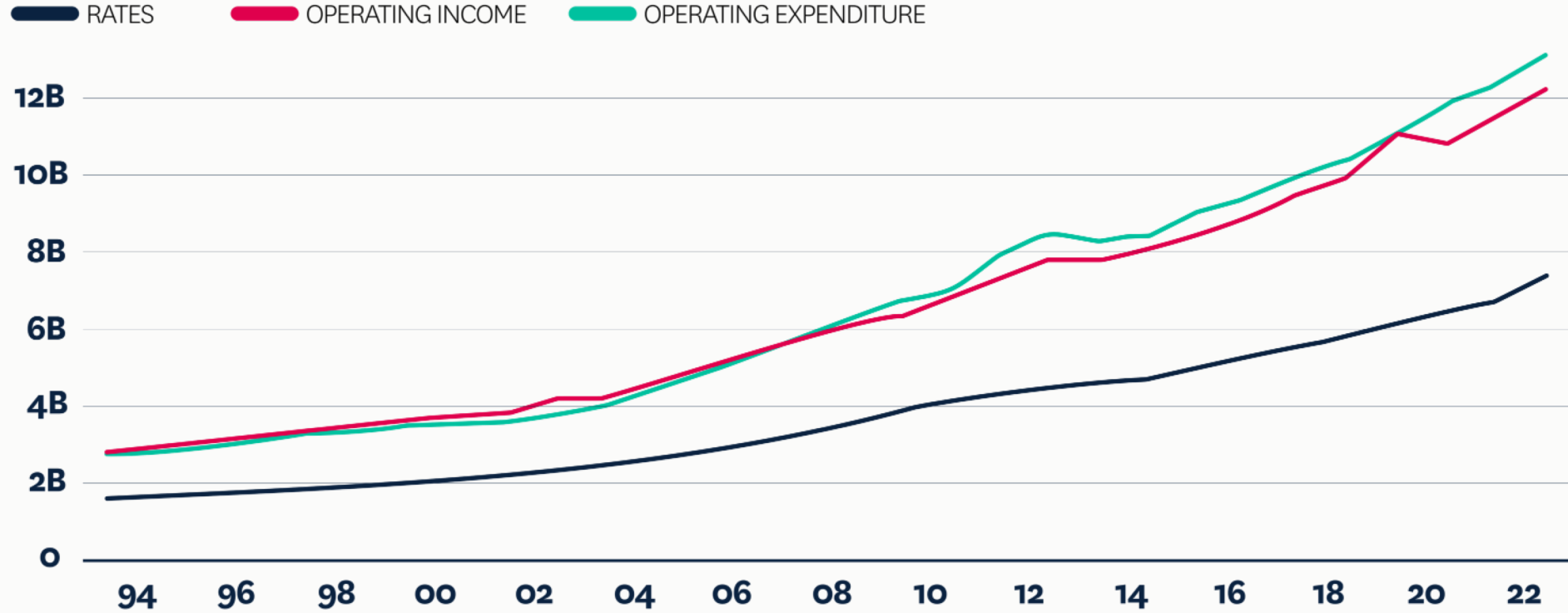


COUNCILS' OPERATING INCOME (2022)

RATES AND INCOME HAVEN'T KEPT PACE WITH EXPENDITURE

LOCAL GOVERNMENT INCOME AND EXPENDITURE OVER TIME

\$B, JUNE YEARS



SOURCE: INFOMETRICS



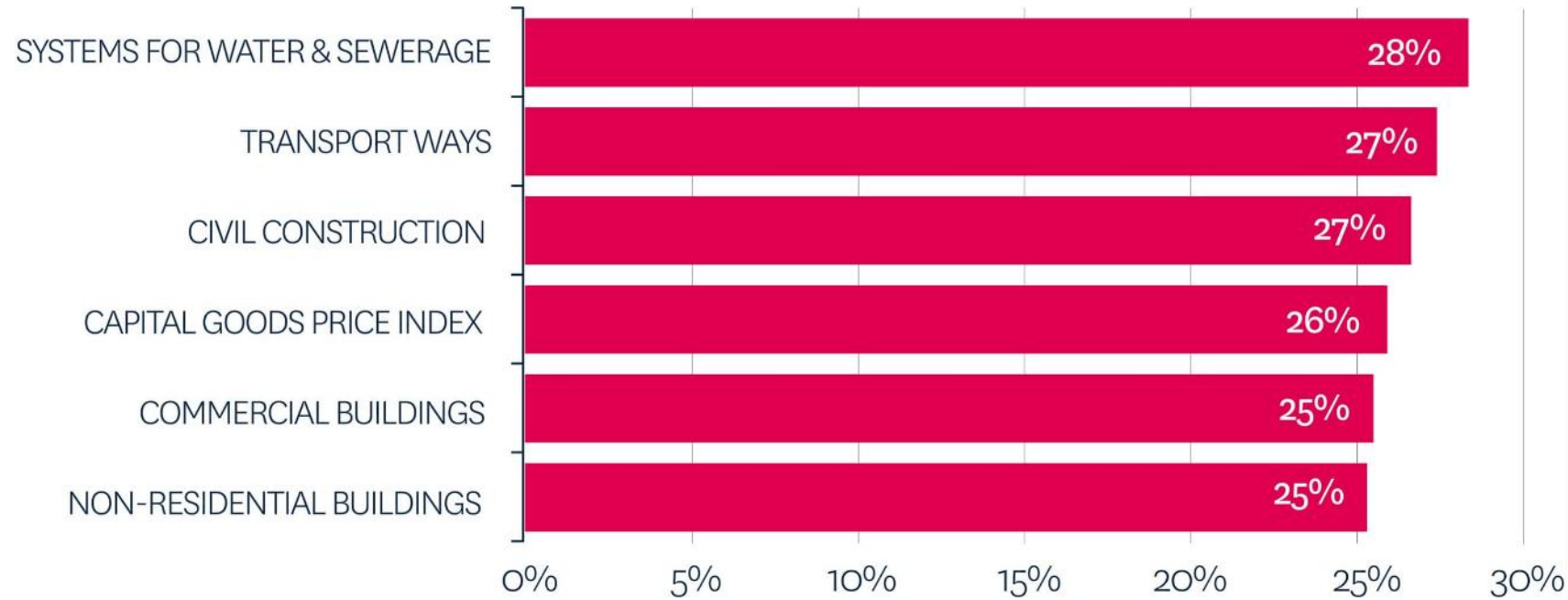
**Councils' costs have
increased astronomically.
LGNZ asked Infometrics
to run the numbers...**

Essential infrastructure skyrocketed in price over the past three years.

CUMULATIVE INFLATION OF 25-28%

INCREASE IN PRICE FROM DECEMBER 2020 TO DECEMBER 2023

CUMULATIVE



SOURCE: INFOMETRICS

BRIDGES ARE

38%

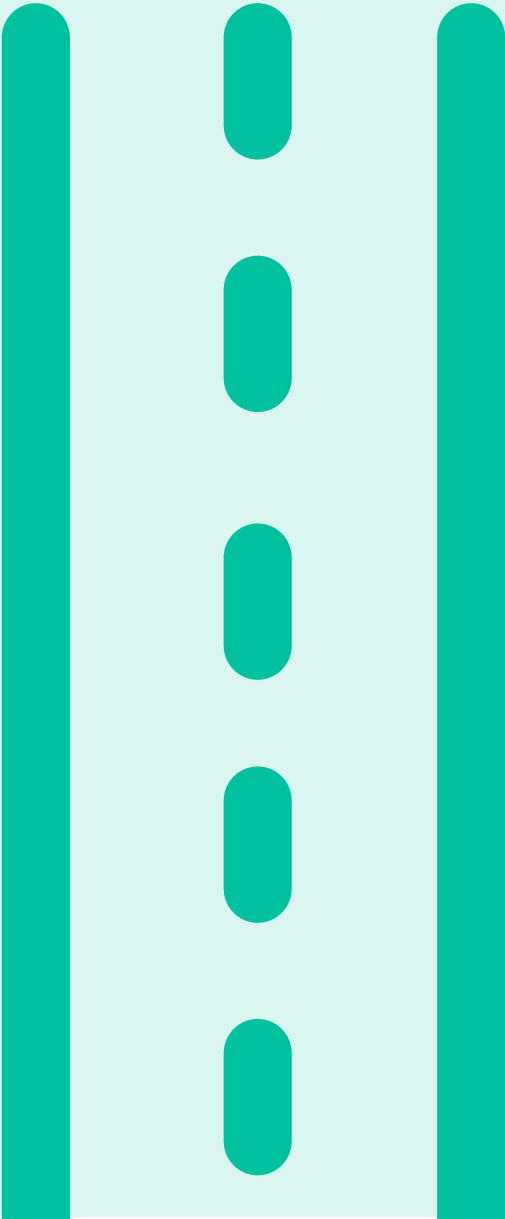
MORE EXPENSIVE TO BUILD
THAN THREE YEARS AGO.



ROADS AND WATER
SUPPLY SYSTEMS ARE

27%

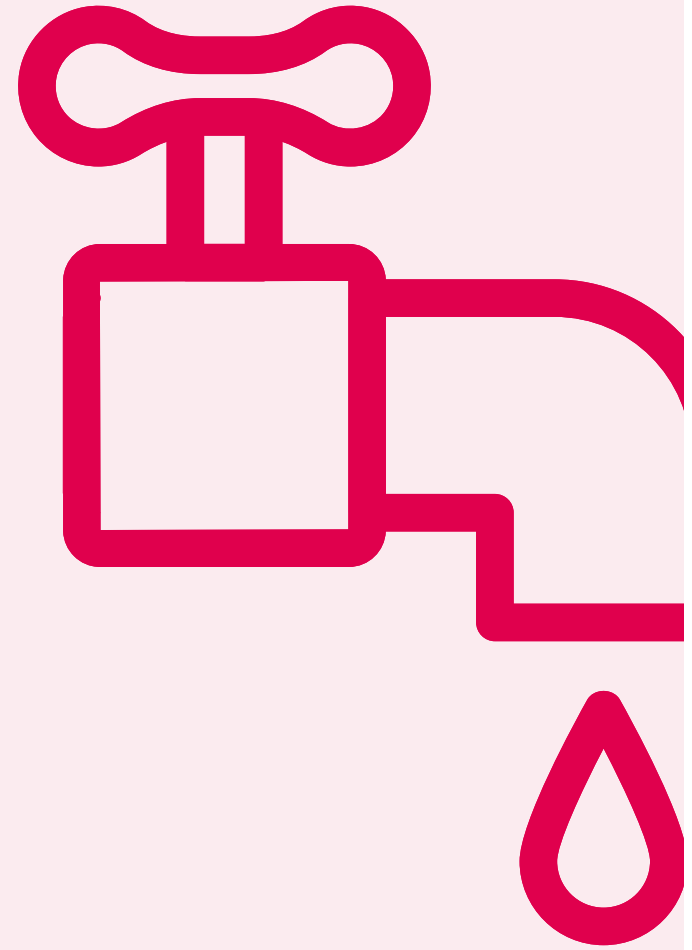
MORE EXPENSIVE TO BUILD
THAN THREE YEARS AGO.



SEWERAGE SYSTEMS ARE

30%

MORE EXPENSIVE TO BUILD
THAN THREE YEARS AGO.



NEW CHALLENGES BRING NEW COSTS.

- > Climate change
- > Transitioning to a low carbon economy
- > Infrastructure demands
- > Tourism growth
- > Emerging biosecurity threats



Most councils are at a point where sweating assets or underinvesting in new assets would impact on services.

TACKLING HISTORIC UNDERINVESTMENT

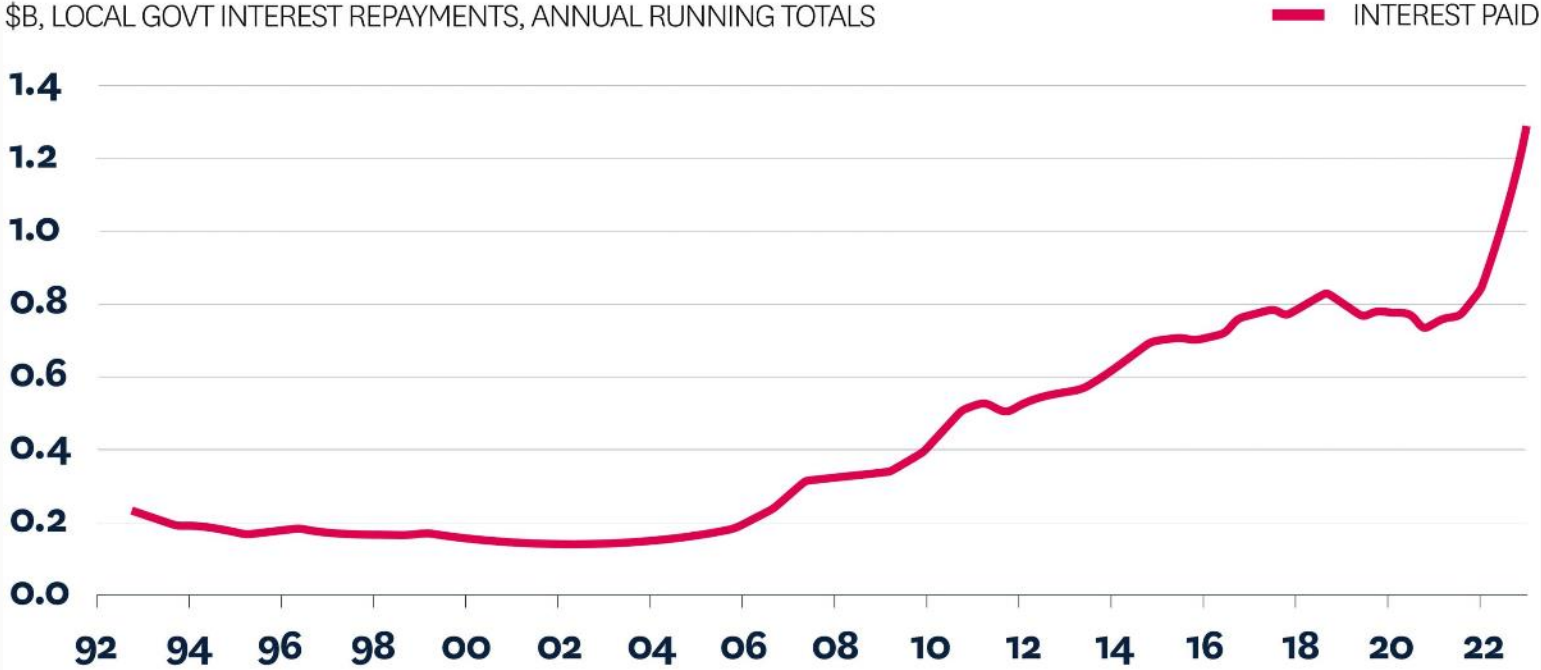
FORECAST CAPITAL EXPENDITURE IN 2021-31 LONG-TERM PLANS,
COMPARED TO 2018-28 LONG TERM PLANS

Capital expenditure	2018-28 long term plan (billions)	2021-31 long term plans (billions)	% increase
Meet additional demand	\$12.4	\$18.2	47%
Improve level of service	\$18.6	\$26.5	42%
Renew existing assets	\$23.5	\$32.5	36%
Total	\$54.5	\$77.2	42%

ANALYSED FROM INFORMATION COLLECTED FROM COUNCILS' ANNUAL REPORTS, CONTROLLER AND AUDITOR GENERAL

Councils have taken on debt to fund infrastructure investment – and are now paying huge interest costs.

NEARLY \$1.3B IN INTEREST PAYMENTS IN 2023



SOURCE: INFOMETRICS

UNFUNDED MANDATES

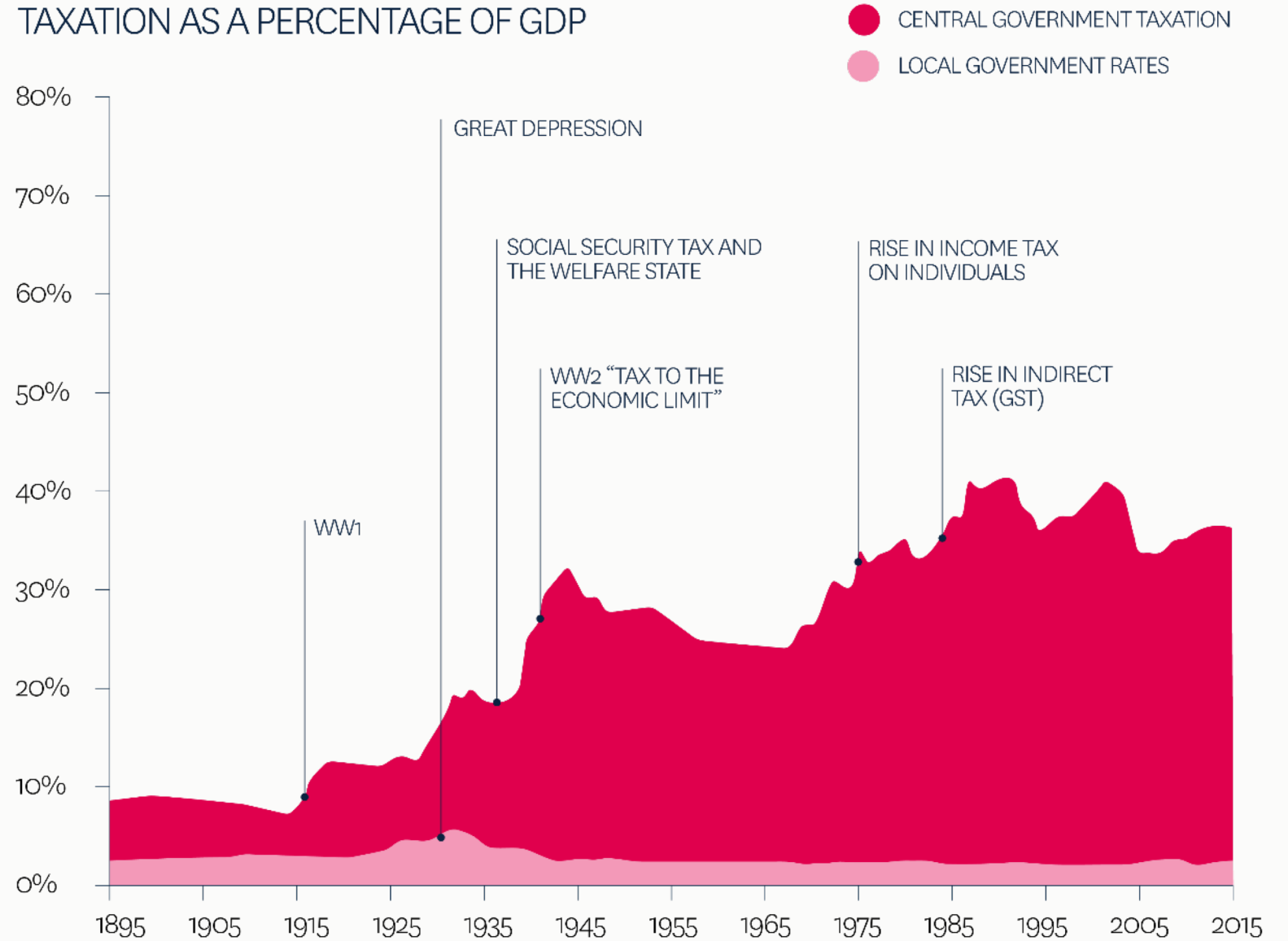
Additional council responsibilities and stronger standards coupled with reduced funding levers are making the situation harder.

For example, estimated costs to councils of complying with the National Policy Statement for Freshwater Management are between \$1.4 - \$2.1b, with ongoing costs of up to \$59m a year.



THE SIZE OF THE TAX TAKE

TAXATION AS A PERCENTAGE OF GDP





SUPPORTING THE RATES RISE CONVERSATION.

LGNZ is supporting councils through our media narrative and discussions with the Government about the need for additional funding levers.

MEDIA MENTIONS.

Since December 2023, LGNZ's generated 48 unique media stories.

'Tipping point' for several councils as double-digit rates rises loom

From **Nine To Noon**, 9:05 am on 22 January 2024

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Longer terms, more sustainable funding required, says council boss

 **Keiller MacDuff and Sinead Gill** | December 18, 2023

Funding anxiety across the country as local government considers its future

 **Erin Gourley** | November 3, 2023

NEW ZEALAND / POLITICS

Council rates hikes 'mature approach' to help pay for billions needed for infrastructure - LGNZ

8:28 pm on 18 December 2023

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 **Rachel Graham**, Reporter
[@RachelG44Graham](#) | rachel.graham@rnz.co.nz

LOCAL COUNCIL

Double-digit rate hikes on the cards as mayors warn of 'broken' council funding system

From **Morning Report**, 7:35 am on 5 December 2023

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Ellen O'Dwyer
[@elle_odwyer](#) | Ellen.O'Dwyer@rnz.co.nz

Infrastructure crisis looming large for our country's councils

Glenn McLean

February 03, 2024, - 07:01am

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FOR MORE INFORMATION

✉ [email/ policy@lgnz.co.nz](mailto:policy@lgnz.co.nz)