

John MacDonald: Capping council rates isn't a solution



The Christchurch City Council building (Photo / Edward Swift).

Christchurch Mayor Phil Mauger is in campaign mode for this year's elections, saying that he thinks the Government might be onto a winner with its idea of forcing councils to put a cap on rates increases.

I'm wondering if Phil does actually think it's a good idea, or whether he's just saying it.

Because I think it would create havoc for local councils having Wellington telling them how much they could increase rates each year.

And this isn't me banging the local democracy drum. This is me taking a commonsense view of things. Something you can't always credit politicians for – whether they're in central or local government.

This idea that Prime Minister Christopher Luxon has been talking about in the last 24 hours doesn't fall into the commonsense category.

Because yes, every time I see my rates bills I think, "that's a truckload of money". And like you probably do as well, I wonder where it all goes.

But that's what we elect local councils for. We elect them to run the outfit and make the decisions and decide how much they need to charge us ratepayers to pay for it all.

And we have to like it or like it. Pretty hard to lump it.

Which is why it's very tempting for politicians to bang on about keeping rates down and focusing on the basics. But here's where all that talk falls over and here's why it's nonsense for the Government to think it can tell councils how much more to charge ratepayers each year. And here's why Phil Mauger is wrong to say that it's a good idea.

First of all: we're part of the problem. Because even though we don't want to pay more rates, we want more from our local council.

We want libraries staying open later. We want footpaths fixed as soon as we see them start to crack. We want roads fixed, but we don't want road cones. We want the council to lend us money for community projects but then, when the rubber hits the road, we cry poor and say we can't afford to pay the interest.

We want, want, want. And that means one of two things: either the council saying no or the politicians saying yes, because they think it'll get them re-elected.

The other major issue is the whole funding structure for local government.

Which is why I think the Government is taking a very narrow approach here. How on earth the Government thinks it could put a cap on annual rates increases without looking at the wider issue, I don't know.

And that wider issue is the fact that local councils are being asked to do more and more under their own steam, without any extra funding to make it happen.

Example: the Government wants more tourists coming here, but what about the infrastructure needed to support that growth? The Government doesn't pay for that. Local councils do.

And the way things are structured at the moment, pretty much the only way they get the money they need to do all the things the Government and us ratepayers want them to do, is to charge rates.

And the more we and the government want the councils to do, the more rates we have to pay.

That's why this talk from the Government about councils needing to manage their finances better is such nonsense. And Phil Mauger needs to see that too.

He thinks a rates cap could be a way of forcing the city council to look at the way it spends money, saying: "I'm open to it. I'm not saying it's the best thing since sliced bread but I'm certainly open to looking at it. I want rates to be as low as they can."

Phil, the only way that's going to happen isn't the Government putting a lid on rates increases. The only way that's going to happen is councils stopping themselves kicking cans down the road and not spending money.

We see it time and time again. Councils go for the stuff people can see and ignore the stuff people can't see. Unsexy stuff like water pipes and sewerage pipes.

They ignore them so well that, one day, it all goes pear-shaped and suddenly they're facing a gazillion-dollar upgrade. And how do they pay for that? What's the only way they can pay for that?

Increased rates.