



NEW ZEALAND – April 2020

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Covid 19 coronavirus: Former banking boss Ralph Norris criticises Auckland Council rates rise of 3.5%

There are 20 new coronavirus cases in New Zealand as PM Jacinda Ardern reveals all Government ministers and public sector chief executives will take a 20 per cent pay cut.

Top businessman Sir Ralph Norris has deemed a 3.5 per cent rates increase by Auckland Council unrealistic and worried about a "business as usual" approach to the Covid-19 crisis.

Norris said he offered to assist Mayor Phil Goff and chief executive Stephen Town two weeks ago to help with restructuring council activities and reassess the budget.

The response he got was the council had something in train - Goff announced a mayoral business advisory panel on March 30 - and Norris left the matter there.

Norris, who worked at the council headquarters in the days when it was the ASB bank headquarters and he was chief executive, said he found after talking with councillor Chris Fletcher it seems to be business as usual at council.

If that is the case, he said, "it would worry me".

Norris said ratepayers and the wider city have got a lot of stress on them as a result of what has happened with the closedown, citing the struggling hospitality sector in particular, and the impact on rates revenue.

He compared the actions of the Government making sacrifices and significant changes to its revenue and priorities to the actions of the council.

"I just don't get the feeling the council is doing the same," Norris said.

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He said there had been no announcements from council that it is looking at wage costs and making savings, like what is happening in the private sector.

"A commitment to a 3.5 per cent increase in rates, and 4.5 per cent for residential ratepayers, I think is unrealistic in this particular environment," he said.

His comments come as Goff and councillors work through financial scenarios prepared by officers ahead of considering a planned 3.5 per cent rates increase from July 1.

Goff has signalled an intention to stick with the planned increase, saying it will be hard to reduce the figure without compounding council's difficulties and cancelling capital projects.

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"Keeping these projects in play will assist with ensuring jobs and incomes vital to our recovery as a community and country from what will be the worst recession since the 1930s," he told the Herald last week.

The mayoral business advisory panel is made up of eight leaders in the business and public sectors and includes Auckland District Health Board chief executive Ailsa Claire, Fletcher Construction chief executive Peter Reidy, Employers and Manufacturers chief executive Brett O'Reilly, FIRST Union president Robert Reid and Tourism Holdings chief executive Grant Webster.

Its goal is to assist the city's transition back to normal economic activity when the lockdown is lifted. It also provides feedback to the Covid Cabinet committee.

At its launch, Goff said it will identify issues needing to be addressed and opportunities to get through the difficulties caused by unprecedented interruption in economic activity.

In a letter from Town to Norris on April 7, released by council today, the council boss set out the process officers were taking to address the financial challenges.

Town said councils face different challenges to other organisations because it is legally obliged to consult with ratepayers to reduce or eliminate services, not eligible for Government support packages and subsidies, and expected to support the Government's stimulus package of "shovel ready" projects.

"We've also identified essential and non-essential services for lockdown and we are already reducing our cost base accordingly," Town said, adding council's cost base will need to be reset and lowered for the next 12 months and beyond.

"I'm confident we already have the team in place to take the region and city forward on a sensible recovery pathway," he told Norris, a former chief executive of the ASB, Commonwealth Bank of Australia and Air New Zealand.

Taupō District Council commits to zero rates increase

The axe is falling on some of the Taupō district's major projects as its council seeks ways of affording a zero per cent rates increase and offsetting an expected decline in other revenue.

Taupō District Council chief executive Gareth Green has also said he will take a salary cut, although the size of the cut has not yet been determined.

Last year the Taupō District Council raised 79 per cent of its income from rates, with the rest coming from other sources such as fees, charges, leases and development contributions.

While it has not been decided by a formal resolution yet, Taupō district mayor David Trewavas said the 11 councillors had informally decided that the council should aim for a no greater than zero per cent general rates increase in the upcoming financial year, which begins on July 1. The projected average general rates increase in the council's Long Term Plan is 3.02 per cent.

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However, given the council's revenue streams had also been drastically affected by a downturn in development, cancellation of events, and a drastic reduction in the amount of fees and charges it collects, a no more than zero per cent general rates increase would be no easy task, and some tough decisions would need to be made.

"No doubt there will be a change in revenue, but what it is, we are not sure," Mr Trewavas said. "In probably six months time we'll have a reasonable idea of where that income level drop is. We've got to budget for a significant drop anyway."

Tourism, one of the district's four major industries, has been hard-hit by Covid-19 with domestic and international tourism at a complete standstill since the middle of last month.

However, Mr Trewavas said Taupō was still a desirable district to live in and was "mildly confident" that the district's three remaining core industries of geothermal, forestry and agriculture would keep going.

"For us, this starts now by creating a new annual plan with a view of ensuring that we avoid rates increases that were going to come as a result of new projects, increasing costs, and revaluation of properties.

Coronavirus: Property prices likely to fall but by how much is the big unknown, experts say

New Zealand's coronavirus lockdown has resulted in more Kiwis looking at property listings, figures show.

But as with most things coronavirus-related, just how the property market reacts to an imminent recession is surrounded in uncertainty.

During the 2008 Global Financial Crisis (GFC), the last time we experienced a major recession, property prices in New Zealand fell about 8 per cent.

Squirrel Mortgage Brokers principal John Bolton said the impact of Covid-19 was very different to previous periods of economic turmoil.

"It's not like the GFC, which was a financial crisis with poor lending standards – our banks this time around are in very good shape," Bolton said.

Property prices would be determined by what happened to the economy, and in particular, what happened to business insolvencies and employment, he said.

Open homes have been banned during the Alert Level 4 lockdown.

"House prices fall when there are desperate sellers in a market and a lack of buyers."

The cash flow challenges of dying businesses could force business owners to sell, he said.

"That will put downward pressure on house prices – especially over the next six months, when there are less buyers in market."

There would probably be lower confidence from first home buyers who relied heavily on Kiwisaver balances, which had taken a hit due to falling stock markets, he said.

They would also be apprehensive that property prices could fall, he said.

Mortgage rates would stay low for the foreseeable future, which would support house prices and prices in metro locations would also be supported by immigration, he said.

"There are a bunch of Kiwis that have come home, which is an immediate immigration boom, and mortgage rates are now the lowest in modern history."

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In the post-coronavirus world, vendors would be more negotiable when pressed to sell, and that would reflect in prices, he said.

Prices would "soften" in Auckland and Wellington but it was a "mugs game" to put an estimate on how much house prices could fall, he said.

"In Auckland, it could feel like much of 2019."

Areas more impacted by tourism, such as Queenstown, would be harder hit, along with holiday locations, he said.

Commentators are expecting a rush of activity once the lockdown lifts, but it's unlikely to last.

"There will likely be more sellers than buyers in these areas over the next 18 months. That will put more downward pressure on prices in these areas, so expect a bigger fall."

The fact that New Zealand did not have an oversupply of housing would help hold up the housing market, he said.

Economist Shamubeel Eaqub said he did not expect there to be an increase in property sales because the majority of landlords had been accumulating their properties over a long period of time, meaning they were not highly geared.

"The kind LVR restrictions we've had in recent years means we haven't had a lot of highly leveraged investors coming into the market," Eaqub said.

This meant the majority of investors' mortgage repayments would not be stressed unless tenants were not paying rent or there was vacancy, he said.

Those who would be most negatively affected by an upcoming recession were people who had recently entered the market with small deposits and large mortgages or those who had lost their jobs, he said.

"Typically speaking it's a last in first out principle in the housing market," Eaqub said.

"If you're a distressed seller now and you bought three months ago you may not get the price that you paid for. It may be 10 or 20 per cent lower which might wipe out your entire equity."

The longer someone had been in the property market the less at risk they were because they were likely to have paid a lower price and have lower debt, he said.

"Even if you're going to sell you're more than going to recoup the cost of the mortgage."

He said he did not expect rents to fall because history showed that during a recession they tended to go sideways.

Real Estate Institute of New Zealand chief executive Bindi Norwell said first-time buyers were finding it harder than ever to get a foot on the property ladder as a result of KiwiSaver funds plummeting in value due to Covid-19's impact on share markets.

"First-time buyers have found themselves in a really difficult situation during Covid-19 with the portion of their KiwiSaver fund able to be used for a first-home purchase being at a much lower value than many had expected," Norwell said.

She said being in lockdown 24/7 may have reinforced to people that they were not happy with their current house and they may want to move when the lockdown was over.

She said the property market had a strong start to 2020 and a flurry of sales activity was expected when restrictions lifted.

"Activity will increase definitely. The market was in a very very buoyant position across the country."

Prices and sales were expected to eventually fall but by how much depended on how deep the recession was. The market would bounce back to pre-Covid-19 levels in the long run, she said.

It was unlikely there would be high number of mortgagee sales because the Government and banks would put support systems in place.

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"There will be a focus on trying to prevent people from losing their homes."

Realestate.co.nz's latest New Zealand Property Report showed there were 16.5 per cent fewer listings in March on the same month in 2019, due to the nationwide lockdown.

Spokeswoman Vanessa Taylor said it would be a waiting game to see what the property market did in the face of Covid-19.

Realestate.co.nz spokeswoman Vanessa Taylor says the average time people are spending on the website has increased significantly since the lockdown was put in place.

Buyers and sellers had remained active, with the average time on the website increasing significantly since the lockdown was put in place, she said.

"For many Kiwis, this is a good time to get their property in front of potential buyers who are spending more time looking at property online."

With open homes currently banned, floorplans, 3D walk throughs and video content would be important for sellers, she said.

The disruption to the industry would temporarily bring a shift in the way people bought and sold property with buyers spending more time researching property before viewing in person, she said.

Century 21 New Zealand owner Derryn Mayne said despite real estate transactions stalling due to the lockdown and open homes banned, there were plenty of families needing to move or find a bigger home, empty nesters wanting to downsize, and first-home buyers keen to make the most of the record-low interest rates.

"We're seeing major widespread disruption, but that won't stop people buying and selling houses when we come out of the lockdown," Mayne said.

"People's aspirations will continue, and their housing needs and circumstances will keep changing."

The future would be a challenging time for the market but there could be a flurry of real estate activity post-lockdown, she said.

Rates holiday on cards for Christchurch to help residents through coronavirus crisis

Christchurch Mayor Lianne Dalziel has said plans are afoot for a rates holiday to help residents during the coronavirus crisis.

Ratepayers in Christchurch are expected to benefit from a rates holiday as the city council looks to ensure people are not penalised if they struggle to pay.

Mayor Lianne Dalziel said the council was acutely aware of the problems people were facing, telling Stuff its "primary focus" was to help people struggling with bills during the coronavirus crisis.

The council will discuss options hammered out by senior leaders on Monday at a meeting on Thursday, which will be held by conference call.

Earlier this month, six councillors called for the authority to ditch its proposed 4.65 per cent average rate increase and operate with a zero per cent rise instead.

Dalziel said they were "extremely mindful" businesses have had to shut down, that some staff are not being paid and that workers face uncertainty about their futures.

"We want to take pressure off people right now – the initial pressures are people worrying about going into arrears and about penalties being added.

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"So what we've asked the staff to come back with is an initial response about how we get through this period where people may not be in a position where they can pay their rates."

Dalziel said the council would examine a range of options to give people instant reassurance.

"No one's going to send around the debt collectors, there isn't going to be any penalty while we sort things out."

The relief will be available for both residential and commercial ratepayers.

"At the moment the organisation has considerable flexibility around rates for residential, but there doesn't seem to be any flexibility for businesses and we want to make sure that flexibility is put in place urgently," Dalziel said.

"I would be expecting to see something that enabled people facing hardship to have the opportunity to defer payments at the moment.

"The last thing that we want is for people to be feeling pressure about knowing that a bill was about to come."

Auckland's Planned Rate Hike Looks Increasingly Absurd

Christchurch City Council's move toward a rates freeze shows that Auckland Council's planned rate hike can be withdrawn, says the Auckland Ratepayers' Alliance.

Alliance spokeswoman Jo Holmes says, "With councils across the country moving toward rates relief, the Mayor's planned rate hike looks increasingly absurd."

"The economic situation facing Auckland households is unrecognisable from what it was when Phil Goff committed to his 3.5% rate hike. The Mayor needs to scrap his old spending priorities and urgently rejig council finances so he can assure Aucklanders of a rates freeze."

"If he's concerned about council cashflow, he ought to take a hard look at the 2500 council staff paid more than \$100,000. Bosses in the private sector are taking financial haircuts, and council managers shouldn't be any different."

"We urge all Auckland Councillors to make rates relief and cost cutting their absolute priority at Thursday's Emergency Committee meeting."

City council performs technology U-turn; council meetings go virtual

A council that less than three weeks ago refused to allow self-isolating representatives remote access to the council chamber has held its first totally virtual meeting.

The Palmerston North City Council on March 18 would not allow three councillors recently returned from overseas to use phones or other technology to link into the meeting.

But on Monday its hearings committee resumed an adjourned resource consent hearing involving Aokautere Land Holdings using only audio-visual links.

Hearing chairman and deputy mayor Tangi Utikere said the virtual meeting had been made possible by law changes in response to the Covid-19 lockdown.

The media was able to link into proceedings of what was a public hearing, and a recording would be available afterward.

The technological leap brings the city council up to speed with practices Horizons Regional Council had already brought into play with remote access and livestreaming of its meetings.

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The regional council has its first totally virtual meeting on Tuesday, when it will discuss what relief to offer ratepayers struggling with bills as a result of the lockdown.

Horizons chief financial officer Adrian Smith will say issues such as climate change and environmental management will still need to be dealt with and paid for after the Covid-19 situation.

The council had a range of options it could consider, such as a later due date for rates payment, waiving or reducing penalties for late payment, or postponements.

Council staff were also reviewing the effect of the Covid-19 event on the year's work programme and the implications for next year, with a view to making the rates increase as low as possible.

Palmerston North mayor Grant Smith wants the city to be ready for rapid recovery from the Covid-19 pain.

Meantime, Palmerston North mayor Grant Smith is advising against "knee-jerk" response to calls for a rates freeze.

He said while there was a need to consider people's ability to pay rates, the city council would have an important role to play in stimulating the post-Covid-19 recovery.

But he said he was "almost sure" the council's draft Annual Plan and proposed 4.4 per cent rates increase would look considerably different to the document out for consultation.

He said short-term measures would be put in place to accommodate ratepayers' problems with payment.

"It's the medium to longer term I'm keen to protect and ensure the city prospers."

Smith said the local economy was different to those in areas considering rates freezes.

It was a diverse economy, which would help it weather and recover from the storm, he said.

"Any delays to renewing infrastructure, or reducing expenditure to community groups in the short term, may have unforeseen consequences longer term and lasting implications – such as creating further delays in resuming employment within our community."

Smith remained confident the \$3.5 billion of projects planned for the region, including the new Manawatū-Hawke's Bay highway, would go ahead after the lockdown.

That would involve the city council playing its part in planning and paying for the services a growing city would need.

Phase one recovery plan just the start for Hamilton City Council

Last week your council announced phase one of a two-phase recovery plan for our city so we can support and rebuild Hamilton after Covid-19.

Phase one provided \$1 million for social services, authorised early payments to suppliers, approved consent fees relief and refunds and signed off on development contributions relief and support for small to medium size businesses.

We also agreed to fund an emergency response effort and to waive rent for community groups, sports clubs and other businesses until June 2020.

All up the total phase-one package is costed at \$3.4 million, aimed at supporting vital community organisations and providing immediate hardship relief.

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But that's just the start of what will be needed to help our city recover from the economic and social impacts of the extraordinary situation we find ourselves in. We know, and the Government knows, that the potential impacts of Covid-19 will be savage with nearly every single business and family impacted in some way.

So I want to reassure you that your council is doing everything it possibly can to address short-term needs for targeted, social assistance to people who need it most, while planning on how best to support and rebuild our city long-term.

Some people are already asking for a rates freeze. Believe me, I hear you. I know you are hurting. My family, my daughters, my mother and my neighbours ... none of us are immune to what is happening. Some close to me have already lost jobs or have businesses at risk.

And while some people want rates freezes, others are calling just as loudly for councils – including ours – to do exactly the opposite. They know that without revenue from rates, councils simply cannot provide the essential services that keep towns and cities running.

Nor could we play any serious role in kick-starting the projects our city will desperately need to get our economy back on track and our people back into what will be needed most – jobs.

Those people point to lessons of the past when it was clear that cutting spending made things demonstrably worse. They are asking councils to invest more – not less – on those initiatives that will help stimulate the economy, keep and create jobs and keep food on tables.

At this stage, 10 days into lockdown, a range of options are being actively worked on. We've agreed to phase one of a recovery package. But already your council has done a huge amount of work on phase two to ensure our city can leverage every single opportunity on offer.

I know Hamilton City is well placed terms of government priorities. We already have a number of large projects ready to go that, with a kick-start, will stimulate economic activity.

We're already working hard with neighbouring councils, iwi, and regional business agencies to make sure that, as a region, we are sending very clear messages to Wellington about our regional priorities.

But while we are working as fast as we can, I'm asking you to be patient and let us work through the implications of ALL of the options in front of us.

Rates

In terms of rates, we've already extended the city's own rates rebate scheme. Hamilton City Council is one of few councils that already offers additional assistance to low income earners. The package your council has already approved will directly help 3000 of our most vulnerable householders.

We have also committed to looking at a whole range of other rating options. But before making a decision, we need to clearly understand what any change will mean.

It's not just a case of moving the numbers around, and we can't and shouldn't just respond to the loudest voices in the room. There are a huge range of factors we can, and must, consider before we seek feedback, finalise our Annual Plan in May and set our rates for the coming year. That's what any responsible council would do.

We need to factor in things like council's financial position, including our debt, our current debt limits and our ability to balance our books. We need to consider the impact of any change on ratepayers including those who may be impacted hardest, perhaps not now, but in the longer term.

We must also consider our future ability to fund important things in the future.

Finally, we need to think about what the impact of changing our rates might mean for the long-term economic health of our city. What other alternatives can and should we be considering? These are all questions we are already working on with options coming back to elected members soon.

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In these uncertain times, one thing is certain. The decisions we make now, on your behalf, will impact on Hamiltonians, both in the short-term but also for the months and years ahead. I do not want to lead a council that makes ill-considered and rushed calls which may impact poorly on you, your children or your grandchildren down the track.

Infrastructure projects

At the same time, your council is pushing incredibly hard – and incredibly fast – to make sure Hamilton and the wider region is at the top of the queue for potential government support.

On Tuesday the Government announced it will support infrastructure projects that are 'shovel-ready'; meaning they are ready to go as soon as the construction industry returns to normal. This will be in addition to the \$12 billion upgrade programme announced recently and existing Provincial Growth Fund investments.

They're looking to support a pipeline of projects that have public or regional benefit and that, quite simply, create jobs. The longer people are out of work, the harder it will be for households and the city to recover.

In the last five years, our city, alongside our partners across the region, have done huge work to develop a comprehensive framework for development. This work has set us up well for the situation we are now in.

Before the onset of Covid-19, we were already clear on what needs to be developed, where and in what timeframe to ensure Hamilton and the wider Waikato would thrive in the future. That planning has been done in partnership with Government, iwi and other councils. We know, and the Government knows, that a strong Hamilton and a strong Waikato means a stronger, more resilient New Zealand.

The Government has already recognised this and has been working closely with us. In the last six months alone, we've seen major announcements. In October Prime Minister Jacinda Ardern promised \$12m towards a new \$73m regional theatre in our central city.

In November Minister Phil Twyford helped open the Rotokauri Transport Hub, which attracted Government investment of \$18.5m. We have other multi-modal transport projects now, ready to go, building on this.

In December, the Government announced plans to fund a new Alcohol and Drug Treatment Court here, only the third in the country. And in late February Justice Minister Andrew Little announced the Criminal Cases Review Commission (CCRC) will be based in Hamilton.

We all know those investment decisions are not made lightly. With government support, our city is well-placed to withstand this pandemic and to recover socially and economically.

Detailed proposals

However, we're not waiting around to be asked. By last Sunday, Hamilton City Council had already sent three detailed and specific co-funding proposals to Government to consider. More proposals will go next week.

We're formally seeking government support to kick-start public transport, rail and bus interchange projects in our city as well as extending walking and cycling options. These projects will allow us to prioritise key bus routes, extend our cycling network and provide better walking routes. Potentially it may also lay the foundation for an urban rail system between Hamilton and the towns and communities that surround us.

We've asked for specific government support for investment in transport (not just roads) and three waters (water, wastewater, stormwater) infrastructure around Ruakura so we can bring forward commercial and residential development.

We have sought support for projects like the Southern Links transport network and three waters infrastructure including a new wastewater plant for the south of the city and beyond. This would quickly accelerate private development already underway around the Peacocke/Hamilton Airport/Cambridge area – potentially addressing some of challenges we face in terms of affordable housing.

In addition to these Hamilton-centric projects, we've worked with nearby councils to identify other regional initiatives that we're asking Wellington to support.

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They include work on the Ohinewai-Huntly-Taupiri corridor, particularly around transport, three waters and public space to underpin large commercial development.

We have water and transport projects ready to go on the Rotokauri-Ngaruawahia corridor which would allow large-scale housing development.

We are continuing to push for government support to help us scope up and build much more resilient and smarter three waters infrastructure to improve our water, wastewater and stormwater capabilities across Hamilton City, Waipa and Waikato districts. We have supported the completion of the Cambridge to Piarere section of the Waikato Expressway.

One-off projects

In addition to this, our council is working to identify some one-off projects it could, with financing help, stand up quickly.

Many were already planned for the city so this is about fast-tracking. They include new sports fields across growth areas of Hamilton, work on the Rototuna Town Centre, and very specific transport-related and connectivity projects linked to the new community being developed at Peacocke. We also have some ideas about potential environmental initiatives.

I make no apology for pushing hard to get phase one of the recovery package across the line and for putting pressure on to scope up phase two. I want to thank Hamilton City councillors for unanimously supporting the programme and for considering both the economic and the social impacts on our city.

I also want to assure Hamiltonians that, despite the tight timeframes we are working to, we remain very aware of other issues that are important to people in our city. Yes, we want to prioritise projects and programmes that meet the Government's key objective of creating jobs. But projects must also provide the best opportunities for environmental, social, cultural and economic wellbeing for our people.

You can also be confident that your elected members are absolutely united in wanting what is best for our city. Making the best decisions will take time so please bear with us as we work through all the options. We are doing absolutely everything we can to get the very best outcomes for our city, socially and economically.

Meanwhile council staff are working hard to continue bringing you essential services and to keep the city running. I want to thank staff for their efforts.

While we are all in this together, there is only one thing I ask of you. For Hamilton's sake and for the country's sake, let's simply do what is being asked of all of us.

Please – stay at home.

The longer we keep people out of work, the longer our businesses are hampered, the longer our social connections are severed, the harder it will be for our city to recover socially and economically.

Let's do this lockdown once and do it properly. For the sake of your city, your friends and your family, let's all do what's right. Stay home.

Coronavirus: Councils under pressure to drop rates increase

Councils across New Zealand are under pressure to remove their annual rates increase this year as the country grapples with the financial impacts of COVID-19.

Christchurch and Dunedin are among several councils that have signalled they will drop their annual rates increase, but others are yet to make any changes.

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Christchurch City Council is giving residents an extra six months to pay if they've suffered a financial loss. It's also aiming for no annual increase.

"This is all very difficult for people that are facing an uncertain future, so we've asked Council to come back and tell us what zero looks like," Mayor Lianne Dalziel says.

Wellington Mayor Andy Foster says the Wellington City Council will also allow a six-month deferral for residents. But rates will still go up by 4.8 percent.

"We've got to balance between trying to minimise the impact on our communities at this time, and through the next twelve months, while trying to make sure we also have enough money to invest in the things that our people need us to invest in," he says.

But Auckland Mayor Phil Goff won't commit to anything yet.

"There are implications for cutting rate increases at a time when we're losing revenue from a whole range of things, we've got to keep the city going," he says.

Taxpayers' Union executive director Jordan Williams says an increase isn't fair for ratepayers.

"It's not fair that ratepayers, many of which are losing their jobs, are going to have to pay even more in rates at the very time they can't afford it.

"Councils like Taupo [and] Hawke's Bay Regional Council were really quick off the mark. Auckland seems to be the one council that's dragging the chain."

At least eight councils have said they're looking at freezing rates, but many are yet to make firm decisions.

Covid 19 coronavirus: Wellington City Council throws out rates freeze

Wellington city councillors have canned any prospect of a rates freeze, choosing to investigate two rates increase options instead.

Council officers will now prepare more detailed scenarios of a 4.95 per cent and 2.15 per cent increase for what essentially will be a Covid-19 emergency budget.

That compares to a proposed rates hike of 9.2 per prior to the coronavirus outbreak.

An extraordinary council meeting held via Zoom heard from those in the hospitality sector desperate for help.

Meanwhile Mayor Andy Foster again felt the weight of the majority of his councillors move against him, this time on a proposal to keep parking free in the CBD until at least June.

Councillor Jenny Condie got a significant amendment across the line, which included the city moving to full parking fees and enforcement two weeks after a return to Covid-19 Alert Level 3.

Condie said free parking was an expensive initiative and scrapping it would save millions of dollars.

It was also agreed up to \$1 million of those parking proceeds would be allocated to community grants, along with a further \$500,000 from rates.

Councillor Sean Rush said the amendment ensured the most vulnerable were being looked after while providing a robust balance sheet for economic recovery.

"In reality if we want to help the most vulnerable then we have to take money from somewhere. The evidence is that parking fees will not change shopping habits."

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A rebate for pavement licence holders for the equivalent of the final quarter of 2019/2020 was also pushed through, in response to pleas from the hospitality sector for more relief.

A recent Restaurant Association survey estimated a fifth of their members were considering closing their businesses for good or believed the pandemic would put them out of business.

In Wellington that would equate to 374 businesses closing their doors.

Maura Rigby, who is the co-owner of two hospitality establishments in the capital, has garnered more than 2000 signatures for a petition for local government support.

The petition called for emergency off-licenses, as well as fees and property rates relief.

Rigby said immediate measures previously proposed by the council equated to less than \$1000 of direct financial relief to licensed hospitality businesses.

"It is not a time to tinker around the edges, the economic impact will be much greater than the reduction of fees and rates relief combined."

Wellington Culinary Events Trust chief executive Sarah Meikle said hospitality was "at the core" of the city's culture and the sector employed more than 20,000 people.

She pointed to Wellington On a Plate playing a role in the recovery from Covid-19 because it was a decentralised model, held across hundreds of small venues, and attracted a strong local audience.

The festival was developed off the back of the Global Financial Crisis to give the sector a boost in the slow winter months.

"It's starting to feel like a very strange familiar time that we find ourselves in now", Meikle said.

Wellington has also built a reputation for its craft beer, and Hospitality New Zealand spokesman

Matt McLaughlin warned councillors there was hundreds of thousands of dollars' worth of stock sitting in breweries about to go down the drain.

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