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HOW WELLINGTON'S MAYORAL HOPEFULS WILL GRAPPLE WITH SOARING RATES BILLS

We asked Wellington's leading three mayoral candidates Andy Foster, Tory Whanau and Paul Eagle for their elevator pitch on why they should be mayor. Each was told they were strictly restricted to 30 seconds. The order was chosen at random.

With Wellington’s rates tipped by one mayoral candidate to climb as high as 70% in the coming five years, few of those running for the top job are willing to commit to a cap on future rate increases.

While Ray Chung’s 70% prediction is high, Mayor Andy Foster has confirmed big increases are predicted while his campaign manager Phil Bilbrough, has thrown down the gauntlet to media and candidates to talk about rates in the Wellington City Council election period.

“I understand that the current planned rate increases are in the region of 16% for this coming year, and 20% increases for the following years,” Bilbrough asked. “[...] Should we advise our parents or grandparents or any retiree to move out of Wellington?”

His challenge was passed on to all Wellington mayoral candidates.

Bilbrough later said he was misinformed and the coming year’s rates rise was expected to be closer to 9% but others, including Foster, have predicted big rates hikes in coming years.

The council’s current financial strife is driven in-part by failing infrastructure, big-ticket items such as the Let's Get Wellington Moving (LGWM) transport overhaul, a new convention centre, a new wastewater treatment facility, and rising insurance costs. The factors are part of the reason Wellington homeowners have been hit by average rates increases of 13.5% and 8.8% increases in the past two years.

Foster said the council's long-term plan predicted rates would rise by 33% over seven years but the pre-election report, which was done later, had the figure at 60%, he said. The increase was because water infrastructure repairs were getting dearer, on top of inflation, and rising insurance and interest rates.

He pledged to look at ways to keep rates rises down, such as keeping revenue-generating carparks unless crucial for other projects and considering a shorter second Mount Victoria tunnel. Going for bus rapid transit instead of light rail in LGWM could save up to $1.5 billion, he said.

Candidate Tory Whanau said the council was dealing with decades of under-investment.

“I wouldn’t want to see general rates increase faster than what council has already signalled over the next three years.”

She believed the council could get more central government funding and use more targeted rates.

“I will consider all options to fairly and sustainably fund the infrastructure upgrades our city desperately needs,” she said.

Paul Eagle pledged to get a full review done into the council’s spending and revenue streams as he was hearing there was “a lot of waste” in the council. He has campaigned on getting the council “back to basics”.

None of the top three – Foster, Whanau, and Eagle – would commit to capping future rates increases, but Ray Chung would keep them to 3% or less with an aim for zero.

“[I] will achieve this by cutting council expenditure and closely examining all current projects,” Chung said.

He forecasted rates, at current spending, would go up by 70% within five years.

Ellen Blake believed the council should borrow more but also consider central government funding for items such as transport and housing, as well as working with non-government organisations and private business collaborations when appropriate.

Kelvin Hastie said he would do a “line-by-line” review of council spending if he won.

"I will be ceasing light rail and putting a pause on the cycleway network." He would also look at more options for central government funding.

Barbara McKenzie pledged to get an external review of the council's operations and structures with a view to shifting the emphasis to "core functions".

THE RETURN OF A BLAST FROM THE PAST – THE GREAT COUNCIL RATES DEBATE

It was almost five weeks out from the October 8 election day when someone in the Auckland mayoral race lit the rates rise fuse.

Once a staple ingredient, the great "how much will you put rates up by?" question looked like it might never surface. (Spoiler alert: It shouldn't).

Labour and Greens-endorsed Efeso Collins left the door open. Collins has repeatedly referred to rates as a proportion of household income, being well below what is measured in one formula as "affordable".

It's an academic way of talking that is removed from the way most people see their rates bills, and is so esoteric that finally "The Fixer" Wayne Brown accused Collins of being comfortable with an almost doubling of rates till they hit the 5% "affordability" mark.

This is not a time to bring out the hoary old rates rise chestnut – and perhaps unwittingly, the Taxpayers' Union offshoot, the Auckland Ratepayers Alliance, has best illustrated that.

The activists, who once pedalled a 2% rates pledge for candidates to sign up to, are now floating a 2022 version.

They are seeking a guarantee candidates won't support anything above the Consumer Price Index (CPI) – the official measure of household inflation.

The CPI is running at 7.3%, with high inflation a global phenomenon.

If it stays there – it may rise – it would give those elected the Auckland Ratepayers Alliance's blessing to raise rates by nearly twice the previous Auckland Council record, apart from a "one-off" 5% in 2021.

Even in its day, 2016, the ideological war between the 2 per centers and the 2.5 per centers was silly.

Much of Auckland's infrastructure catch-up in water and stormwater stems from politicians who historically spent what was politically sellable, rather than what the city needed.

Despite nonsensical campaign talk of the council being "broke" (Craig Lord) or "losing three million dollars a day" (Wayne Brown), its finances by most measures are solid, except when compared to how it was pre-Covid-19.

It continues to invest in infrastructure at record levels and debt as a proportion of revenue (the key measure of debt) is lower than pre-Covid-19 – helped by a slowdown in big projects through lockdowns.

The operational budget balances as it always had and global credit rating agencies have it in the double-A zone.

The fiscal forecast, though, is more about headwinds than tailwinds. Retiring mayor Phil Goff acknowledges that future rates may need to rise more than they had on his watch.

Auckland has huge and urgent challenges, such as shifting the dial on global warming trying to maintain infrastructure investment, despite a reduced allocation in this year's budget.

Wayne Brown, who constantly tells audiences it's all about "the numbers", has been wise enough to avoid hanging his hat on a rates rise number.

Brown could help by spelling out how, and more importantly when, he could extract his much-talked about $400 million divided from the council-owned Ports of Auckland.

This year, it reported an operating profit of $27.4 million and paid a $14.2 million dividend to the council.

All the main candidates talk of the need to make the council more efficient and reduce waste – programmes that continue inside council as they speak.

Sure, there's always more that can be found. But mayoral candidates should avoid the rate trap and focus clearly on what needs to be done, what (in their view) doesn't and how it will be paid for. Rates will be just a part of that story.