



20 March 2019

Attn: The Mayor / Chair

Dear Your Worship,

Pandemic response: 12 month rates freeze

This letter is being sent to every New Zealand mayor and regional council chair seeking your commitment to respond to the economic challenges every community must face in relation to the current pandemic.

COVID-19 looks set to be the biggest health and economic event in our lifetime. In terms of employment alone, without dramatic intervention, tens or perhaps even hundreds of thousands of New Zealanders will lose their jobs or businesses in the coming months.

The Government is currently prioritising economic relief for businesses and households facing economic calamity.

But rate hikes at this time of economic turmoil will serve to exacerbate immediate financial stresses and undermine the Government's relief strategy. Any economist will tell you that a recession is the most damaging time to hike taxes.

Households and businesses are cutting costs and it is only fair that your council does the same — we must all cut our cloth to fit the new economic reality.

We ask you to commit to:

1. a rates freeze for the next 12 months; and
2. identifying and cutting low-priority spending to redeploy into local civil defence efforts, or rates relief.

We understand some councils are already considering such moves. A group of Christchurch City Councillors have written to their Mayor requesting a rates freeze, Wellington City Council has deferred a vote on rate hikes until April, and Marlborough District Council will vote on replacing a planned 4.86% hike with a near-freeze.

Councils are not well placed to provide economic stimulus compared to central government. It is economic lunacy to use council spending to stimulate the local economy when the primary tax local government relies on (rates on land) is unrelated to the ability of the property owner to pay.

An economic crisis is no time for a business-as-usual approach to rates. We trust that you understand the seriousness of the economic crisis facing your ratepayers and ask that you provide assurance on this matter as soon as possible.

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We look forward to your response.

Yours sincerely,



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