Wellington Chamber of Commerce: Oral Submission on the 2022/2023 Annual Plan

Thank you very much for having us here today, and for the opportunity to submit on an important set of policies for Wellington's future.

I want to start by acknowledging the work the Council put in earlier this year on the pandemic response and protest response packages.

Our members have let us know how meaningful these packages were and in particular, $1 weekend parking, and the night parking proposal have helped reactivate the city centre. I want to thank everyone who worked with the Chamber to get these over the line.

Unfortunately, though. There's a reason those packages were needed.

Running a business in Wellington is not cheap. And right now, times are tough.

Let me start by highlighting how expensive it is just to be here.

This year's 8.8% rates increase comes on top of a 16.5% increase last year, with rates estimated to nearly double through the 2020s.

This matters for our members, because businesses pay 44% of Wellington's rates, despite owning just 15% of Wellington's property value.

That's compared to Auckland, where business pays 26% rates and 32% in Christchurch – a chasm that shows our region falling behind.

The costs add up – the higher rates, an additional targeted commercial sector rate, the downtown levy, a BID levy, on top of other rates from the Regional Council. Each one makes our city less competitive.

Rates Differential

That brings me to our biggest concern with the Plan:

The Business Multiplier going up from 3.25 to 3.7.

That means where a residential property would pay $10,000 in rates, a business of the same value would pay $37,000.

Wellington's multiplier is the highest of any city council in New Zealand and the highest in our region. Auckland's business multiplier is 2.7, while in Christchurch it's 1.69.

That means a property of the same value in Wellington will pay 2.2 times the rates of one in Auckland, and 2.6 times one in Christchurch.

In other words, if you move your business, your rates bill gets halved.

The multiplier increase– which will raise $8.5 million from Wellington businesses – is happening because residential property values have outstripped commercial properties since the pandemic.

It's easy to see why – the CBD has been hit hard by the impacts of covid – making it a less attractive place to buy property. Working from home has driven up house prices and lowered the value of office buildings. The market is sending a signal here through the differences in property values: It's a hard time to run a business.

The multiplier increase is not just coincidentally happening when businesses are struggling. It is happening ***specifically because businesses are struggling*****.**

Repeatedly, the multiplier increase has been justified to maintain an arbitrary 44% share of rates paid by business.

But there is no clear reason for the 44% figure. Businesses in Wellington do not use 44% of the city's services and own just 15% of the city's rateable value. Nor is there a question of ability to pay – the multiplier change saves each household just $2 a week on their rates.

We urge the council to consider, why is the 44% figure worth protecting, even at the expense of increasing the gap between the services Wellington businesses use and the rates they pay?

Other Points

We make a number of other recommendations throughout our submission, with this wider context of the uniquely high Wellington rates burden in mind.

That's why we were encouraged by the Council's preferred position on the future of the Southern Landfill. And why we support the establishment of an independent, asset owning, community housing provider. Both are the lower cost options for Wellington business, who pay a disproportionate share.

We're happy to take questions across our recommendations.