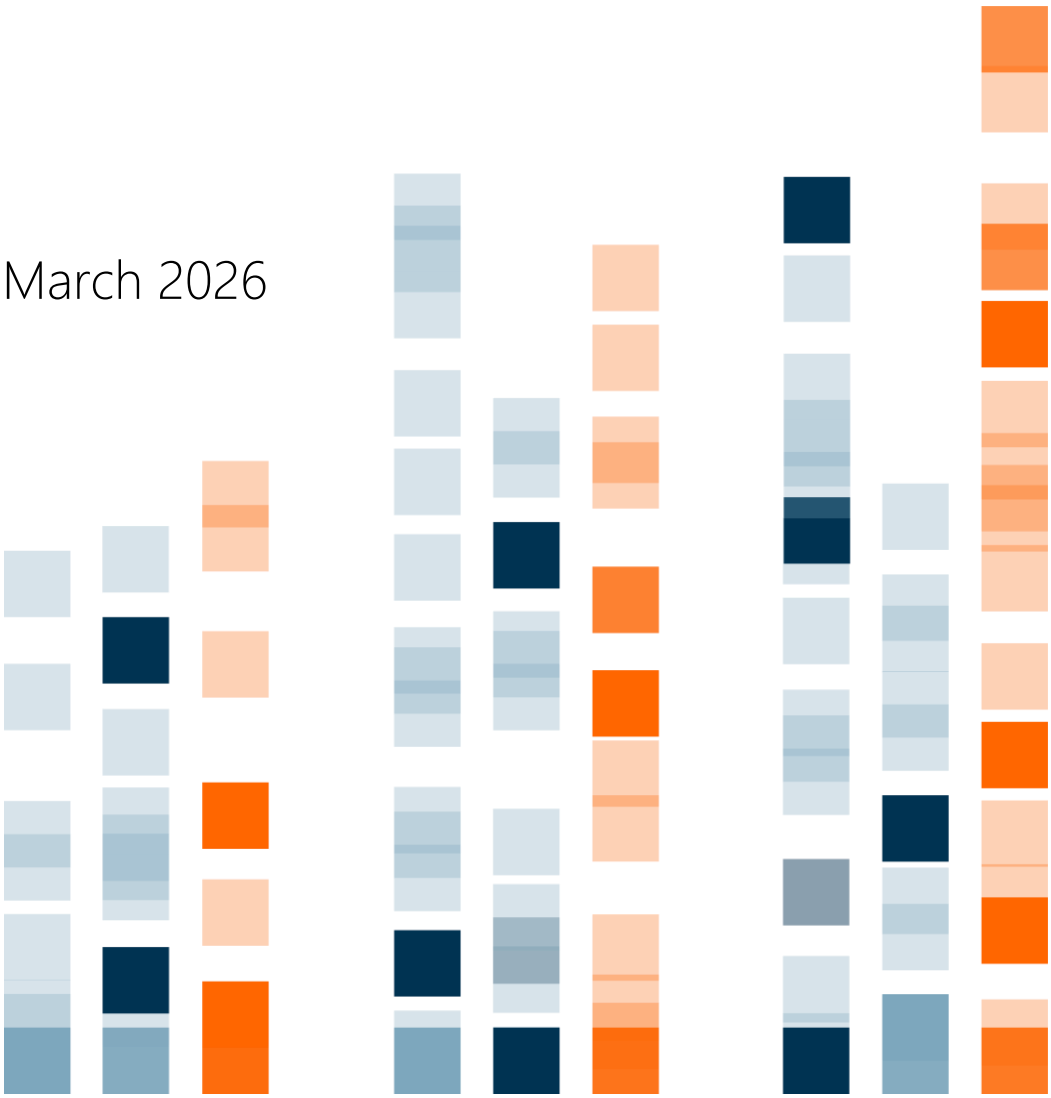
Wellington City Rates Affordability Research

for Wellington City Council

March 2026



Infometrics

Economics put simply

Authorship

This report has been prepared by Principal Economist Nick Brunsdon.

Email:

Nick.Brunsdon@infometrics.co.nz

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Executive summary

Introduction

Wellington City Council (WCC) commissioned Infometrics to undertake an in-depth study into rates affordability. In this report, we compare Wellington rates to nine other New Zealand cities. The affordability of rates is measured as a share of household income for residential rates, and as a share of capital values for commercial rates.

Wellington residential rates rise faster than incomes

Median residential rates (including sludge levy) in Wellington City have more than doubled since 2012, rising from $1,985 in 2012/13 to $5,177 in 2025/26. Yet, median household incomes have grown more steadily, from $88,000 in 2012 to $138,000 in 2025. Rates accounted for 2.2% of household incomes in 2012, rising to 3.8% in 2025.

Affordability varies by suburb, but has worsened everywhere

Rates, household incomes and therefore rates affordability all vary widely within Wellington City, though affordability has deteriorated in every suburb since 2012. In Wadestown, relatively high household incomes ($192,400) offset relatively high rates ($6,209) so that rates only amount to 3.2% of household incomes. In Kilbirnie-Rongotai, rates of $5,074 are very close to the city wide median, but low household incomes ($101,700) mean that rates amount to a high 5.0% of household incomes. In Oriental Bay, high median rates of $9,564 and below average incomes make for the least affordable rates, at 7.5% of household incomes.

Wellington's residential rates among the highest and least affordable

In comparing across the ten cities, we have included regional council rates and water charges, for fair comparison with Auckland. Wellington City's median residential rates are the second highest at $6,491, just behind Porirua at $6,503, and well ahead of the lowest, Palmerston North at $4,033. Median rates amount to 4.7% of median household incomes in Wellington and Porirua, just behind Dunedin and Tauranga on 4.8%. Auckland's median rates of $4,746 are not the lowest, but are the most affordable, at 3.5% of household incomes.

Wellington's commercial rates least affordable

Commercial rates amount to 2.4% of capital values in Wellington, well ahead the second highest, Porirua at 1.8%, and well ahead of the lowest, Christchurch and Auckland, both on 0.9%. Wellington has the least affordable rates for offices, CBD retail, and accommodation rating units out of the ten cities analysed. For suburban retail and industrial rating units, Wellington is tied with Porirua for the least affordable rates.

Introduction

Wellington City Council (WCC) commissioned Infometrics to undertake an in-depth study into rates affordability. In this report, we separately consider residential and commercial rates affordability, first by looking at the level of rates, then their affordability relative to household incomes and capital values respectively. The residential rates affordability analysis considers changes in rates affordability in Wellington since 2012, and across suburbs. The commercial rates affordability analysis considers office, retail, accommodation and industrial units. Finally, we contextualise residential rates against central government taxes and discuss cost escalation facing local government.

Our approach

In this section we discuss our approach for measuring rates affordability, the limitations of our analysis, what is out of scope, and the data sources used.

Affordability measures

Residential rates affordability

We have assessed the affordability of rates by looking at rates as a share of household income. The higher the rates-to-income ratio, the more money a household needs to spend to cover rates, leaving less money to pay for other items. This is common measure for rates affordability, for example, used in the authoritative 2007 *Local Government Rates Inquiry* ("Shand Report"). The Shand Report suggested that rates should not exceed 5% of household incomes. We use household incomes rather than earnings to take into account all sources of income in a household – including where there are multiple people earning. This approach best reflects the ability of households to afford rates and is a common approach for measuring housing affordability more generally.

To understand the experience of different households in society, we looked at rates affordability by decile, as they are robustly defined, representative and objective, and maintain these qualities when used over time.

Commercial rates affordability

We have assessed the affordability of rates for commercial ratepayers by looking at rates as a share of capital values. This measure reflects the ability of a business to afford rates, although in an indirect way. Capital values for commercial property reflect the income (or potential income, where an asset is under-developed) able to be derived from the property (rent), which ultimately reflects the ability of a business to earn an income in that property. Capital value is readily available through the rating database and is consistently assessed across other cities.

We investigated using alternative measures for commercial rates affordability, including rates as a share of rent, profit or revenue, to create a measure more closely aligned to residential rates affordability, based on household income. However, robust and consistent data for these measures is not available.

Rents are not comprehensively recorded in a single statistical system. Some commercial real estate agencies record rents for some parts of the market (e.g. CBD offices in the largest cities) but not so much for other asset classes (e.g. suburban shops, offices in secondary cities).

Business incomes and profit are not published by Stats NZ for all detailed industries and geographic areas (cities and suburbs within cities). Therefore, we can't compare rates in a specific area (e.g. Wellington CBD) to business profit and income.

Gross domestic product (GDP) is available by industry and small area, but the relevance of GDP to rates affordability varies widely by industry, with some businesses (e.g. hospitality) having a high GDP due to high staff numbers, but low margins to pay for

their rates. Other businesses (e.g. professional services) have high GDP due to high margins, and therefore a greater ability to pay rates. Simply using GDP would miss meaningful differences in affordability between businesses.

A further advantage of capital values is that they are agnostic to whether a rating system is based on land, capital or improvements values – meaning that they can be robustly compared across councils with different ratings bases, and into the future if Wellington changes its rating basis. There is no consistent or applicable measure like household income for businesses at a city and industry level to compare with rates.

Limitations

Value for money not considered

Our assessment of rates affordability over time and across cities only considers the cost of rates, and not the level of service. Service levels within Wellington may have changed over time, and different councils offer different levels of service. As we have not considered the level of service provided, our analysis cannot on its own support conclusions around the value for money that rates provide.

Residential affordability only considers income, not assets

Our assessment of residential rates affordability considers rates relative to household incomes. However, residents' ability to pay can also be influenced by their assets – for example, in the case of retired households that use savings to contribute to their living expenses. We have not factored in assets as there are no robust data sources on household wealth in New Zealand available at a local level.

Owner-occupier incomes not specifically assessed

Our estimates of household incomes are based on all households within each city and suburb, but not for owner-occupier households specifically. This reflects limitations of data availability in New Zealand, with robust and timely data on income by tenure not available at a local level.

Tax and non-taxable government support not considered

Our estimates of household incomes reflect pre-tax incomes and exclude non-taxable government support. This reflects data limitations and the complex criteria of government support schemes. The effect of tax on household incomes varies depending on the source of income and how many earners earnt it. For example, a household with one person earning $200,000 will have less post-tax income than a household with two people each earning $100,000.

Non-taxable government support, including Working for Families tax credits, Accommodation Supplement, and rates rebates, can all affect rates affordability. These schemes have complex eligibility requirements, and it is not possible to model their eligibility robustly across a community due to data limitations. As a result, rates affordability for lower income households may be under stated.

Affordability not considered in absolute terms

Throughout our analysis, we consider rates affordability by comparing affordability over time and across cities. This is a relative assessment of affordability, and can support conclusions of which area, or time period, is more or less affordable. We have not considered affordability in absolute terms, that is, what level of rates is affordable or unaffordable.

Out of scope

Ratepayer personas discounted

We investigated using ratepayer personas to analyse rates affordability, for example, two-parent, two-child households. Personas have an intuitive appeal, but they are difficult to objectively evidence and adjust over time as the prevalence of different personas changes.

For example, one could construct a household persona for 'retirees' of two older persons who are not working, but if workforce participation amongst older persons increases over time, this persona would become less representative, and it is not practical to ask government and stakeholders to apply a lower or higher weighting to a particular persona. Furthermore, for low to middle income households, government support such as Accommodation Supplement and Working for Families can make a material difference to effective incomes and therefore rates affordability, but cannot be accurately calculated at a city-wide scale with available public data sources. Therefore, personas risk implying a greater degree of accuracy than can be achieved.

Vacant land not a focus

Vacant land is a topic of interest for rating policies. However, defining vacant land consistently across councils is challenging. Technically, very few rating units are truly vacant, however, many more are debatably under-utilised – for example, CBD sites used as ground-level carparks when they could be used for multi-storey commercial buildings. Defining vacant or under-utilised needs to be done on a site-by-site basis, which is outside the scope of this project.

Data sources

Rating data

We assembled rating unit data from WCC directly, and for the other nine cities through Headway Systems Limited, who in turn procured rating unit data from the respective city councils.

From WCC, we sourced rates invoicing reports (for analysis of rates over time), the district valuation roll (for detailed information about each rating unit) and water rates (for metered water usage).

The rating datasets shared common unique identifiers such as valuation reference and assessment numbers. The valuation reference number was connected to GIS files from LINZ, which enabled each rating unit to be geolocated, and aligned to Stats NZ data on incomes.

Rating data from WCC and other councils included applicable regional council rates (used for cross-city comparisons) and Wellington's sludge levy.

Rating valuations

Rates affordability for commercial rating units is assessed relative to capital values. The date at which capital values are assessed varies by council. Wellington, Auckland and Palmerston North valuations are as of 2024. Palmerston North, Upper Hutt, Dunedin, Hamilton and Lower Hutt are as of 2025. Tauranga is as of 2023, and Christchurch and Porirua are as of 2022.

Rating valuations have generally fallen over this period, with Wellington City commercial property values down 23% between 2021 and 2024.

Water rates

Application of water rates varies across the ten cities. Just two – Auckland and Tauranga – levy volumetric water rates on all residential rating units, but all ten levy volumetric water rates on commercial rating units. Water rates are generally recorded in separate databases, therefore we could not readily access this information for other cities. In order to benchmark the impact of water rates across cities, we sourced water rates tariffs (fixed annual and volumetric) from council websites, and volumetric water use from WCC, to estimate water rate for each rating unit type.

Table 1 details the water rates for each city, as we have applied them. There are exceptions, such as very high-water users or the small number of volumetric charged residential ratepayers in Wellington, but we have left this group out of our analysis for simplicity.

Table 1

Water rates by city

2025/26, sourced from each council

City	Residential		Commerical	
	Fixed ($/year)	Volumetric ($/m3)	Fixed ($/year)	Volumetric ($/m3)
Auckland[1]	$332	$5.43	$332-$833	$7.09-$7.47
Hamilton				$2.27
Tauranga		$3.87		$3.87
Palmerston North				$1.96
Porirua				$3.91
Upper Hutt				$4.75
Lower Hutt				$4.75
Wellington				$6.73
Christchurch				$1.47
Dunedin				$2.55

1. Commerical fixed and variable charges vary by usage. Charges include wastewater

We standardised commercial water usage relative to capital values, to account for differences in the size of rating units between cities. For example, in Auckland, hotels were often divided into rating units for each room, whereas in Wellington hotels were typically billed as a single rating unit. The standardisation process meant that Wellington's hotel-wide water usage could be meaningfully translated to single-room rating units in Auckland.

Income data

We developed estimates of household incomes for the residential rates affordability analysis, drawing together several sources from Stats NZ. Infometrics maintains estimates of median household incomes by city, which is based on Stats NZ Census and administrative income data. We combined this city-wide median income estimate with Stats NZ's administrative population census data, which included information on incomes by decile at statistical area 2 (SA2 – akin to suburbs).

We did not use Census income estimates directly, for several reasons:

- Census data is only available for Census years (2013, 2018, 2023), which would limit our analysis to Census years, and prevent us from analysing more recent years (i.e. 2024, 2025).
- Census data doesn't provide information on the distribution of household incomes in a meaningful way – it only provides arbitrary bands (e.g. $50,000-70,000).
- Census data generally underestimates household incomes, as people often fail to fully recollect their income sources when completing the Census. Our household income estimates are generally higher than Census, but they are consistent with national estimates based on IRD data and Stats NZ's national accounts.

Rates compared with income at start of year

For residential rates affordability analysis, we have compared rates with household income at the start of each rating year. For example, analysis for 2025 compares rates for the 2025/26 rating year with earnings up to June 2025. This approach balances a desire to use the latest rating data available, with the fact that household incomes for the year to June 2026 are not yet known.

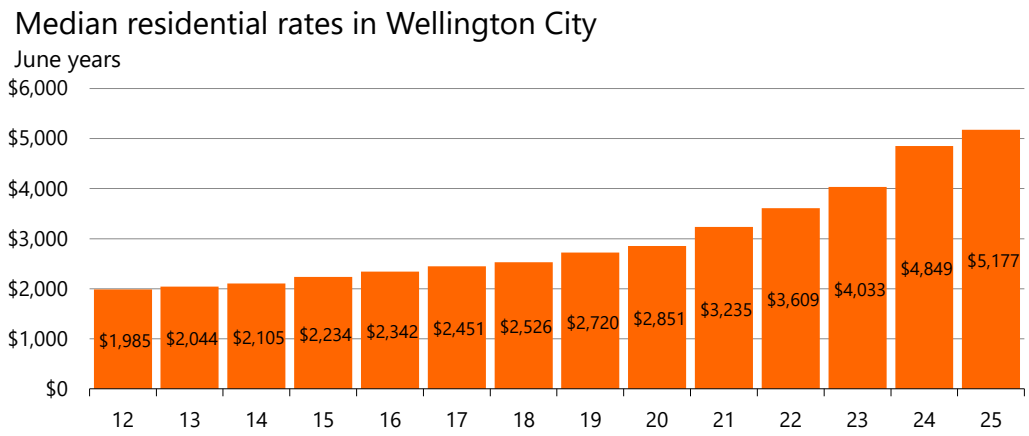
Wellington residential rates affordability

In this section we assess rates affordability for residential ratepayers, over time within Wellington City. Residential rates affordability is measured by rates as a share of household incomes.

Residential rates more than doubled since 2012

Median residential rates (including sludge levy) in Wellington City have more than doubled since 2012, rising from $1,985 in 2012/13 to $5,177 in 2025/26. Chart 1 shows that residential rates rose modestly between 2012 and 2020, reaching $2,851 in 2020, before accelerating from 2021 to 2025, to reach $5,177 in 2025.

Chart 1



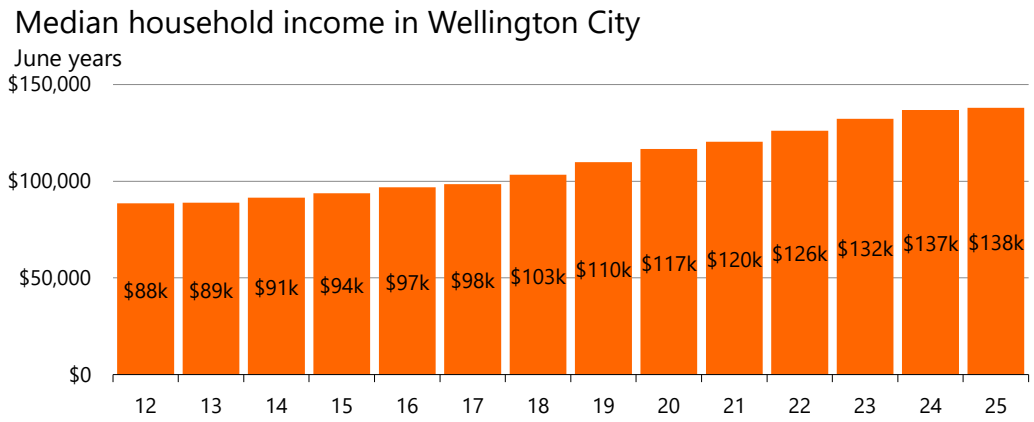
Source: Wellington City Council

Wellington City residential rates rose by 4.6% per year on average between 2012 and 2020, followed by 12.8% per year on average between 2020 and 2025.

Household incomes have risen steadily

Wellington City household incomes have risen steadily since 2012, rising every year. Chart 2 shows that median household incomes rose from $88,000 in 2012 to $138,000 in 2025.

Chart 2



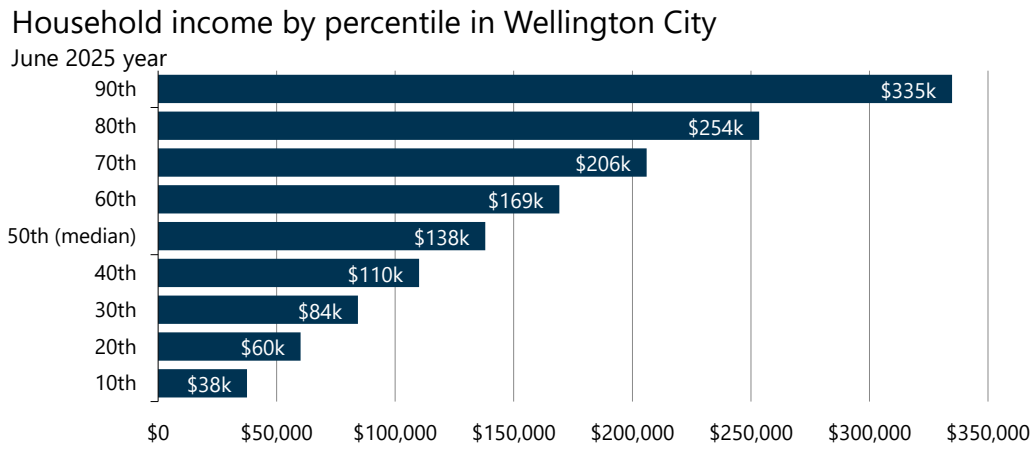
Source: Infometrics, Stats NZ

Household incomes in Wellington City rose 56% in total between 2012 and 2025, a touch behind national household incomes which rose 61%. However, Wellington's incomes remain well above the national median, which was $110,000 in 2025.

Wide range of household incomes

There is a wide range of household incomes in Wellington City. Chart 3 shows incomes by percentile – for example, the 10th percentile represents the level of income that 10% of households earn less than, and 90% of households earn more than. Wellington City's 10th percentile household income was $38,000 in 2025, less than a third of the median or 50th percentile income. The 90th percentile household income, which is the income that 90% of households earn less than, was $335,000, more than double the 50th percentile or median income.

Chart 3



Source: Infometrics, Stats NZ

This wide range of incomes underscores the importance of a nuanced measure of rates affordability – not only because rates vary across the city, but also because rates affordability is likely to be a more substantial challenge for lower income households.

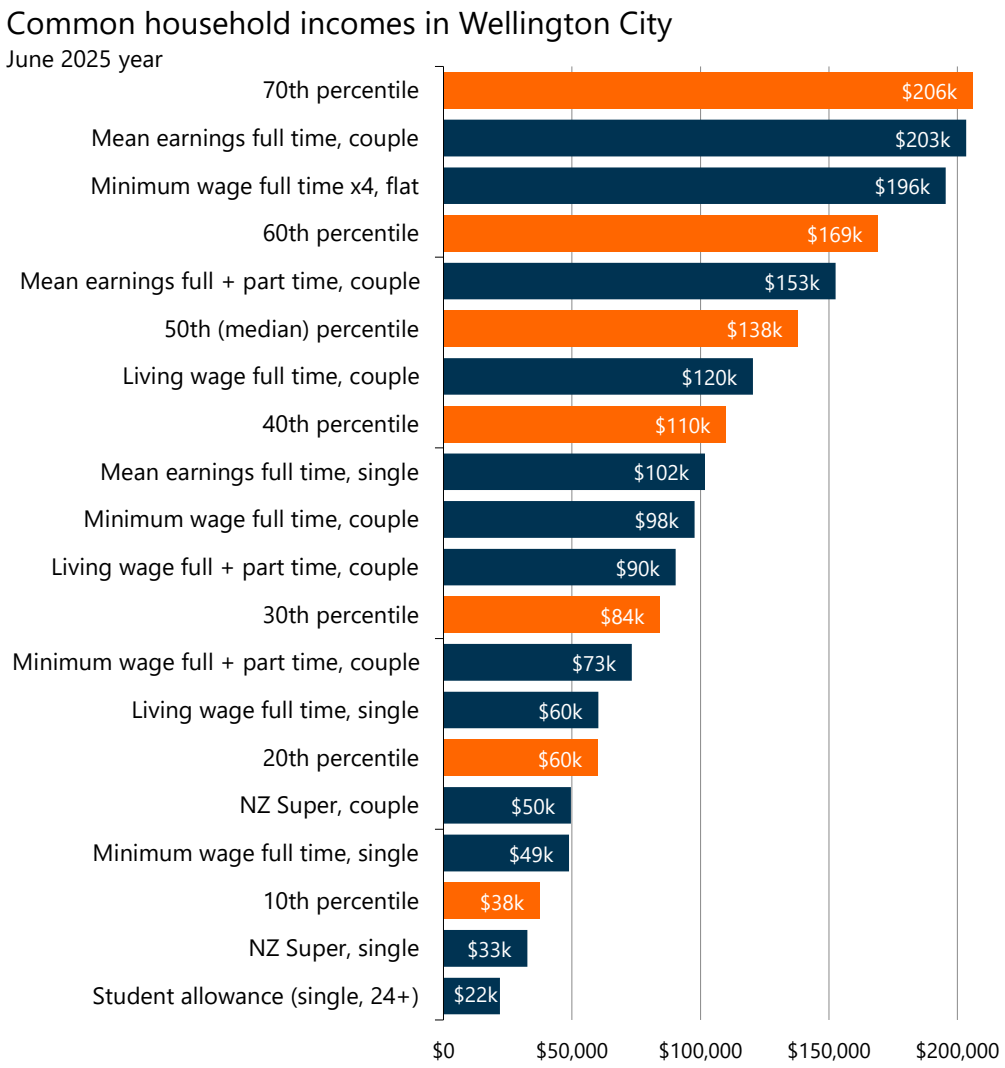
Our affordability analysis uses the 10th percentile of incomes as a lower end rather than the absolute lowest income. This is common practice in statistical analysis because minimum values are likely to be distorted by unusual circumstances, and not representative of the community more broadly.

Common household incomes

To put the dollar values of the income percentiles into perspective, we have compared these to common household income sources. A key consideration is that rates affordability is based on household income, which is the total income of all usual residents in a household – which could be one person, a couple, or more. We have not considered tax, Working for Families tax credits, Accommodation Supplement or rates rebates due to data limitations.

Chart 4 shows that a couple earning NZ Super with no other sources of income has a household income of $50,000 per year, which places them in between the 10th percentile ($38,000) and 20th percentile ($60,000).

Chart 4



Source: Infometrics, Stats NZ, Ministry of Social Development

Households made up of a single person with a lower income source invariably have a low household income, at or below the 20th percentile of $60,000. A single person earning NZ Super earns $33,000 per year, $49,000 earning minimum wage full time, or $60,000 earning the living wage full time.

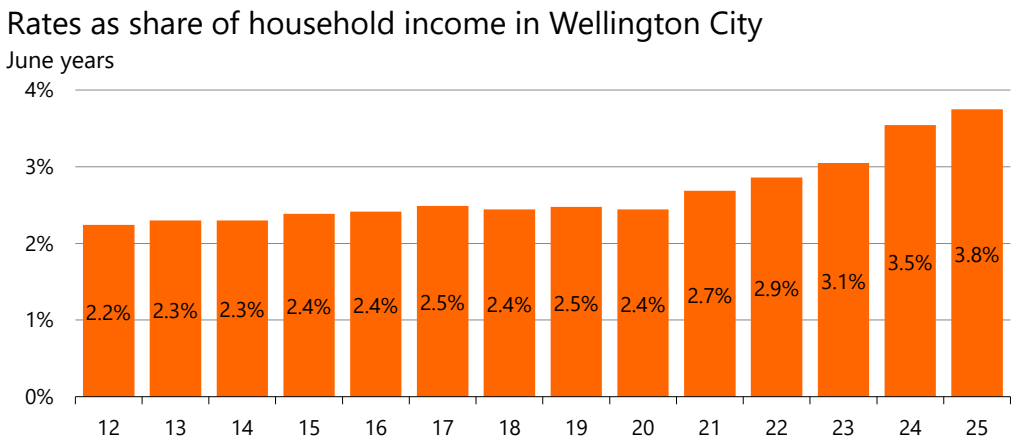
However, for households with two earners, incomes are appreciably higher. A couple both earning minimum wage full time earns $98,000 per year, between the 30th and 40th percentile. A couple both earning living wage full time earns $120,000, between the 40th and 50th percentile.

Wellington has relatively high paying jobs available, with mean earnings of $102,000, similar to the minimum wage for two people full time. Over 60% of Wellington households earn more than $100,000 per year. A working couple both receiving mean Wellington City earnings would have a household income of $203,000, close to the 70th percentile income of $206,000.

Rates account for growing share of income

Since 2012, rates have accounted for a growing share of household incomes in Wellington City. Chart 5 shows that rates accounted for 2.2% of household incomes in 2012, rising to 2.4% by 2020, then rising to 3.8% in 2025.

Chart 5



Wide range in affordability by suburb

Rates, household incomes and therefore rates affordability all vary widely within Wellington City. Table 2 shows that Oriental Bay has the most unaffordable rates in the city, with median rates of $9,564 amounting to 7.5% of household incomes in the area. For Oriental Bay, incomes are below the city median, yet rates are significantly higher. Oriental Bay has the highest proportion of the population aged 65 years and older (32%, compared to 12% across the city) and the highest proportion earning NZ Super or Veteran's Pension (29%, compared to 12% across the city). Therefore, Oriental Bay may have a high incidence of older persons who own their own home and use their savings to pay for rates.

Table 2

Wellington City residential rates affordability by suburb

Median, 2025

Suburb (SA3)	Rates	Household income	Rates % of income
Oriental Bay	$9,564	$127,985	7.5%
Berhampore	$5,022	$96,194	5.2%
Mount Victoria	$6,725	$130,313	5.2%
Kelburn	$7,000	$140,009	5.0%
Kilbirnie-Rongotai	$5,074	$101,698	5.0%
Newtown	$5,228	$109,248	4.8%
Aro Valley	$5,332	$114,035	4.7%
Karaka Bay-Worser Bay	$7,603	$173,640	4.4%
Seatoun	$8,842	$203,740	4.3%
Southgate	$5,796	$135,712	4.3%
Hataitai	$6,261	$148,867	4.2%
Mount Cook	$3,783	$91,996	4.1%
Lyall Bay	$5,280	$129,819	4.1%
Miramar	$5,435	$134,469	4.0%
Roseneath	$6,674	$170,354	3.9%
Kingston-Mornington-Vogeltown	$5,383	$138,439	3.9%
Wilton	$5,332	$140,427	3.8%
Maupuia	$4,867	$128,350	3.8%
Island Bay	$6,054	$162,029	3.7%
Thorndon	$4,661	$125,415	3.7%
Strathmore	$4,764	$131,017	3.6%
Johnsonville	$4,764	$132,925	3.6%
Brooklyn	$5,796	$162,550	3.6%
Houghton Bay	$5,487	$155,711	3.5%
Melrose	$5,487	$156,411	3.5%
Karori	$5,641	$161,703	3.5%
Newlands	$4,661	$133,862	3.5%
Tawa	$4,606	$133,756	3.4%
Paparangi	$4,835	$140,481	3.4%
Northland	$5,177	$150,635	3.4%
Khandallah	$6,570	$192,308	3.4%
Churton Park-Glenside	$5,696	$171,009	3.3%
Crofton Downs	$5,280	$159,510	3.3%
Broadmeadows	$4,919	$148,829	3.3%
Owhiro Bay	$5,022	$154,887	3.2%
Wadestown	$6,209	$192,364	3.2%
Woodridge-Horokiwi	$5,139	$167,802	3.1%
Ngaio	$5,435	$179,066	3.0%
Grenada	$4,885	$161,595	3.0%
Te Aro	$3,082	$105,144	2.9%
Pipitea-Kaiwharawhara	$3,796	$155,702	2.4%
Wellington Central	$2,297	$100,758	2.3%
Wellington City Rural	$2,819	$202,986	1.4%
Wellington City total	**$5,177**	**$137,993**	**3.8%**

Wellington City Rural area has the most affordable rates, reflecting a relatively low level of rates coupled with relatively high incomes. Median rates in Wellington City Rural are $2,819, nearly half the citywide median. Wellington City Rural includes areas like Makara village which is not serviced with reticulated water or wastewater, and therefore not charged rates for these services.

Beyond the extremes of Oriental Bay and Wellington City Rural, rates amount to 2-5% of household incomes. In some areas, such as Wadestown, relatively high household incomes ($192,400) offset relatively high rates ($6,209) so that rates only amount to 3.2% of household income. In other areas, such as Pipitea-Kaiwharawhara, relatively low rates ($3,796) coupled with slightly above median incomes ($155,702) mean that the rates burden is low at 2.4%. In the case of Kilbirnie-Rongotai, rates of $5,074 are very close to the city wide median, but low household incomes ($101,700) mean that rates have a high burden, accounting for 5.0% of household incomes.

Highest rates not always in highest income suburbs

Table 3 highlights the relationship between median rates, median household incomes, and rates affordability, with 43 suburbs ranked across these three measures.

In some suburbs, rates and incomes are closely correlated, with high rates and high incomes, or low rates and low incomes. Both Karaka Bay-Worser Bay (3rd highest rates, 6th highest incomes) and Seatoun (2nd rates, 1st incomes) have among the city's highest rates and the highest incomes. Wellington Central (43rd rates, 41st incomes) and Te Aro (41st rates, 39th incomes) have among the city's lowest rates and lowest incomes.

In other suburbs, there is little resemblance between rates and incomes. For example, Oriental Bay (1st rates, 35th incomes), Mount Victoria (5th rates, 32nd incomes), and Woodridge-Horokiwi (27th rates, 9th incomes).

Rates are calculated based on fixed charges and proportionate to capital values, which do not necessarily correlate with household incomes. Household incomes may change decades after a house is purchased (for example, retirees who purchased when their incomes were higher). In areas with low rental yields, renters may have low household incomes but occupy relatively high-value and high-rates properties, that have potential for redevelopment. There may also be compositional variation within each area than complicates the comparison. For example, Kelburn includes a mix of higher-end houses (with higher rates) and lower-end houses rented by students (with lower incomes).

Table 3

Wellington City suburbs ranked by rates affordability

2025/26, ranked out of 43 suburbs

Suburb (SA3)	Rates (1=highest)	Household income (1=highest)	Rates affordability (1=highest/most unaffordable)
Oriental Bay	1	35	1
Berhampore	28	42	2
Mount Victoria	5	32	3
Kelburn	4	24	4
Kilbirnie-Rongotai	27	40	5
Newtown	24	38	6
Aro Valley	20	37	7
Karaka Bay-Worser Bay	3	6	8
Seatoun	2	1	9
Southgate	11	26	10
Hataitai	8	20	11
Mount Cook	40	43	12
Lyall Bay	22	33	13
Miramar	17	27	14
Roseneath	6	8	15
Kingston-Mornington-Vogeltown	19	25	16
Wilton	20	23	17
Maupuia	32	34	18
Island Bay	10	11	19
Thorndon	36	36	20
Strathmore	34	31	21
Johnsonville	34	30	22
Brooklyn	11	10	23
Houghton Bay	15	16	24
Melrose	15	15	25
Karori	14	12	26
Newlands	36	28	27
Tawa	38	29	28
Paparangi	33	22	29
Northland	25	19	30
Khandallah	7	4	31
Churton Park-Glenside	13	7	32
Crofton Downs	22	14	33
Broadmeadows	30	21	34
Owhiro Bay	28	18	35
Wadestown	9	3	36
Woodridge-Horokiwi	26	9	37
Ngaio	17	5	38
Grenada	31	13	39
Te Aro	41	39	40
Pipitea-Kaiwharawhara	39	17	41
Wellington Central	43	41	42
Wellington City Rural	42	2	43

Rates affordability deteriorated in all suburbs

Table 4 shows only modest deterioration in rates affordability between 2012 and 2017, followed by more marked deterioration from 2017 onwards. Across most suburbs, rates ranged from 1.8-3.0% of household incomes in 2012, rising to 1.9-3.5% in 2017, and up to 2.3-5.2% in 2025. Oriental Bay has recorded a high rates burden since 2012, rising from 5.2% in 2012 to 5.5% in 2017 and then 7.5% in 2025.

Table 4

Wellington City residential rates affordability by suburb over time

Rates as % of household income, median

Suburb (SA3)	2012	2017	2025
Oriental Bay	5.2%	5.5%	7.5%
Berhampore	2.8%	3.3%	5.2%
Mount Victoria	3.0%	3.5%	5.2%
Kelburn	3.2%	3.6%	5.0%
Kilbirnie-Rongotai	2.7%	3.5%	5.0%
Newtown	2.8%	3.3%	4.8%
Aro Valley	2.9%	3.3%	4.7%
Karaka Bay-Worser Bay	2.5%	2.7%	4.4%
Seatoun	2.5%	2.7%	4.3%
Southgate	2.2%	2.5%	4.3%
Hataitai	2.4%	2.7%	4.2%
Mount Cook	3.1%	3.3%	4.1%
Lyall Bay	2.5%	2.9%	4.1%
Miramar	2.4%	2.7%	4.0%
Roseneath	2.5%	2.6%	3.9%
Kingston-Mornington-Vogeltown	2.5%	2.5%	3.9%
Wilton	2.3%	2.6%	3.8%
Maupuia	2.4%	2.6%	3.8%
Island Bay	2.2%	2.5%	3.7%
Thorndon	2.2%	2.6%	3.7%
Strathmore	2.4%	2.8%	3.6%
Johnsonville	2.1%	2.2%	3.6%
Brooklyn	2.1%	2.4%	3.6%
Houghton Bay	2.2%	2.6%	3.5%
Melrose	2.3%	2.6%	3.5%
Karori	2.0%	2.3%	3.5%
Newlands	1.9%	2.0%	3.5%
Tawa	2.0%	2.2%	3.4%
Paparangi	1.9%	2.2%	3.4%
Northland	2.1%	2.5%	3.4%
Khandallah	2.1%	2.3%	3.4%
Churton Park-Glenside	1.9%	2.1%	3.3%
Crofton Downs	1.9%	2.1%	3.3%
Broadmeadows	2.0%	2.0%	3.3%
Owhiro Bay	2.0%	2.2%	3.2%
Wadestown	2.0%	2.3%	3.2%
Woodridge-Horokiwi	1.8%	2.0%	3.1%
Ngaio	1.9%	2.1%	3.0%
Grenada	1.7%	1.9%	3.0%
Te Aro	2.2%	2.2%	2.9%
Pipitea-Kaiwharawhara	1.7%	1.9%	2.4%
Wellington Central	1.8%	1.9%	2.3%
Wellington City Rural	0.9%	1.0%	1.4%
Wellington City total	**2.2%**	**2.5%**	**3.8%**

Residential rates affordability across cities

In this section we assess rates affordability for residential ratepayers, comparing Wellington with nine New Zealand cities. Residential rates affordability is measured by rates as a share of household incomes.

Regional and water rates included

In comparing rates across cities, we have included territorial authority (city council), regional council and water rates to allow for a fair comparison across areas – this approach differs to our analysis of rates within Wellington City, which only included territorial authority rates.

Auckland is a unitary authority (providing both territorial authority and regional council functions), unlike WCC which is a territorial authority. WCC invoices for regional council rates on behalf of Greater Wellington Regional Council but is not responsible for setting the level of regional council rates charged.

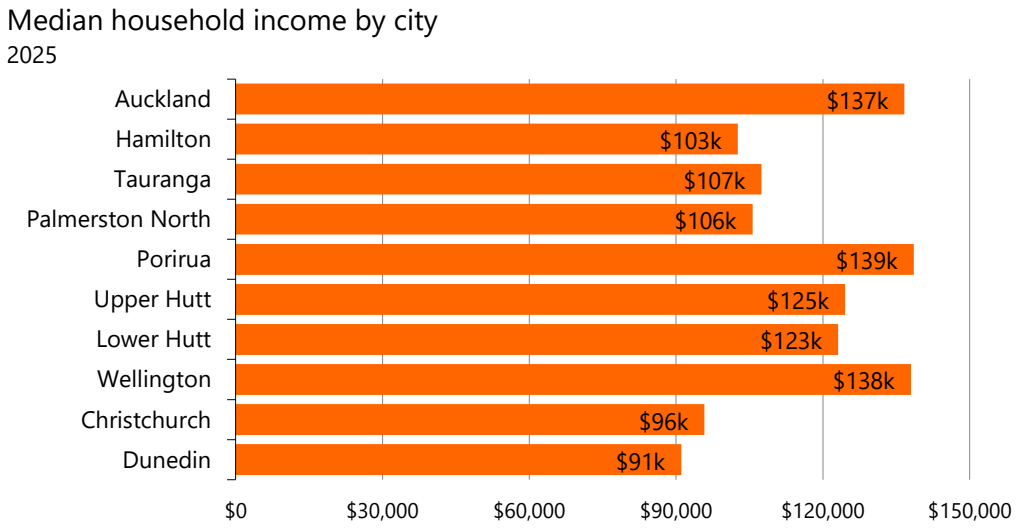
Auckland Council and Tauranga City Council invoice all households for their water usage on a volumetric basis. We have estimated residential water usage (based on WCC data) and applied relevant charges for Auckland (fixed annual and volumetric) and Tauranga (volumetric) (see Table 1).

WCC charges residential rating units for water usage on a volumetric basis in limited circumstances, such as mixed-use properties, or where the ratepayer has requested volumetric charging. However, data limitations mean that this cannot always be attributed to individual properties (e.g. where one water meter serves a whole apartment building). To ensure a fair and robust comparison, we have removed volumetrically charged rating units from Wellington City in the residential rates comparison across cities.

Wellington incomes among the highest

Median incomes in Wellington City are among the highest in the country. Chart 6 shows that Wellington City's median household income in 2025 of $138,000 is just above Auckland on $137,000 and just below Porirua on $139,000. Lower and Upper Hutt are in the next lowest cluster, with median incomes of $123,000 and $125,000 respectively.

Chart 6

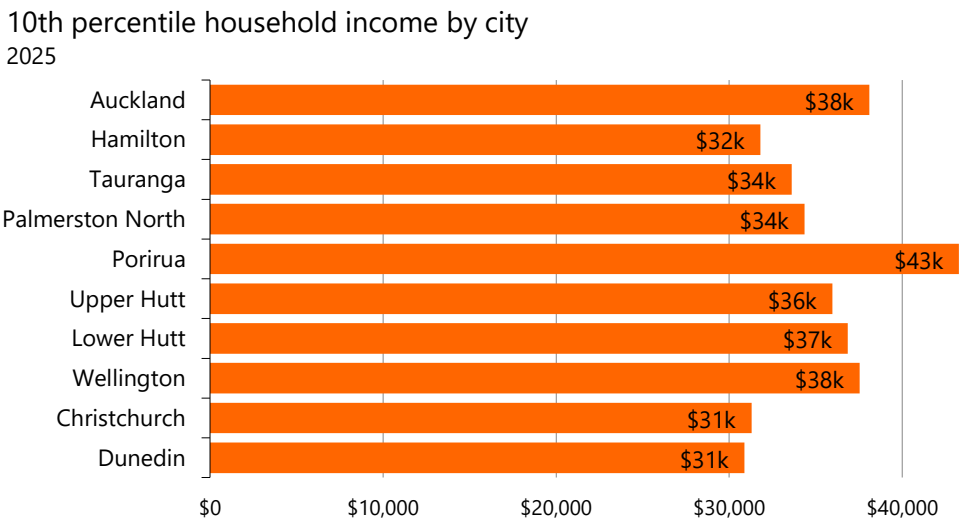


Household incomes are appreciably lower in Christchurch and Dunedin, at $96,000 and $91,000 respectively.

Lowest-earners have similar income

Focusing on 10th percentile incomes, which reflects the lowest income households in each city, there is a tighter range across the cities, which indicates that central government support such as benefits and NZ Super provide a consistent income 'floor'. Porirua has the highest 10th percentile income at $43,000, followed by Wellington and Auckland with $38,000. The lowest is Dunedin and Christchurch with $31,000.

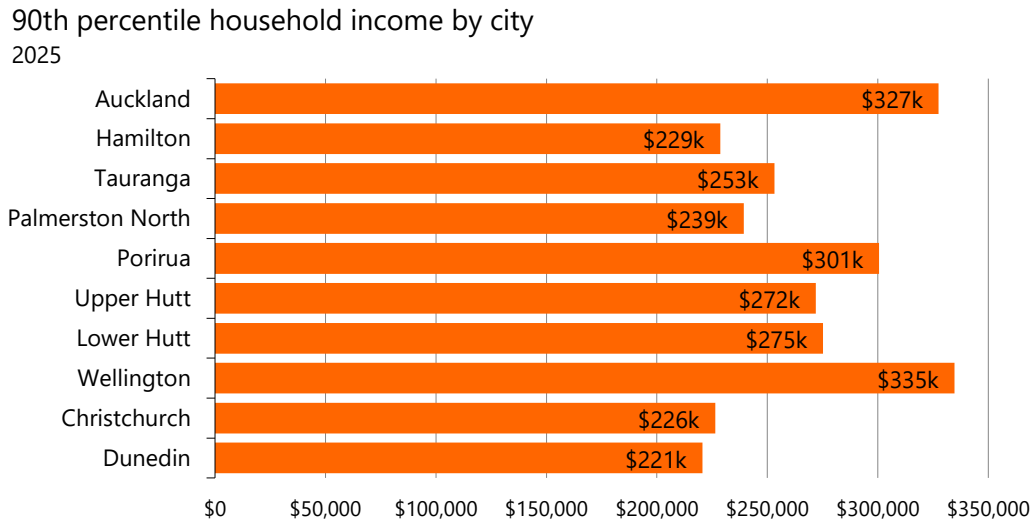
Chart 7



Wider spread for top earners

Focusing on the top-earning households – the 90th percentile – shows a wide spread of incomes. Wellington City has the highest 90th percentile income, at $335,000, followed by Auckland with $327,000 and Porirua with $301,000. Dunedin has the lowest 90th percentile income, with $221,000. The 90th percentile income does not reflect the broader community's ability to afford rates but does serve to highlight the range of incomes in the community.

Chart 8



The 90th percentile income is important context for Wellington City's rates affordability analysis - the highest income households in Wellington City have higher incomes than other cities in New Zealand.

Regional and water rates in city comparison

In comparing rates across cities, we have included territorial authority (city council), regional council and water rates to allow for a fair comparison across areas. Auckland is a unitary authority (providing both territorial authority and regional council functions), unlike WCC which is a territorial authority. WCC invoices for regional council rates on behalf of Greater Wellington Regional Council but is not responsible for setting the level of regional council rates charged.

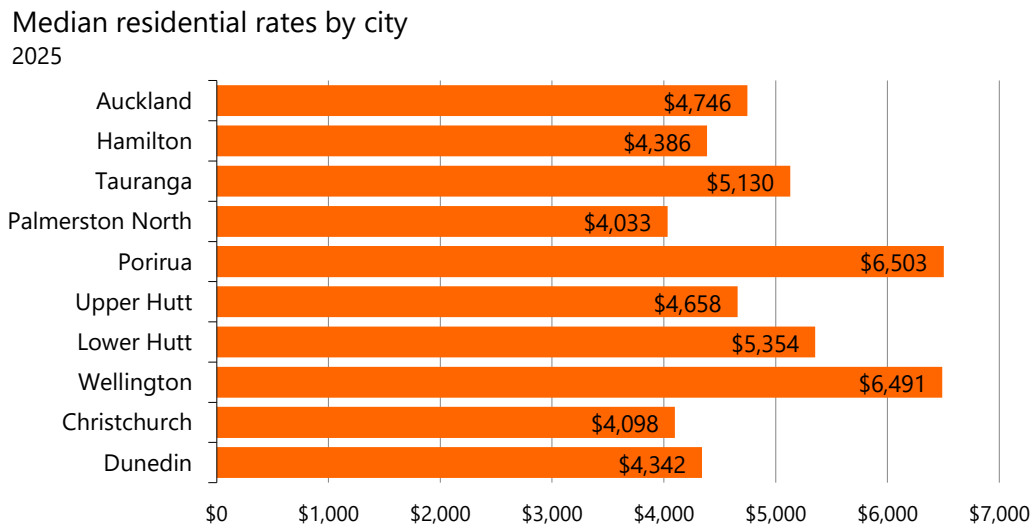
Auckland Council and Tauranga City Council invoice all households for their water usage on a volumetric basis. We have estimated residential water usage (based on WCC data) and applied relevant charges for Auckland (fixed annual and volumetric) and Tauranga (volumetric) (see Table 1).

WCC charges residential rating units for water usage on a volumetric basis in limited circumstances, such as mixed-use properties, or where the ratepayer has requested volumetric charging. However, data limitations mean that this cannot always be attributed to individual properties (e.g. where one water meter serves a whole apartment building). To ensure a fair and robust comparison, we have removed volumetrically charged rating units from Wellington City in the comparison across cities.

Rates vary across cities from $4-6.5k

Median residential rates vary widely across cities, from around $4,000 to $6,500. Chart 9 shows that the lowest median rates are found in Palmerston North ($4,033) and Christchurch ($4,098), and the highest in Wellington ($6,491) and Porirua ($6,503). Tauranga ($5,130) and Lower Hutt ($5,354) sit among the middle of the pack.

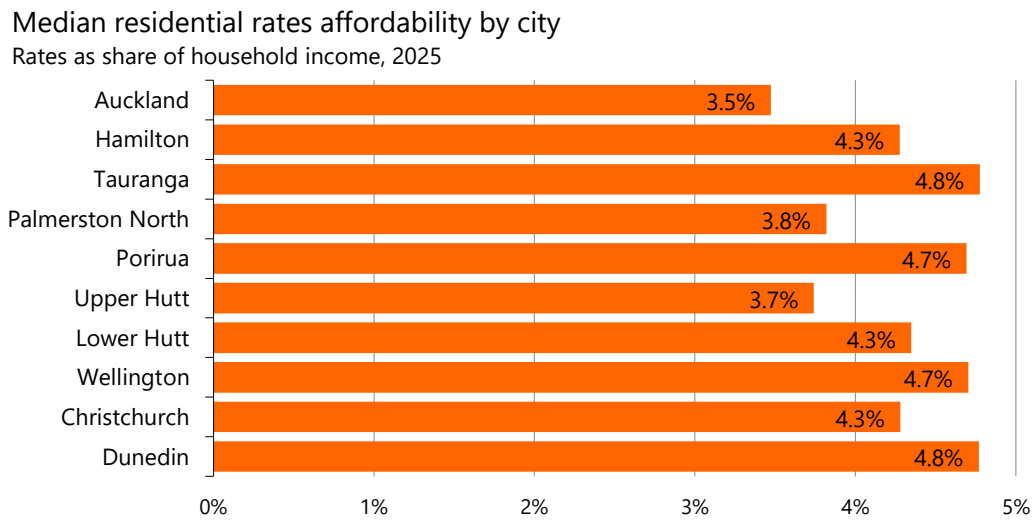
Chart 9



Narrower range for rates affordability

Although there is a wide range of residential rates levels across cities, this range closes somewhat once local household incomes are taken into account. Chart 10 shows that Porirua's higher household incomes compensate for its higher rates, so although Porirua has the highest rates, Tauranga has more unaffordable rates. Porirua's median rates amount to 4.7% of median household incomes, below Tauranga where rates amount to 4.8% of household incomes. Dunedin's rates are among the lowest at $4,342, yet are among the most unaffordable, amounting to 4.9% of household incomes, because Dunedin's incomes are much lower than other cities. Wellington's rates amount to 4.7% of median household incomes, tied with Porirua as the second equal most unaffordable.

Chart 10



Auckland has relatively low rates coupled with relatively high household incomes, making its rates the most affordable, amounting to 3.5% of household incomes.

Incomes vary across lowest earning suburbs

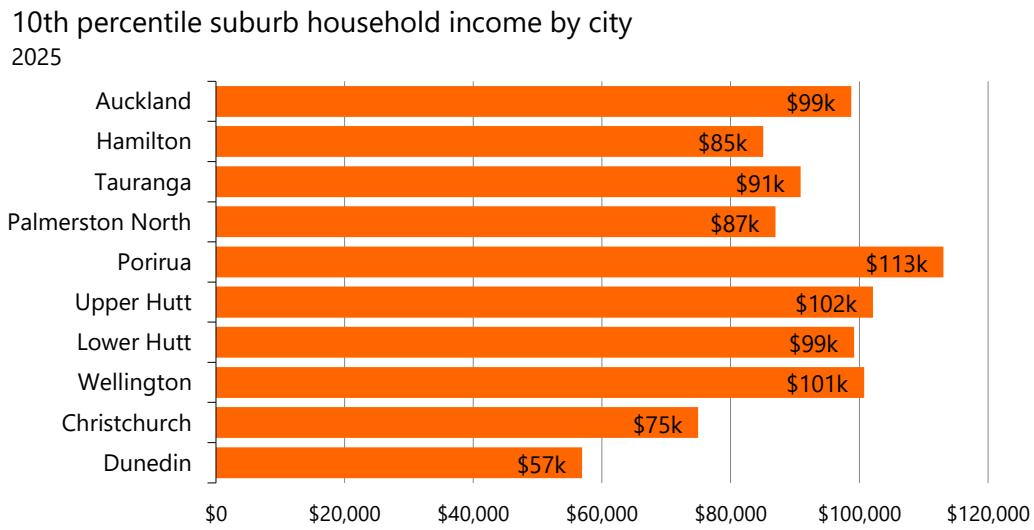
Now, we switch to focusing on suburbs as our unit of analysis, as we can relate data on household income and rates together at suburb level. We identify low-income suburbs across each city by the median household income in each suburb, and the 10th percentile suburb across each city. This means that if there were 100 suburbs in each city, ranked by median household income, the 10th suburb represents the 10th percentile for the city.

The spread of household incomes is much narrower when looking at a suburb rather than city level. Chart 7 shows that in Wellington City the 10th percentile household income is $34,000, but in Chart 11 the median household income for the 10th percentile suburb is $101,000. This difference in spread reflects that suburbs comprise a mix of households with differing income levels – they are rarely made up entirely of the lowest earning households.

Of the ten cities, Porirua has the highest 10th percentile suburb income, at $113,000 in Titahi Bay North. Wellington has relatively high 10th percentile income, at $101,000 in Wellington Central, a similar level to Lower Hutt, Upper Hutt and Auckland.

Income for the 10th percentile suburb is appreciably lower in Christchurch ($75,000) and Dunedin ($57,000).

Chart 11

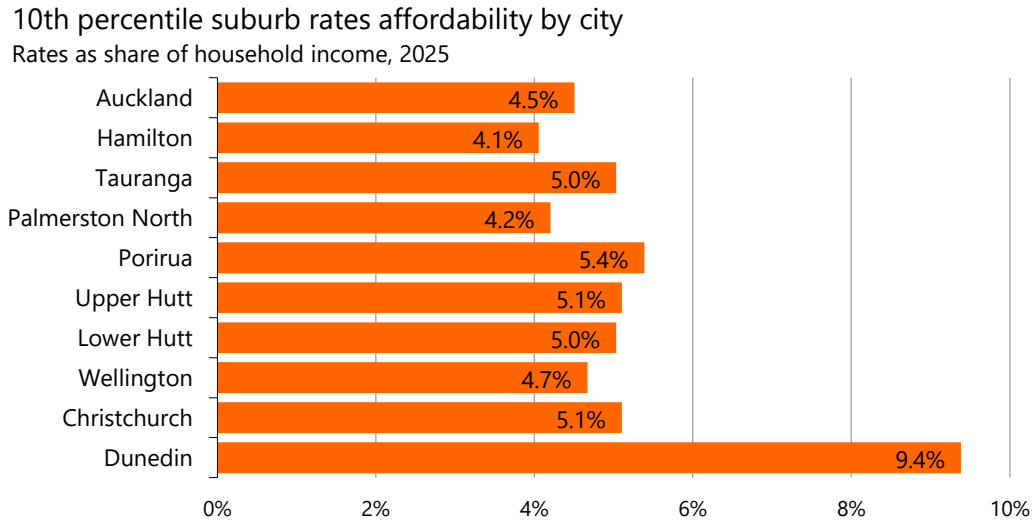


Similar affordability for lower income suburbs

Focusing on rates affordability for suburbs with the 10th percentile of household income reveals a close range of affordability for all cities except Dunedin. Chart 12 shows that in the 10th percentile suburb for household income, rates amount to between 4.1% (Hamilton) and 5.4% (Porirua), with Wellington in the middle at 4.7%. The prevalence of lower value apartments (with lower rates) in Wellington's 10th percentile suburb (Wellington Central) supports affordability.

Dunedin stands out, with rates amounting to 9.4% of median incomes in Dunedin's 10th percentile suburb. Rates in Dunedin's 10th percentile suburb are comparable to other cities, but their household incomes are substantially lower than in other cities, contributing to a high rates burden.

Chart 12



Rates affordability varies by suburb

Table 5 shows a wide range of rates affordability by suburb, supported by Table 7 (in *Appendix A. Percentile suburb list*) which names the suburb for each city and decile. In Wellington, the highest rates burden is found in the 40th percentile suburb, Wellington University (within Kelburn), where median rates amount to 6.5% of median household incomes. The lowest rates burden is in the 90th percentile suburb, Ngaio South, where rates amount to 3.8% of household incomes.

Table 5

Residential rates affordability by city and suburb percentile

% of household income in 2025

City	Percentile 10th	20th	30th	40th	50th (median)	60th	70th	80th	90th
Auckland	4.5%	3.6%	3.6%	3.3%	5.6%	2.9%	3.6%	4.5%	3.0%
Hamilton	4.1%	4.6%	5.3%	3.9%	3.7%	3.9%	4.1%	4.6%	4.1%
Tauranga	5.0%	4.7%	5.6%	4.2%	4.8%	4.2%	4.3%	4.4%	3.8%
Palmerston North	4.2%	4.0%	3.8%	3.9%	3.5%	4.0%	2.7%	3.5%	1.5%
Porirua	5.4%	4.6%	4.6%	4.1%	4.0%	4.0%	4.7%	4.4%	3.9%
Upper Hutt	5.1%	4.0%	4.3%	4.1%	3.8%	3.7%	3.6%	3.6%	2.7%
Lower Hutt	5.0%	4.4%	4.8%	3.9%	5.1%	4.9%	4.5%	5.2%	4.0%
Wellington	4.7%	5.5%	4.7%	6.5%	4.7%	4.2%	4.7%	4.9%	3.8%
Christchurch	5.1%	4.9%	2.7%	3.4%	4.8%	4.1%	3.7%	5.4%	4.6%
Dunedin	9.4%	5.5%	4.7%	5.1%	4.5%	4.3%	4.9%	3.8%	4.0%

Across the other cities, the highest rates burden is in Royal Terrace, the 10th percentile suburb in Dunedin, where rates amount to 9.4% of household incomes. The lowest rates burden is in Pihauatua, the 90th percentile suburb in Palmerston North, where rates amount to 1.5% of household incomes.

Variation in rates and incomes mean that the highest earning suburbs don't necessarily have the lowest relative burden from rates. In Auckland, Hamilton, Lower Hutt, Christchurch and Dunedin, the suburb with the lowest rates burden is not the highest earning (90th percentile). In other words, the higher capital values of houses in higher earning suburbs mean that rates can be proportionately higher.

Rates not always highest in high earning areas

Table 6 shows that suburbs with the 90th percentile incomes don't necessarily have the highest rates, in fact, Tauranga is the only city where the 90th percentile suburb by income has the highest rates. In Wellington, the 40th percentile suburb (Wellington University) has the highest median rates of $8,603, followed by the 80th percentile suburb (Haitaitai North East) with $8,091.

Table 6

Residential rates by city and percentile

2025. Based on median household in suburb representing each percentile

City	Percentile 10th	20th	30th	40th	50th (median)	60th	70th	80th	90th
Auckland	$4,449	$4,210	$4,568	$4,466	$7,818	$4,155	$5,461	$7,068	$5,070
Hamilton	$3,450	$4,197	$5,131	$3,821	$3,772	$4,152	$4,618	$5,456	$5,409
Tauranga	$4,575	$4,567	$5,648	$4,412	$5,188	$4,739	$4,904	$5,279	$5,163
Palmerston North	$3,657	$3,814	$3,715	$4,003	$3,723	$4,465	$3,182	$4,579	$2,243
Porirua	$6,091	$5,422	$5,731	$5,371	$5,268	$5,834	$6,966	$6,915	$7,739
Upper Hutt	$5,213	$4,317	$4,786	$5,127	$4,701	$5,042	$5,000	$5,469	$4,189
Lower Hutt	$4,992	$4,851	$5,495	$4,607	$6,192	$6,213	$5,940	$7,155	$6,374
Wellington	$4,706	$6,723	$5,978	$8,603	$6,555	$6,298	$7,323	$8,091	$7,067
Christchurch	$3,826	$3,989	$2,285	$3,064	$4,478	$4,043	$3,937	$6,111	$6,002
Dunedin	$5,338	$3,995	$3,785	$4,455	$4,158	$4,394	$5,101	$4,232	$4,807

Commercial rates affordability across cities

In this section we assess rates affordability for commercial ratepayers, comparing Wellington with nine New Zealand cities. Commercial rates affordability is measured by rates as a share of capital value.

No timeseries analysis of commercial rates

We haven't expressed commercial rates affordability over time in Wellington. Commercial rates affordability is expressed in terms of capital value, and capital values are only updated every three years, so commercial rates affordability would show large bumps over time. Our commercial rates analysis is based on rates in the 2025/26 June year.

Common system for classifying rating units

All councils in New Zealand classify rating units in accordance with LINZ valuation rules[1] which include a hierarchy of different characteristics. Through discussion with WCC and analysis of rating units across the ten cities, we selected several rating unit types to focus on. This selection considered their relevance to Wellington, ensuring they have a significant sample size in Wellington with the selected rating unit categories and sub-categories all representing at least 60 rating units in Wellington City. The sub-categories are also based on LINZ valuation rules, reflecting the type, quality or location of rating units. Some sub-categories are not found in every comparator city, for example, Upper Hutt does not have any A-grade commercial offices.

We considered office, retail, accommodation and industrial rating units in our comparisons. Office was further broken into A and B grade. Retail and accommodation were further broken into CBD and suburban locations. The definitions of grade and location are also from LINZ valuation rules.

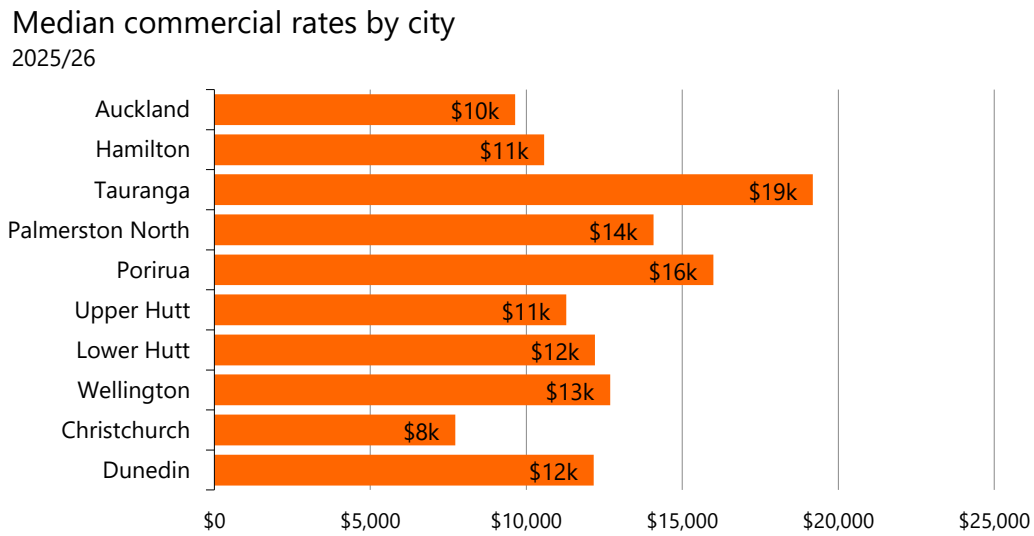
Wellington commercial rates middle of pack

This section serves as an introduction to our commercial rates affordability analysis, but we encourage readers to follow into subsequent sections to compare rates affordability for specific rating types. Chart 13 presents the overall median rates for commercial rating units by city. This shows median commercial rates of $13,000 in Wellington, below Tauranga ($19,000), Porirua ($16,000) and Palmerston North ($14,000). However, median commercial rates in Wellington are higher than several cities, including Christchurch ($8,000) and Auckland ($10,000).

Differences in the values and composition of commercial buildings across each city contribute to this variance, not just the level of rates.

[1] Land Information New Zealand (2010). *Rating Valuations Rules 2008*.

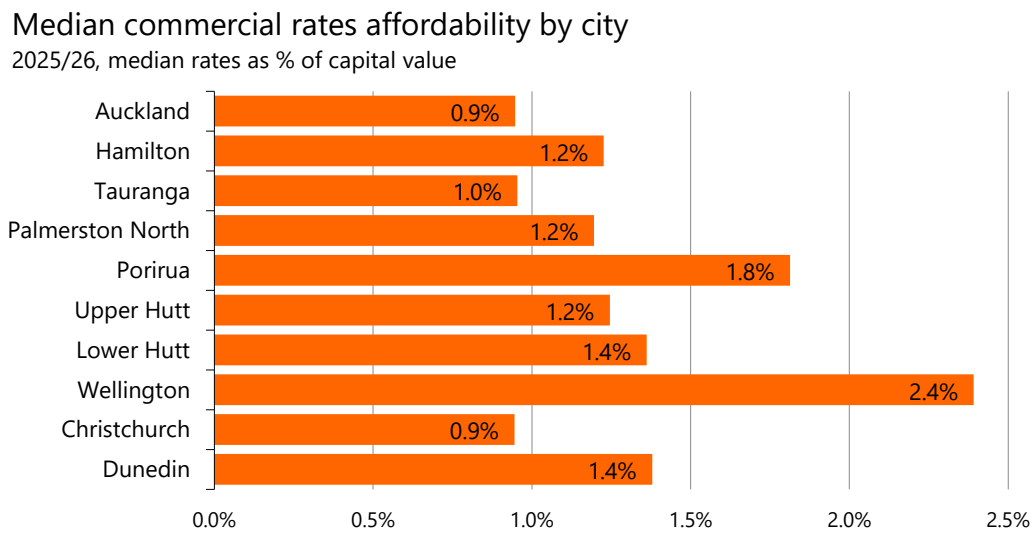
Chart 13



Commercial rates least affordable in Wellington

Taking into account the capital value of commercial rating units presents a different picture for rating affordability than median rates alone. Chart 14 shows that as a percentage of capital value, commercial rates are markedly higher in Wellington at 2.4% of capital values, followed by Porirua (1.8%), Dunedin (1.4%) and Lower Hutt (1.4%). Christchurch and Auckland have the most affordable commercial rates, at 0.9% of capital values.

Chart 14

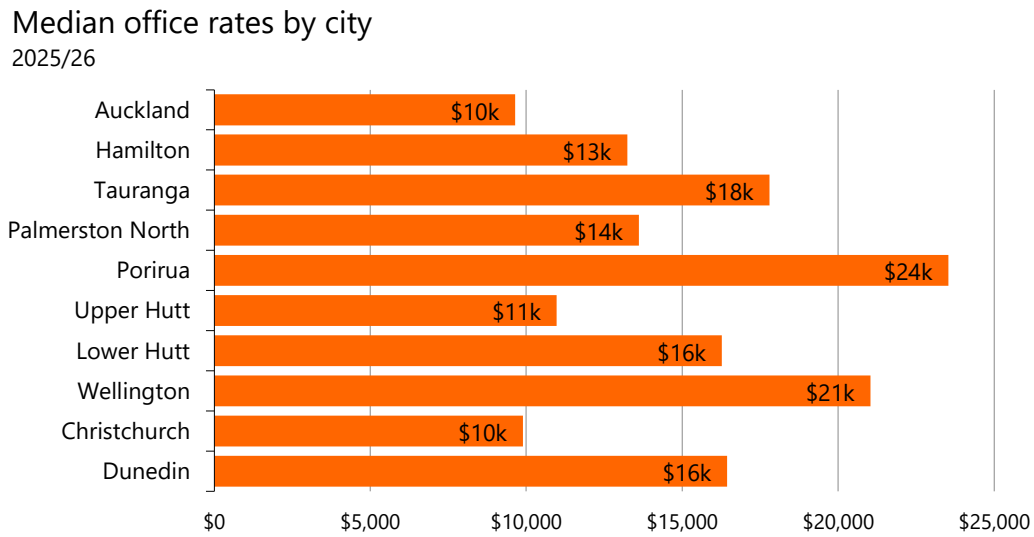


Office rates highest in Porirua

Commercial offices can range from smaller suburban buildings through to multi-storey CBD buildings. Chart 15 shows that commercial office rates are highest in Porirua

($24,000), followed by Wellington ($21,000) and Tauranga ($18,000). Office rates are lowest in Auckland ($10,000) and Christchurch ($10,000).

Chart 15

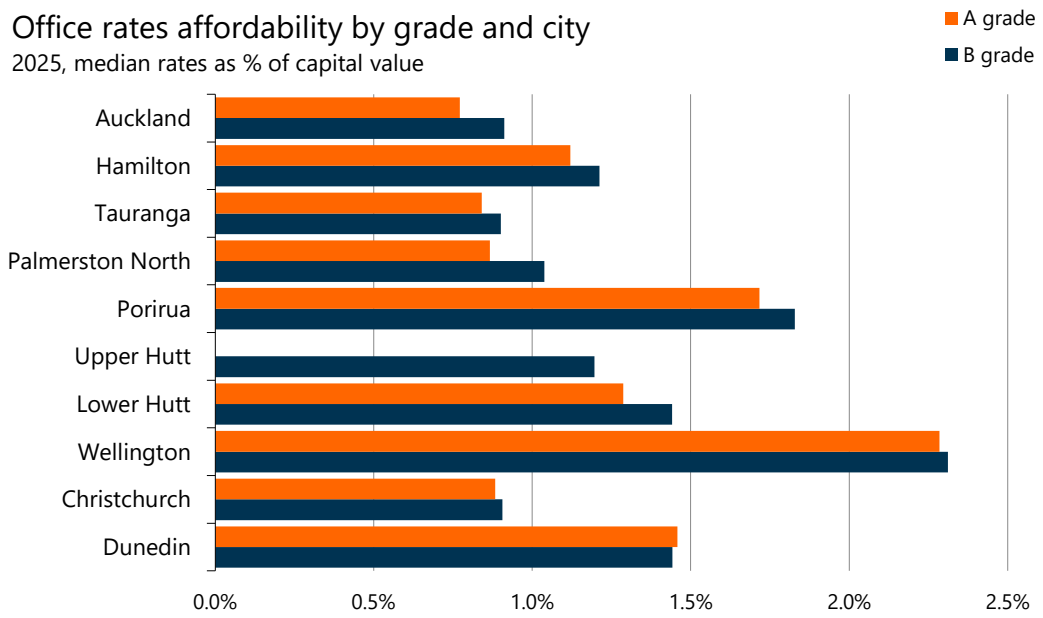


Office rates most unaffordable in Wellington and Porirua

The affordability of office rates varies widely depending on the grade of property. Grades are defined per LINZ rules, with A grade representing office buildings in a CBD location with 'superior design and first-class quality fixtures'. B grade represents office buildings in a CBD location with 'design typical of era and average to good fixtures'.

For A grade offices, Wellington rates are among the most unaffordable, at 2.3%, followed by Porirua (1.7%), Dunedin (1.5%) and Lower Hutt (1.3%). A grade office rates less than 1.0% of capital values across Auckland, Tauranga, Palmerston North and Christchurch. There are no A grade offices in Upper Hutt.

Chart 16

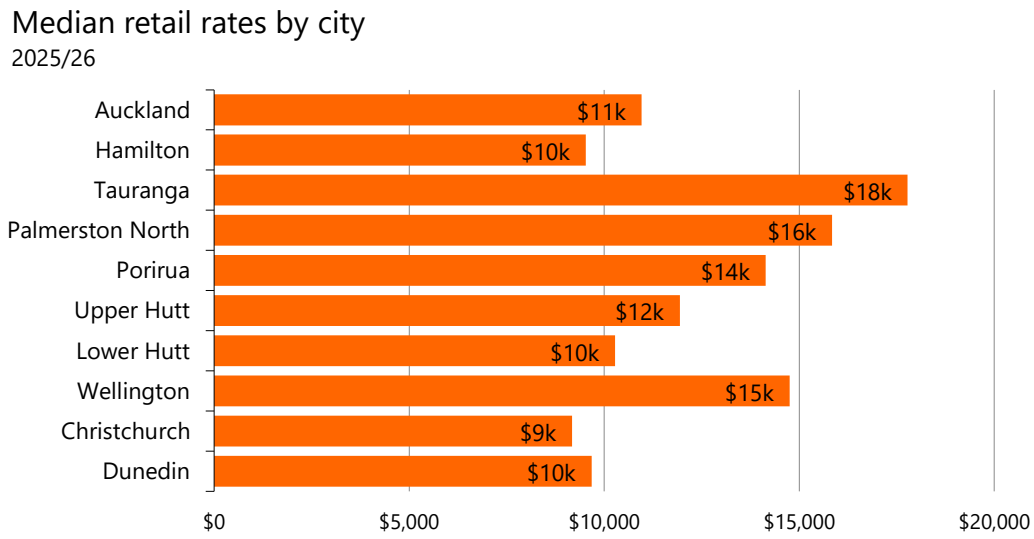


Rates for B grade offices tend to be slightly higher as a share of capital values than for A grade offices. Wellington rates are also the most unaffordable for B grade offices, at 2.3% of capital values, followed by Porirua at 1.8%. Auckland, Tauranga and Christchurch have the most affordable B grade office rates, at less than 1.0% of capital values.

Retail rates highest in Tauranga

Commercial retail includes buildings used for shops, cafes, restaurants and bars. Chart 17 shows that median rates for retail rating units are highest in Tauranga ($18,000), followed by Palmerston North ($16,000), Wellington ($15,000) and Porirua ($14,000). Rates are lowest in Hamilton ($10,000), Dunedin ($10,000), and Christchurch ($9,000).

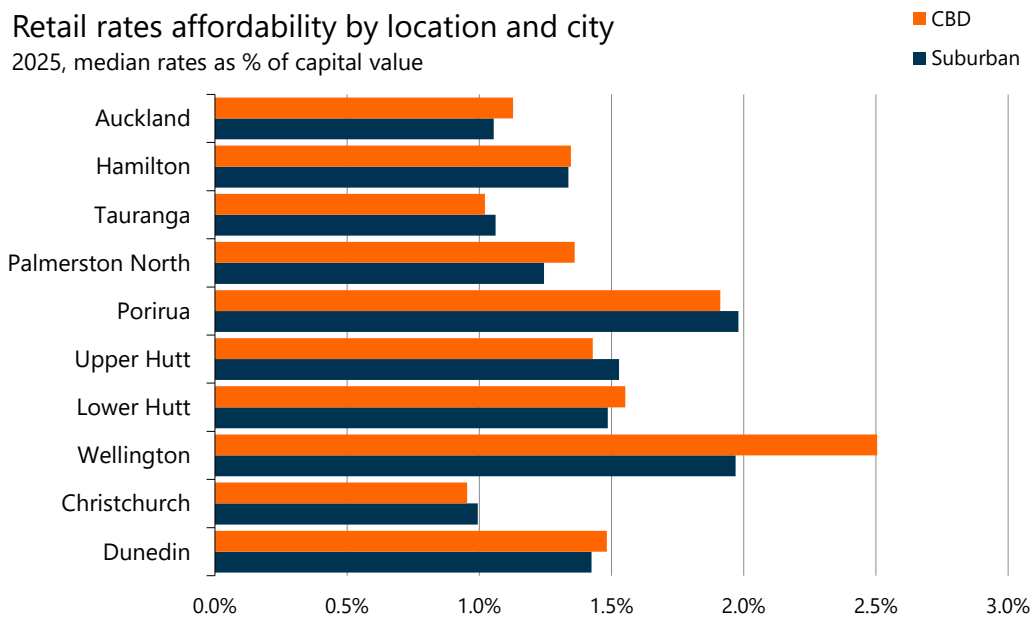
Chart 17



Retail rates most unaffordable in Wellington

Retail rates are most unaffordable in Wellington CBD, amounting to 2.5% of capital values (see Chart 18). The next most unaffordable CBD retail rates are in Porirua (1.9%), with the remaining cities at or below 1.6%. CBD retail rates are most affordable in Christchurch and Tauranga (both 1.0%), followed by Auckland (1.1%).

Chart 18

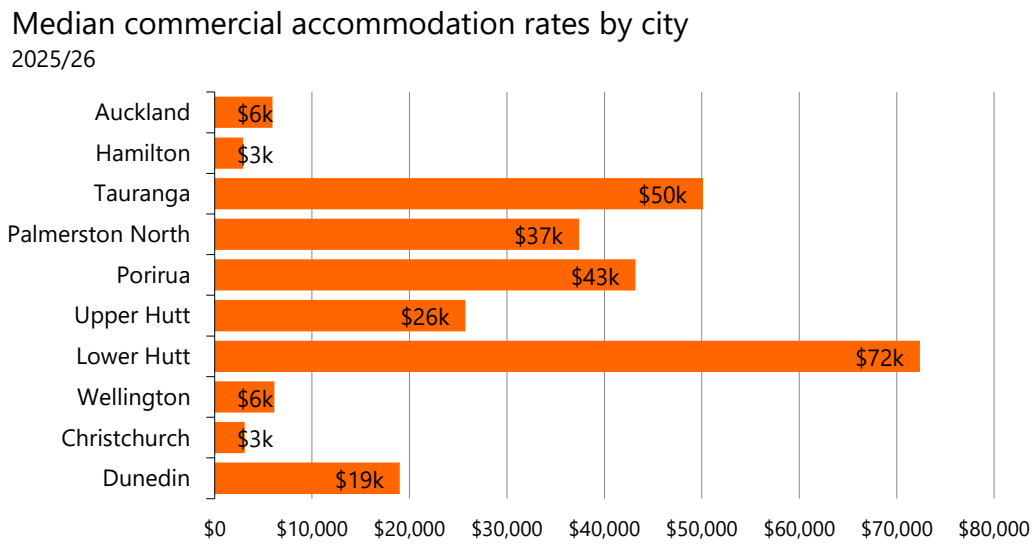


Suburban retail rates are also most unaffordable in Wellington and Porirua (both 1.0%), followed by Upper Hutt and Lower Hutt (both 1.5%), and Dunedin (1.4%). The most affordable suburban retail rates are in Christchurch (1.0%), followed by Auckland and Tauranga (both 1.1%).

Accommodation rates highest in Lower Hutt

Commercial accommodation includes the likes of hotels, motels and hostels. Lower Hutt has the highest median rates, at $72,000, but this is skewed by several higher value properties. Tauranga has the second highest median rates for accommodation, at $50,000, followed by Porirua ($43,000) and Palmerston North ($37,000).

Chart 19



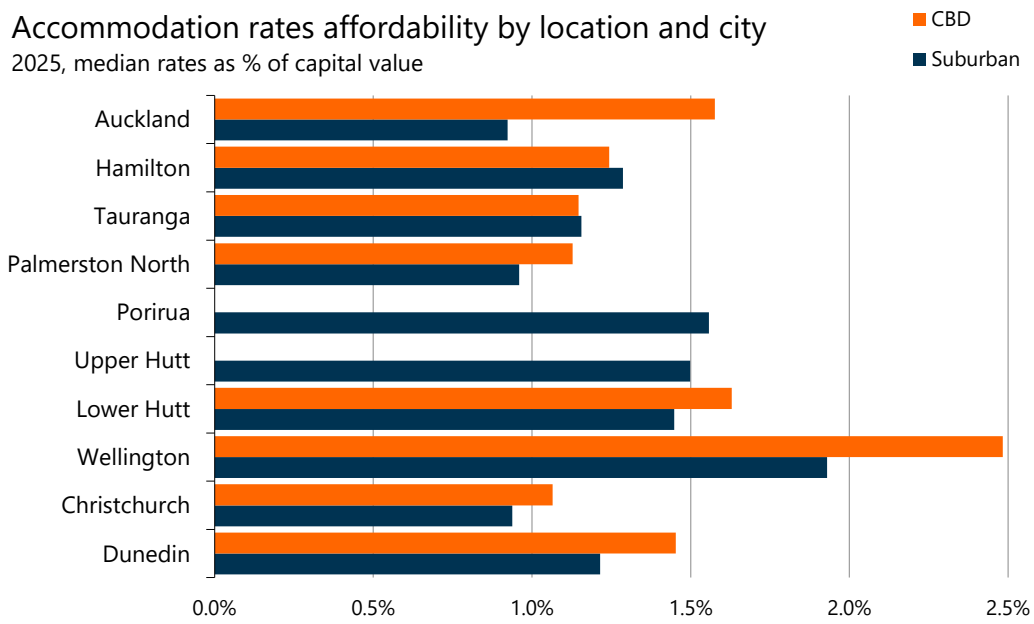
The significant range of accommodation rates reflects different structures for accommodation rating units. In some cases, commercial accommodation rating units may be part of a residential house that is used for peer-to-peer accommodation such as Airbnb. In other cases, motels or hotels are 'unitised', with each room or apartment treated as a separate property with separate rates. A hotel rated as a single property will have a much larger rates bill than if each room or apartment is rated separately. In the next section, we express rates relative to capital values, which better accounts for differences in the structure of rating units.

Accommodation rates most unaffordable in Wellington CBD

The affordability of accommodation rates varies widely by city and location within each city. Chart 20 shows that rates are higher relative to capital values for CBD properties (largely hotels) than suburban properties (largely motels) across most cities. Rates amount to 2.5% of capital values for CBD accommodation in Wellington, followed some way behind with Lower Hutt and Auckland (both 1.6%). Christchurch, Tauranga and Palmerston North are markedly lower, all at 1.1%.

In Wellington and Auckland, CBD accommodation rates are markedly higher than their suburban counterparts, which could reflect the application of targeted rates for the downtown area, which are used for events and promotions that have a direct benefit for CBD accommodation.

Chart 20



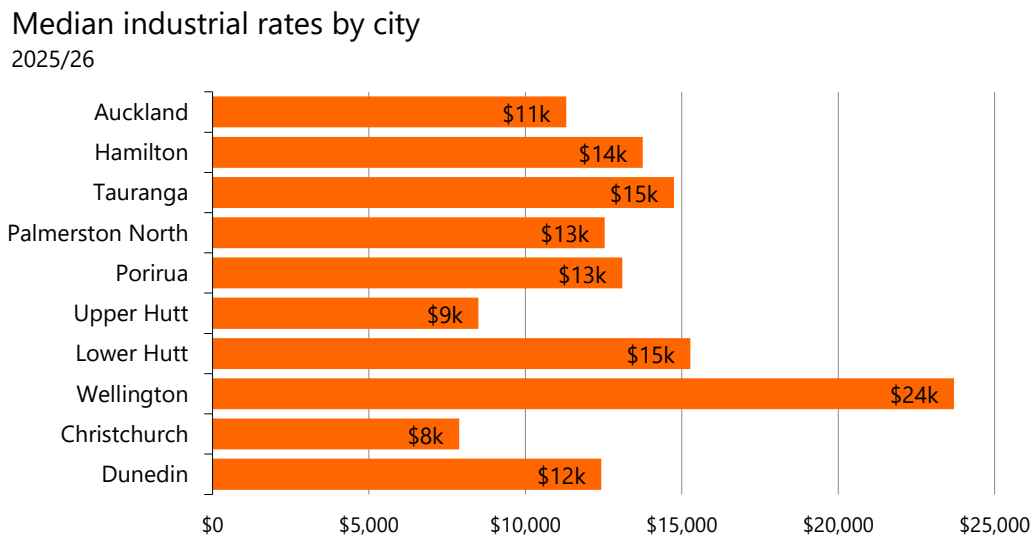
Rates for suburban accommodation sit in a tighter range, from 0.9% to 1.9%, with Wellington the highest at 1.9% of capital values. Christchurch and Auckland mark the lower end, with rates at 0.9% of capital values in both cities. Rates are spread tightly across the rest of Wellington region, from 1.4% in Lower Hutt to 1.6% in Porirua.

Industrial rates highest in Wellington

Industrial rating units include buildings used for light manufacturing, services to the public (such as automotive mechanics) and warehousing. To focus on industrial uses that are common in Wellington, we have excluded food processing, heavy large-scale manufacturing, and noxious or dangerous materials. Wellington has relatively few of these industrial property types.

Chart 21 shows that median industrial rates are highest in Wellington ($24,000), with a large gap to the next highest Lower Hutt and Tauranga (both $15,000). The lowest industrial rates are in Christchurch ($8,000) and ($9,000).

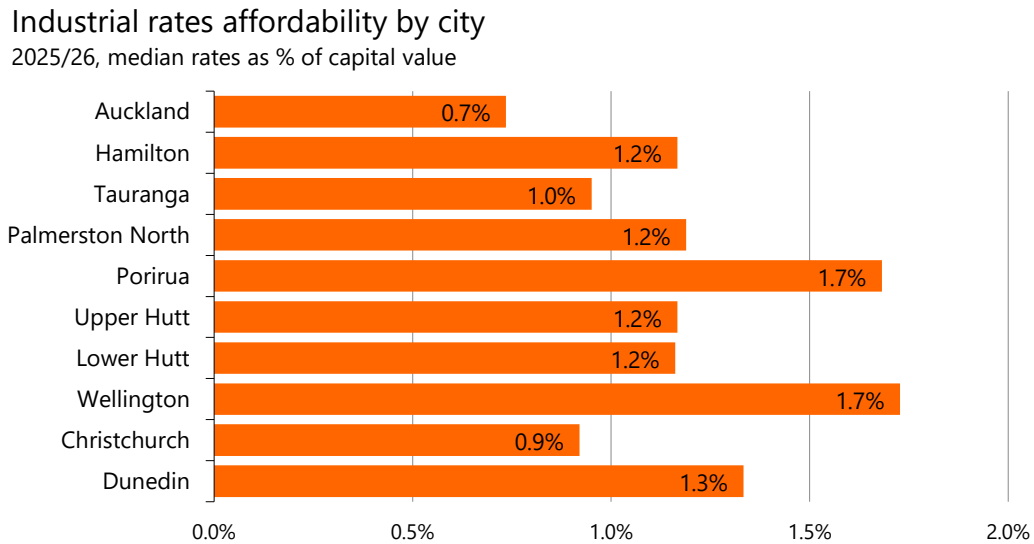
Chart 21



Wellington and Porirua industrial rates least affordable

The least affordable industrial rates are in Wellington and Porirua (both 1.7% of capital values) (see Chart 22). Auckland has the most affordable industrial rates at 0.7%, followed by Christchurch at 0.9%. Industrial rates amount to 1.2% of capital values in Hamilton, Palmerston North, Upper Hutt and Lower Hutt.

Chart 22



Local government costs and funding

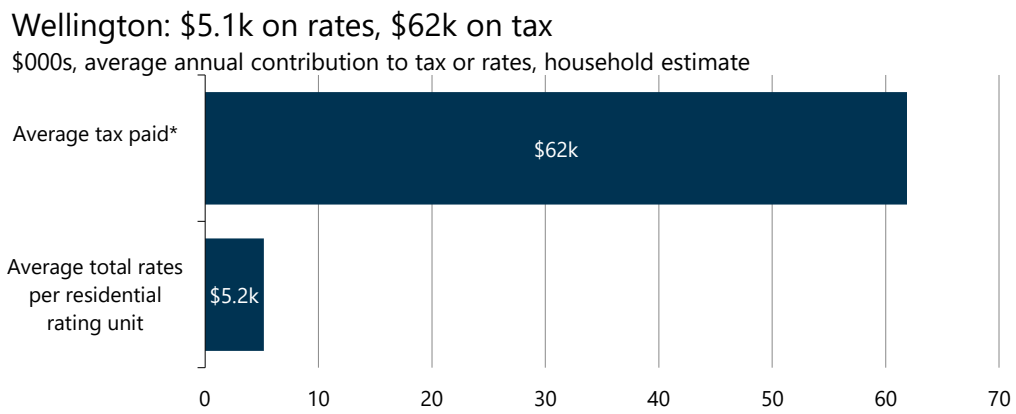
This section examines the challenges facing local government funding, such as how local government costs have escalated relative to consumer inflation, and how rates increases compare to central government's tax take.

Paying more in tax than rates

In the 2025, median residential rates for a household in Wellington City were estimated to be, on average, 8% of total local and central government funds collected from that household.

Median residential rates totalled $5,177 in Wellington in the 2025/26 year. Assuming two working adults in an average household earning the Wellington City mean earnings of $101,734 each and spending the same as an average household, total tax paid to government would be $61,881. This figure is made up of $50,297 in income tax paid, plus $11,583 in GST paid.

Chart 17



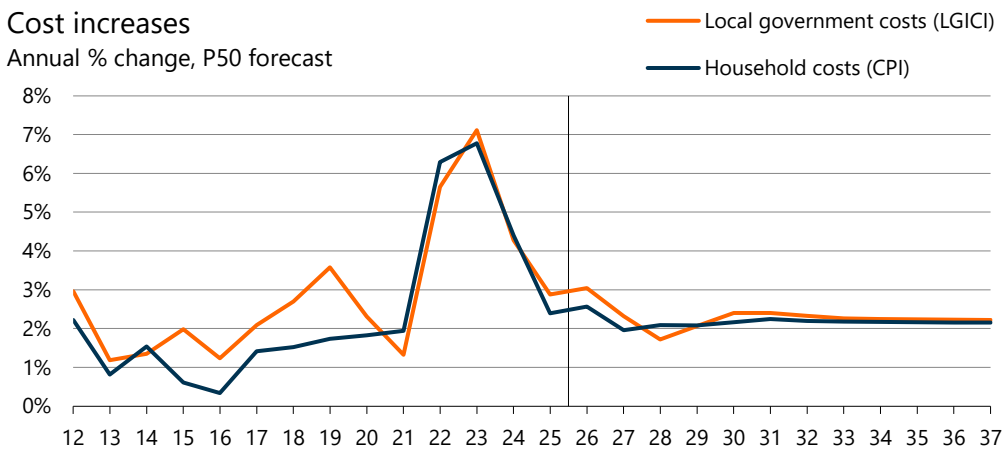
Source: Infometrics, Wellington City Council, IRD, Stats NZ. Assumes a two-adult household, earning the mean Wellington annual earnings of $101kpa in 2025, and GST based on average household spending - all for 2025

Overall, central government tax totals 92% of total tax and rates collected by local and central government in Wellington City.

Council costs rise faster than household costs

Local government has faced more severe cost escalation than households over the past decade. The Local Government Input Cost Index (see Chart 23) shows that local government operational costs rose 3.3% per year on average over the past decade, ahead of 2.9% for household costs (based on the Consumers Price Index).

Chart 23



Source: Stats NZ, Infometrics

Cost pressure growth has continued to moderate in 2025 across most measures of local government-related costs, as weaker demand pressure for various inputs – both materials and workforce – have limited firms' ability to raise prices. However, there remain pockets of more intense cost pressures for local government, particularly for water infrastructure and operating costs.

A still-large volume of infrastructure work by local councils is maintaining momentum of work across various providers, which has seen cost increases fall back towards more usual growth rates – a trend we expect to continue. However, prices have not declined, meaning more moderate current increases are coming on top of still large prior price rises.

Total local government input cost inflation moderated to 2.9%pa over the June 2025 year. Although considerably slower than when cost increases peaked at 7.1%pa in the June 2023 year, current cost inflation is still running ahead of pre-pandemic averages.

Council costs to grow 2.3%pa, ahead of CPI

Between 2025 and 2037, council costs are forecast to continue growing faster than household costs. The LGCI is forecast to increase 2.3% per year on average, ahead of 2.2% growth in the CPI. Although local government costs are set to rise at a more moderate rate in the future, continued increases will still see a large cumulative increase in costs over time. By 2037, local government inputs will cost around 31% more on average than in 2025 and will be sitting 65% higher than in 2019.

Our forecast approach is detailed further in *Appendix B: LGCI Methodology*.

Specific local government cost pressures

Transport infrastructure

- Cost inflation for transport infrastructure rose just 0.5%pa over the June 2025 year, the slowest annual gain since the June 2021 year as COVID-19 limited

works. Transport infrastructure cost growth underwent a considerable jump in 2022-23, before more moderate gains recently.

- Transport infrastructure costs rose nearly 26% between 2019 and 2025, and by 2037, transport infrastructure costs are set to be 63% higher than 2019 levels. More capacity in the wider construction sector has limited increases in materials and wage costs recently, and some businesses have become considerably more competitive on price recently to drum up business and maintain work turnover and cashflow.

- Although cost inflation expectations are muted, we do see there to be upside risk to these cost forecasts if a greater level of infrastructure investment by central government was able to be funded and delivered. So far, previous cost escalation has forced a re-evaluation of projects and funding levels, which has limited work expectations in the future compared to initial expectations. If actual delivery of transport infrastructure projects rose to higher levels, or got going faster than anticipated, more demand-side pressure could lead to higher transport infrastructure cost pressures than currently expected.

Local government labour costs

- Local government labour costs have increased 21% since 2019, are expected to increase 27% by 2037, which would put them 54% higher than pre-pandemic 2019 levels. This measure reflects the cost of labour for local government, which ultimately reflects market pressures for the skills that local government demands, which can trend differently to labour costs across the wider economy.

- Local government labour cost growth is set to slow back to 2.0%pa over the June 2026 year, and average around this level thereafter. The higher unemployment rate and slow turnaround in the labour market in the short term are expected to limit wage growth, but expectations of continued stable increases to wages will remain as cost-of-living pressures are sustained.

- Although headline labour cost increases for local government are forecast to be more contained in the future, specific roles or sectors of local government work where talent is more limited, such as in the water space, are likely to see more intense, localised, labour cost pressures.

Water and sewerage infrastructure costs

- Cost inflation for water and sewerage infrastructure slowed back to 1.9%pa over the June 2025 year, following some large increases in water capex delivery costs in prior years. This slower pace of cost inflation is seen as a bit of a short-term slowdown as the water sector resets itself while changes stemming from Local Water Done Well come into force over the next couple of years.

- Water infrastructure costs rose 37% between 2019 and 2025, and are set to continue rising over time. By 2037, water infrastructure costs will be more than double cost levels seen in 2019.

- This still-high rate of forecast water infrastructure cost inflation is driven by continued high levels of expected works, at a level not seen in recent decades. The high volume of immediate works is likely to keep resources in the water sector stretched, putting upward pressure on cost to deliver.

Appendix A. Percentile suburb list

Table 7

Suburb representing each percentile and city

Stats NZ Statistical Area 2 (SA2) areas

	Percentile								
City	10th	20th	30th	40th	50th (median)	60th	70th	80th	90th
Auckland	Mount Roskill Central South	Henderson North	Totara Vale South	Avondale South	Cheltenham	Massey Road North	West Harbour Clearwater Cove	Saint Heliers North	Beach Haven South
Hamilton	Swarbrick	Hamilton Lake North	Flagstaff East	Kahikatea	Melville North	Dinsdale South	Hamilton Lake South	Rototuna South East	Peacocke
Tauranga	Tauranga Hospital	Judea	Palm Beach South-Gravatt	Yatton Park	Matua South	Brookfield East	Maungatapu	Doncaster	Welcome Bay South
Palmerston North	Terrace End	Awapuni North	Roslyn	Takaro North	Ashhurst	Hokowhitu South	Newbury	Royal Oak	Pihauatua
Porirua	Titahi Bay North	Porirua East	Elsdon-Takapuwahia	Cannons Creek South	Waitangirua Corinna	Ascot Park	Whitby	Papakowhai	Endeavour East
Upper Hutt	Trentham South	Clouston Park	Elderslea	Heretaunga	Brentwood	Upper Hutt Central	Te Marua	Silverstream	Akatarawa
Lower Hutt	Moera	Taita South	Epuni East	Delaney	Petone Esplanade	Alicetown-Melling	Waterloo East	Eastbourne	Korokoro
Wellington	Wellington Central	Courtenay	Karori West	Wellington University	Kingston-Mornington-Vogeltown	Brooklyn South	Island Bay East	Hataitai North East	Ngaio South
Christchurch	Christchurch Central-North	Wharenui	Banks Peninsula South	Bexley	Somerfield West	Bishopdale South	Templeton	Jellie Park	Harewood
Dunedin	Royal Terrace	St Kilda North	Forbury	Broad Bay-Portobello	Kaikorai-Bradford	Musselburgh	Roslyn	Abbotsford	Shiel Hill

Appendix B: LGCI Methodology

Our cost forecasts over the next ten years are informed and influenced by our detailed macroeconomic and construction industry forecasts that are prepared and published on a quarterly basis for subscribers. These forecasts over a five-year horizon are more heavily affected by our assessment of cyclical economic conditions, particularly in the shorter-term, and therefore have the potential to show greater variation than our longer-term forecasts. Over a 5-11-year forecast horizon, our projections are based on longer-term expectations of inflation, with cost growth reverting towards our assessment of a medium-term average growth rate for each of the indices we have forecast.

Our base forecasts are considered as P50 forecasts, meaning that there is a 50% chance that actual costs will be higher, and a 50% chance that actual costs will be lower.

Local Government Input Costs Index

Our initial approach when considering overall local government cost pressures was to use the Local Government Administration Input Price Index from Stats NZ's Producers Price Index (PPI). However, closer inspection of the costs feeding into this PPI input index suggested that the coverage and weightings of the input costs were not an appropriate reflection of the costs faced by local government. This is because a large proportion of services provided by local government are contracted out and delivered by firms captured in other industries within Stats NZ's industrial classification.

As a result, we have constructed our own index of Local Government Input (LGCI) costs, based on data from Stats NZ's input-output tables.[2] The weightings for our LGI index are calculated from data on local government consumption expenditure by "product". We have focused on the largest components of expenditure, covering over 80% of total spending, which results in the following weightings to our LGI index.

- Local government administration services: 65.2%
- Civil engineering services: 12.6%
- Sewerage services: 11.3%
- Sport and recreation services: 10.9%

We have further split out local government administration services based on the input-output tables. Once again concentrating on the largest components of expenditure, covering 80% of spending in this category, results in the following breakdown of the 65.2% weighting of this part of the index.[3]

- Support services to agriculture (including animal husbandry): 24.4%
- Leased commercial property services: 11.2%

[2] The input-output tables are the latest available, for the year ended March 2020.

[3] Figures do not add to the total due to rounding.

- Equipment hire services: 4.8%
- Meal services: 4.3%
- Supporting services for road and rail transport: 3.1%
- Financial intermediation services: 2.3%
- Central government administration services: 2.1%
- Other expenses[4] (covering placement and supply of personnel, management consultancy, architectural and engineering services, IT infrastructure provisioning and network management services, and higher education): 12.9%

Because of the highly varied nature of the expenses feeding into the components of our LGI index, a wide range of inputs are used to forecast the index, with each of the specific expense categories above modelled separately. The inputs across these various models include civil construction costs, economy-wide inflationary pressures, labour costs, agricultural services expenses (which include, among other factors, import costs and diesel prices), the minimum wage, food prices, and interest rates.

[4] We grouped these expense categories because there were no suitable publicly available price indices for them published by Stats NZ. We commissioned Stats NZ to construct us a price index to aggregate these costs using unpublished Producers Price Index data, with appropriate weightings from the input-output tables.