15 November 2026
Wellington City Council
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WELLINGTON
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Retail NZ submission: Wellington City Council Rating Policy Review

Overview

1. Retail NZ is a membership organisation that represents the views and interests of New Zealand's retail sector. We are the peak body representing retailers across Aotearoa, with our membership accounting for nearly 70% of all domestic retail turnover.
2. Retail NZ consulted our Wellington-based membership in the preparation of this submission.
3. Retail NZ has focused on just two of the five key proposals in the Wellington City Council (WCC) rating policy review for this submission: Proposal 1 – Change how general rates are calculated; and Proposal 2 – Reduce the commercial rates differential.
4. Retail NZ does not support the proposal to change how rates are calculated from a capital value-based system to a land value-based system.
5. Retail NZ supports the proposal to change the commercial differential from 3.7:1 to 3.0:1.
6. Our reasons for these positions are outlined in more detail below.

Key proposal 1: Charging rates by land value

7. Retail NZ does not support the proposal to change Wellington City Council's rating system from capital value to land value. Our Wellington-based members have expressed significant concerns that the proposal would increase costs either for themselves or many other retailers, as well as hospitality businesses and other commercial occupiers which retailers rely on the success of for foot traffic.
8. Some increases faced by retailers would be very significant under a land value system, with the WCC calculator showing rates could even double for some retail sites, which is particularly unsustainable at a time when businesses are already managing rising costs associated with fuel, water, insurance, and energy.
9. Retail NZ is particularly concerned that the impacts of a land-value system would not fall evenly across the business community. Feedback received from Wellington retailers and property owners suggests that many low-rise retail premises in particular could face substantial increases in rates, with no regard for the fact that some of these areas are already experiencing high vacancies as it stands.
10. In addition, some businesses are necessarily land intensive, for example garden centres, where a significant and productive part of the business occupies non-building land. This larger footprint of these businesses does not indicate inefficiencies or land-banking.

11. Off-street parking is essential for some stores, for example DIY or hardware, whose customers need to load bulky purchases into their vehicles. Parking in this instance is central to how a business operates rather than land waiting for re-development. Off-street parking also keeps customer vehicles off surrounding streets, reducing demand for on-street car parks. Under the proposals, the parking areas would penalise businesses for providing an essential facility to customers.

12. We understand that while the exact impact will vary between properties, and while some retailers in some areas could be in line for a rates decrease, the potential scale and severity for some businesses raises serious concerns about affordability and business viability.

13. Retail NZ does not accept the assumption that significant rates increases on low-rise properties will necessarily encourage redevelopment. Many retailers operate from buildings that are constrained by heritage protections, planning rules, seismic requirements, site characteristics or construction costs. In many cases, these constraints exist because of historic council planning decisions rather than choices made by current owners or occupiers. Where redevelopment is not commercially viable or practically achievable, higher rates simply become an additional cost rather than an incentive for development.

14. We are also concerned that the proposal could have unintended consequences for Wellington's retail environment and city centre recovery. Many of the businesses most likely to be affected are independent retailers and destination businesses that contribute significantly to Wellington's character, vibrancy and attractiveness. Additional costs are likely to be passed through to tenants, reducing occupancy, deterring investment and creating further pressure on businesses that are already operating in challenging conditions.

15. Retail NZ notes that Wellington businesses are currently facing some of the highest commercial rates in New Zealand, alongside increasing water charges, insurance costs and other operating expenses. We consider that reducing existing cost pressures should be prioritised ahead of introducing a fundamental change to the rating system that may create significant winners and losers across the community, and could lead to further retail closures.

16. Retail NZ agrees with Business Central's view that WCC should take a cautious approach to any change in the rating system. Before progressing such a proposal, the council should undertake further modelling, clearly communicate the distributional impacts across different property types and business sectors, and demonstrate that any change would improve outcomes for Wellington without undermining business confidence and investment.

17. Additionally, it may be unwise to undertake any major rating reform right now, given the potential for local government amalgamation that was signalled by the prior Government. While it is not yet clear who will form the next government, the Council itself acknowledges regional amalgamation could affect the implementation and timing of a rating-system change.

Key proposal 2: Changing commercial rates differential

18. Retail NZ supports the proposal to reduce the commercial rates differential from 3.7:1 to 3.0:1. Wellington businesses currently bear a significantly larger share of the rates burden than businesses in most other parts of New Zealand. We consider that reducing this differential is an important step towards creating a fairer and more balanced rating system.

19. We know that rates are a significant fixed cost that directly affects retailers' ability to invest, employ staff and grow their businesses. Wellington retailers are already managing a combination of rising costs, as outlined earlier in the submission, and reducing the

commercial differential would provide meaningful relief and help to improve business confidence at a time when many businesses remain under pressure.

20. Wellington's commercial differential is among the highest in New Zealand, and as a result, Wellington businesses contribute a disproportionate share of the city's rates burden compared with those in other major centres across Aotearoa. A reduction in the differential would bring Wellington closer to the settings used elsewhere and support the city's competitiveness as a place to invest and do business.
21. Our members strongly support the direction of travel proposed by WCC in reducing the commercial rates differential. However, some retailers have questioned whether a six-year transition period is unnecessarily long. Businesses facing cost pressures today are unlikely to experience meaningful relief for several years under the proposed approach, and we ask the council to consider whether the reduction can be implemented more quickly, while ensuring costs remain manageable for residential ratepayers.
22. We are concerned that the benefits of reducing the commercial differential could be largely negated if Council simultaneously adopts a land-value rating system. Feedback from retailers has been clear in that although there is support for lowering the differential, the resulting reduction in rates could be more than offset by increases arising from the proposed adoption of a land-value system. It is therefore important that the two proposals are considered together, rather than in isolation.

Conclusion

23. Thank you for the opportunity to make a submission.
24. Retail NZ does not support Proposal 1, which would change the rating system from one based on capital vale, to one based on land value. This change would increase some retailers' rates bills by as much as 100%, and even rises much smaller than that would be unaffordable for many retailers and make their businesses no longer viable. This is particularly concerning for a city where occupancy rates and the city's inner-city culture have been identified as areas in need of improvement, and this change would likely exacerbate those issues. We strongly recommend the Council retain the current capital value rating system.
25. Retail NZ supports Proposal 2, which would reduce the current commercial rates differential from 3.7:1 to 3.0:1. Wellington has a high rates differential compared to other New Zealand cities, and we believe it is right to bring the capital more in line with other urban centres.
26. Retail NZ is happy to discuss any aspect of this submission further and would like the opportunity to make an oral submission.
27. No part of this submission should be withheld under the OIA.

Sincerely,



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CHIEF EXECUTIVE

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