

[NEW ZEALAND \(/NEWS/NATIONAL\)](#) / ...

Capping rates rises would make things 'worse not better' - Chris Hipkins

13 minutes ago



Finance Minister Nicola Willis Photo: RNZ / Mark Papalii



Capping local council rates would make the problem of paying for pipes and other infrastructure "worse not better", Labour leader Chris Hipkins says.

Cabinet will later consider options to control rate rises, including capping, later this year.

Finance Minister Nicola Willis told *Morning Report* on Monday the government wanted councils to stick to the basics and not waste ratepayers money.

"We are concerned that the rates bill is a big part of the cost of living for many households, and rates have been going up very fast and are set to keep going up very fast across many councils," she said.

"Councils don't always do a great job of spending your money like you would spend it. There are wasteful projects - there is evidence of that.

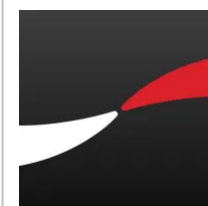
"We want councils focusing on the things people expect them to do, which is the rubbish, the roads, the pipes, the basics - and not all the fanciful projects.

"There will be pushback because when you take candy away from kids in a candy store, they don't really like it. But at the same time, we are on the side of ratepayers."

Willis said councils should also look at making greater use of other funding and financing tools to pay for infrastructure.

Labour Party leader Chris Hipkins. Photo: RNZ / Mark Papalii

Labour Party leader Chris Hipkins said the reason rates were going up at the rate they were was because the government abolished reforms.



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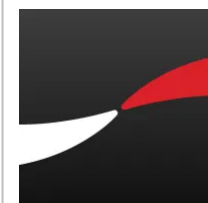
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"The biggest contributor to rates going up around the country is the fact that our water infrastructure is in such a state of disrepair, capping the rates, in order to say well we want you to not do water infrastructure, just pushes the problem further into the future," he told *Morning Report* on Tuesday.

"If you look at my area, Wellington basically in the summer you can walk around and see all the leaky pipes because it's the only green spots on the grass at the side of the road.

"Simply saying 'well just don't spend money on that' is going to make that problem worse not better."



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Hipkins was asked if he agreed with Willis, who likened a restriction on rates to taking candy away from kids, saying there was wasteful and fanciful spending going on in councils.

He said this was patronising.

"Having created a situation where councils are being forced to put up the rates to pay for things like water infrastructure, the government's now trying to blame them for doing something that they really don't have a choice but to do.

"Ultimately if the government don't want councils to increase rates, they've got to find another way of funding the water infrastructure that we need."

Local Government New Zealand

(<https://www.rnz.co.nz/news/national/545694/local-government-new-zealand-crying-foul-over-potential-rates-capping>) president and Selwyn District mayor Sam Broughton said rates capping could be "disastrous for communities" and leave councils without the means to fund essential infrastructure.






He said international examples showed the policy that "sounds cool and might win some votes" had unintended consequences on pipes and roads.

"My council, we spend 80 percent of our capital on roads and pipes. On top of that, you add in the rubbish, you add in the parks, you add in the pools that kids learn to swim in - all those things add up and are expensive."

In the past three years there had been a 38 percent increase in the cost of maintaining bridges, he said.

He said communities did need to look at borrowing, but also needed other tools such as the return of mineral royalties, congestion charging, road tolling, the return of a portion of GST on new builds in the district.

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