

5 August 2025

[REDACTED]
Sent via email to [REDACTED]

LG25-0218 – Rates Capping

Dear [REDACTED],

REQUEST FOR OFFICIAL INFORMATION – RELEASE OF INFORMATION

Thank you for your request for information held by the Queenstown Lakes District Council (QLDC). On 10 July 2025 you requested the following information under the Local Government Official Information and Meetings Act 1987 (LGOIMA):

If your Council chooses to vote in favour of the LGNZ remit proposing the anti-rates cap campaign, I request the following official information:

- 1. The names of every Elected Official who:**
 - voted in favour of the LGNZ proposal to mount the anti-rates cap campaign;
 - voted against; and
 - abstained.
- 2. All correspondence since 1 May 2025 between your Council and LGNZ, related to capping rates.**

QLDC RESPONSE

Release of information

- 1. The names of every Elected Official who:**
 - voted in favour of the LGNZ proposal to mount the anti-rates cap campaign;
 - voted against; and
 - abstained.

You have asked for advice on the Rates Capping discussion and process considered by Local Government New Zealand (LGNZ) at its annual conference in Christchurch in July 2025. As an organisation, LGNZ did seek guidance from the floor on whether to continue to engage with government on the topic of rates capping. As an industry, rates capping will have a significant impact on councils being able to meet their operational and statutory obligations, and consequently on the communities they serve. The government has not established a position on the topic, and it is part of the mandate of LGNZ to engage with government on topics of interest and importance to the sector.

While there was no formal remit, the LGNZ Board sought direction from its organisation on whether and how to engage on the topic. The following motion was adopted -

The AGM passed the following motion, with 82 percent in support, 9 percent against, and 9 percent abstaining:

- That the AGM approves the direction of travel set out in this paper.*
- That the AGM notes members will agree the next phase at a Special General Meeting after the 2025 elections (in March 2026 or earlier if needed).*
- That the AGM notes no public campaign opposing rates capping will be embarked upon beyond LGNZ's existing advocacy function prior to the proposed SGM early next year when we will have more detail of the Government's policy proposal*

Please note that LGNZ does not share how each council voted in the AGM with media.

The vote taken by LGNZ does not formally take a position on the topic but commits to ongoing dialogue. The Mayor as QLDC's nominated delegate, having canvassed his Councillors, voted in favour of the resolution.

Should you require any further information, please contact the Chief Executive of LGNZ.

2. All correspondence since 1 May 2025 between your Council and LGNZ, related to capping rates.

We have provided excerpts from the [LGNZ Four-Monthly Report for Members \(June 2025\)](#) and the [LGNZ 2025 AGM Paper](#), with minor redactions applied to remove information that falls outside the scope of your request.

Please note that the enclosed link will expire on 4 September 2025, 1:50 PM (UTC+12:00) Auckland, Wellington.

We trust that the above information satisfactorily answers your request.

Kind regards,



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LGNZ four-monthly report for member councils

// March - June 2025



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Rates capping

In March, we submitted on a petition before Parliament seeking to limit local authority rates increases to a maximum of the annual inflation rate. We do not expect this petition to progress through Parliament due to its overlap with the Government's local government work programme. However, submitting on the petition was a good opportunity to set out the clear evidence against rates capping and highlight the pressures facing councils to Parliament.

We understand that rates capping was discussed at the Cabinet Economic Policy Committee in the week of 31 March. To support these discussions, LGNZ sent letters to Ministers on this committee highlighting the likely impacts of rates capping on their portfolios and objectives. LGNZ also reiterated concerns about rates capping to the Prime Minister and Minister of Local Government during our regular meetings as discussed above.

In line with direction from the May National Council meeting, we developed a paper on our approach to rates capping, including that a stronger public campaign may be needed, and shared that with members for discussion at this year's AGM. We also held a zoom to help members prepare for the AGM discussion. If the AGM agrees the direction of travel, then we will develop a plan for this campaign and hold an AGM in 2026 to gain a member mandate before launching that campaign.

We have also supported member advocacy against rates capping by developing and distributing a set of messages and a letter template that can be used by elected members.

As part of our advocacy, there needs to be an acknowledgement of the public mood around rates. We also need to clearly set out other approaches to achieving the Government's aims. To take the next step in our advocacy, we want to engage with members on exactly what this response could look like.

[REDACTED]



2025 Annual General Meeting

// Business papers

// Wednesday 16 July from 8.30am-10am at Te Pae, Christchurch



12. Approach to rates capping

Purpose of this paper

To update members on the Government's approach to rates capping and seek agreement on LGNZ's direction of travel.

Background

What is rates capping and what is being proposed?

Rates capping sets a limit on how much councils can increase rates. Often the cap is indexed to economic measures such as consumer inflation, local government inflation or population.

All rates capping policies effectively transfer local fiscal decisions from local communities to central government politicians or bureaucracies.

In August 2024, the then Local Government Minister set out a Local Government Forward Work Programme. This programme included a proposal to investigate a rates cap on "non-core" expenditure by councils. This policy was to be modelled on similar policies in Australian states New South Wales and Victoria.

The Government plans to distinguish between core and non-core spending, applying the cap only to non-core expenditure. Core services may be identified in the soon-to-be-reinstated Section 11A of the Local Government Act 2002 and new purpose of local government. It's still unclear how the Government will enable the cap to apply only to non-core expenditure as this is not a feature of other rate caps overseas. The distinction is likely to be unworkable at a practical level and generate significant bureaucracy. It is unclear for instance how support activities which are used across all councils services, such as call centres and human resource functions would be defined in such a cap.

What rates capping looks like in other countries

Rates capping looks slightly different in each jurisdiction. In NSW, rates capping extends to charges like development contributions. An independent authority decides the rates cap level and considers exemptions to it. However, in Victoria, the essential services commission provides advice to the state's Minister of Local Government who then decides the level of the rate cap.

LGNZ has engaged with local government experts from New South Wales and Victoria to understand how rates capping has affected their councils. They told us rates capping has led to negative outcomes for councils and communities, including:

- Degraded infrastructure and service delivery;
- Financial instability among councils;
- Severe infrastructure backlogs;
- Bureaucratic and expensive processes to approval rates above the cap;

- Reduced local economic growth; and
- Diminished local voice in council investment and revenue decisions.

NSW and Victoria's experience also suggests that once rates caps are in place, removing them is very challenging politically. NSW and Victorian councils also say that impacts worsen over time. Initially councils in those states were able to sell assets, and reduce services and staffing, to offset impacts of the rates cap. After several years, this is no longer an option.

LGNZ's advocacy so far

LGNZ's top advocacy priority (as set by members) is better local government funding and financing. Rates capping directly constrains local government funding and financing. Rates capping also runs counter to localism. Locally elected representatives – who are directly accountable to communities – are better placed than Wellington to make local taxation and investment decisions. Rates capping is not primarily about rates increases: it's about who decides what rates increases should be.

So far, LGNZ has communicated our views on rates capping in conversations and meetings with politicians and officials, via submissions, and through media. Some elected members around the country have publicly spoken out against the policy of their own accord.

Our advocacy needs to step up a gear

If we don't strengthen our advocacy, the Government is likely to implement rates capping. The Government is likely to introduce legislation next year. However, it is still politically possible to prevent rates capping. LGNZ successfully opposed a similar proposal in 2009. More recently, South Australia has held off a rates cap through lobbying and a strong public campaign.

Others will campaign for rates capping

Pressure group the Taxpayers Union has launched a campaign in support of rates capping that features anti-council rhetoric ("ballooning staff numbers and vanity project spending see councils delivering fewer core services"). This campaign is targeting particular councils and Mayors ahead of the local government elections.

Without balance, supportive voices will capture the public narrative around rates capping.

How we could stop rates capping

We would develop a comprehensive advocacy plan

This plan would draw on the strategies from LGNZ's 2009 advocacy and South Australia's successful campaign. We anticipate that public intensity would need to build as key policy milestones are passed (for example, when the Bill is introduced).

Being louder publicly would be essential

To argue that councils are better placed than central government to make rates decisions, we must boost public trust and confidence in local government. This would be one prong of our campaign,

including highlighting popular council services and infrastructure that would be threatened by rates capping. A campaign centred on what the public would lose to a rate cap – and who has the right to decide – is more likely to succeed than one focussed on technicalities.

LGNZ sets the tone for rate capping advocacy. We know other groups and organisations oppose this policy but given this sits squarely in our space, no one will stick their neck out more than we do. Visible advocacy from LGNZ would be required to activate a “coalition of the willing”.

The consequences of being louder

We also need to consider what political consequences might result from strongly and vocally opposing rates capping. Misinformation about LGNZ’s political neutrality already exists. While we do (and will continue to) work closely with the Government on many other policies and portfolios, opposing specific proposals gains more attention.

However, other membership bodies talk loudly and publicly to the Government when certain lines are crossed. For example, Federated Farmers’ “SOS: Save Our Sheep” campaign is aggressively calling on the Government to stop carbon forestry and preserve the sheep industry. Playing out across billboards, social media and media. It’s important to note that opposing a policy does not prevent us from working constructively with the Government on other policy areas.

We need a mandate from members

The paper and the AGM 2025 vote are about confirming our direction of travel rather than agreeing explicit actions.

If the AGM agrees to the direction of travel, we will continue our current approach while developing a plan for the next phase.

That next phase would go to a Special General Meeting for approval. This SGM would be held after the 2025 elections so that we have an explicit mandate from the next triennium’s members. It would potentially be held in March 2026 (or earlier if necessary).

LGNZ is clear that a mandate is needed from members to proceed with a strong public campaign.

Motions:

That the AGM approves the direction of travel set out in this paper.

That the AGM notes members will agree the next phase at a Special General Meeting after the 2025 elections (in March 2026 or earlier if needed).