

[NEW ZEALAND \(/NEWS/NATIONAL\)](/news/national) / [THE DETAIL \(/NEWS/THEDETAIL\)](/news/thedetail)

Local councils and the battle for money

5:21 am on 26 May 2025



[Alexia Russell \(/authors/alexia-russell\)](/authors/alexia-russell), for The Detail

✉ alexia.russell@rnz.co.nz (<mailto:alexia.russell@rnz.co.nz>?)

subject=Local%20councils%20and%20the%20battle%20for%20money)



Lower Hutt Mayor Campbell Barry speaking at the opening of Te Ngaengae Pool + Fitness. Barry became a councillor at 19, and New Zealand's then-youngest mayor at 28. Now, at 34, he's leaving politics for something different. Photo: Supplied / Hutt City Council / Elias Rodriguez

Freed from the shackles of a re-election campaign, Lower Hutt Mayor Campbell Barry talks honestly about rates, funding, and the balance of power between central and local government.

the
detail

26 May 2025

Local councils and the battle for money



+ Queue

When you vote in this year's local body elections - and you should vote - be wary of the candidate who promises zero rates increases.

"Zero rates increases are of course possible," says Lower Hutt Mayor Campbell Barry, "but they do have serious consequences on local services and infrastructure delivery. The low rates approach - and our council suffered from it for a couple of decades - is the reason we're in the infrastructure deficit we have now.

"Across the country, I think it's about \$52 billion in backlog of infrastructure deferrals that have happened, and those candidates who come out and say they're just going to slash the rates... they need to be upfront and tell people, 'well, that also means our pipes aren't going to be renewed, we're going to look at closing libraries, we're going to obviously get rid of staff and the services they provide in local communities.' So they can't have their cake and eat it too, they need to be challenged and explain actually how they plan to do it."

Barry can speak frankly because he is not standing again.

Having become a councillor at 19, and New Zealand's then-youngest mayor at 28, serving two terms at the top, the 34-year-old is off to do something different.

Today on *The Detail* he talks about local body revenue-raising options, the balance between rates rises and paying for infrastructure, and the level of central government interference in councils that is seeing the bills mount up on political whims ... while politicians rage about how much councils charge households to pay for it all.

But one of the biggest problems is voter turnout. While about 80 percent of eligible voters turn out in central elections, the figure for local elections is half that.

"It's such an important part of people's everyday lives, but there doesn't seem to be that level of interest," Barry says.

"Voter turnout has been poor for some time. That's why we need to talk about it... people do need to take an interest and know who's representing them and making decisions of their behalf."

Barry points out that ultimately New Zealand is a very centralised country - most of the decision-making does come from central government and that's where the focus is.

Councils would like some of that decision-making, involving government mandates that councils end up funding, to be backed off.

A classic example is traffic calming safety measures introduced by Labour, only to have National promise in the lead up to the election it would have speed bumps ripped up.

"Local government is asked to deliver on such a wide breadth of issues across their local area. The unfunded mandates that we get from government are significant, they are continuously asking us to do more, and to do more while also receiving less revenue."

In Lower Hutt it cost about \$400,000 to implement speed calming measures - a few short years later it cost another \$400,000 to take them away.

The National Policy Statement on Urban Development, allowing for more intensive housing development, cost the council \$700,000.

"There are continuous policy changes from government which have that type of impact. And often councils look to try and just suck that cost up without putting additional burden on rates, but there is always a cost, because it means that your council officials are often having to re-prioritise and not do other things as well.

"So that is a constant battle."

Barry also talks on the podcast about the blunt tool that is rates, and the need to remove the restrictions on revenue-raising that would spread the burden.

"All of the levers when it comes to revenue or tax relief or support, sit with government. But they refuse to have that conversation with us around how do we look to do things differently... how can local government have that tool box approach to different ways of raising revenue, more flexibility, more user-charge options.

"While we had some good conversations with the previous government, nothing really happened there, and not much is happening at the moment with the current government.

"That's something that needs to change otherwise we are going to have this spiral which I think is already causing major problems with trying to fund these things purely through rates."

A possible change could be handing back councils the GST on rates - a tax on a tax.

But "there is a \$1.5 billion dollar reason the government won't do it," says Barry.

"Councils across the country collect around \$10b in rates each year. If they were to take that tax-on-a-tax off, it would be around about a \$450 to \$650 decrease in the average residential ratepayer's bill, instantly. So it would make a really big difference for councils across the country and I think it's something the government absolutely should consider."

The government also does not pay rates on property it owns, such as schools and hospitals, and Auckland Mayor Wayne Brown is one of the civic leaders who've asked for that to change - for Auckland Council alone, it would put an estimated \$40 million

back in the coffers.

In Lower Hutt the number would be \$20-\$30m a year. "That would make a significant difference," says Barry.

Local election voting opens at the start of September and we will have new councils around the country by 11 October.

Check out how to listen to and follow The Detail here (<https://linktr.ee/thedetailnz>).

You can also stay up-to-date by liking us on Facebook

(<https://www.facebook.com/TheDetailRNZ/>) **or following us on Twitter**

(<https://x.com/thedetailnz>).

JOIN & FOLLOW RNZ



Sign up to RNZ Newsletters

RNZ STATIONS

National

Concert

RNZ Pacific

Parliament - live stream

ON DEMAND

Latest on demand radio

Latest podcasts

Latest video

HOW TO WATCH & LISTEN

Audio help

Radio

Follow our podcasts

Sky, Freeview & Satellite

YouTube

RNZ apps for iPhone and Android

RNZ Flash Briefing for Amazon Alexa

RNZ News for Google Assistant

ABOUT RNZ

About