



**National Council of
Women of New Zealand**

Te Kaunihera
Wahine O Aotearoa

National Office
Level 4 Central House
26 Brandon Street
PO Box 25-498
Wellington 6146
(04)473 76 23
office@ncwnz.org.nz
www.ncwnz.org.nz

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S17.01

Submission to the Local Government and Environment Committee on the Rates Rebate (Retirement Village Residents) Amendment Bill

The National Council of Women of New Zealand, Te Kaunihera Wahine O Aotearoa (NCWNZ) is an umbrella group representing 283 organisations affiliated at either national level or to one of our 21 branches. In addition, about 260 women are individual members of branches.

Collectively our reach is over 290,000 with many of our membership organisations representing all genders. NCWNZ's vision is a gender equal New Zealand and research shows we'll be better off socially and economically if we're gender equal. Through research, discussion and action, NCWNZ in partnership with others, seeks to realise its vision of gender equality because it is a basic human right.

This submission has been prepared by the NCWNZ Consumer Affairs Standing Committee and Parliamentary Watch Committee after consultation with the membership of NCWNZ. Despite a short time frame and a challenging time of year to consult with NCWNZ Branches a significant number of individuals and members fed into this submission, indicating the high level of interest in the matter.

NCWNZ has previously submitted to the Securities Commission Discussion paper on Retirement Villages¹, the Retirement Villages Bill², Draft and Variation to the Code of Practice³ and also into the Independent Inquiry into Local Government Rates⁴.

1. Executive Summary

- 1.1. The proposed Bill is one of significant interest to NCWNZ and its members as the majority of retirement village residents are women. Whilst NCWNZ supports the enabling principle of this amendment, the mixed support from NCWNZ membership indicates there is currently lack of clarity and ambiguity in both existing and proposed new eligibility for such residents. As such clarification around administrative costs, time, responsibility of local and central government, and the scope of eligibility in terms of other rental tenants would need to be outlined in its future implementation.

¹ NCWNZ (2000) S00.31 Securities Commission Discussion Paper – Retirement Villages <http://www.ncwnz.org.nz/what-we-do/ncwnz-archive/submissions/s00-31-securities-commission-on-the-discussion-pper-retirement-villages-2/>

² NCWNZ (2002) S02.17 Retirement Villages Bill <http://www.ncwnz.org.nz/what-we-do/ncwnz-archive/submissions/s02-17-retirement-villages-bill/>

³ NCWNZ (2005) S05.14 Retirement Villages Act 2003 – Draft Code of Practice <http://www.ncwnz.org.nz/wp-content/uploads/2013/06/S05.14-Retirement-Villages-Act-2003-Draft-Code-of-Practice.pdf>

⁴ NCWNZ (2007) S07.21 Independent Inquiry into Local Government Rates <http://www.ncwnz.org.nz/wp-content/uploads/2013/06/S07.21-Independent-Inquiry-into-Local-Government-Rates.pdf>

- 1.2. NCWNZ would also recommend public transparency and clarity on terms of any rate rebate eligibility criteria, processes, and that Occupation Right Agreements (ORAs) and Licence To Occupy (LTOs) be communicated appropriately to the older population during implementation.

2. Clause 4

- 2.1. The substantive clause of this amendment, Clause 4 (1) and (2), proposes replacing the definition of rate-payer with one that recognises as ratepayers not only those persons defined as ratepayers under Local Government (Rating) Act 2002, but also those residents of retirement villages who pay rates, directly or indirectly, in connection with their occupation right agreements. It is this Clause which NCWNZ submits on.
- 2.2. NCWNZ notes Recommendation 46 of the 2007 Report by Local Government Rates⁵ noted this very move by stating "The occupants of retirement homes be eligible for the rates rebate scheme."
- 2.3. There has been increased debate on implications of a burgeoning elderly population in New Zealand. Across all age ranges the New Zealand population is ageing, and especially so in people aged 65 years and over. It is estimated that by 2043 there will be over 1.32 million⁶ and between 2006 and 2013 the number of people aged 65 years and over increased from 12.3% to 14.3% (607,032) people⁷. The elderly group itself is ageing and the old-old (85+) are expected to increase to a quarter of a million by 2048⁸.
- a. Of particular note women outnumber men in all age groups making up 51.3% of the total population⁹. This is particularly so in the 85 years and over group and in 2013 64.3% were female¹⁰. The gap widens as age increases as women have lower mortality rates and live longer than men – by about 3.7 years¹¹.

Elderly housing and accommodation options have a greater affect on women than men as women outlive men and the incidence of widowhood increases rapidly among older women. Women aged 85 years and over are five times as likely to be living without a spouse or partner,

⁵ Local Government Rates Inquiry Panel (2007) Report of the Local Government Rates Inquiry, pg 201
[https://www.dia.govt.nz/Pubforms.nsf/URL/RatesInquiryFullReport.pdf/\\$file/RatesInquiryFullReport.pdf](https://www.dia.govt.nz/Pubforms.nsf/URL/RatesInquiryFullReport.pdf/$file/RatesInquiryFullReport.pdf)

⁶ Statistics New Zealand (2016) National Population Projections: 2016(base)-2068. Accessed 9 Jan 2017.
http://www.stats.govt.nz/browse_for_stats/population/estimates_and_projections/NationalPopulationProjections_HOT_P2016.aspx

⁷ Statistics New Zealand (2013) 2013 Census QuickStats about national highlights, pg 12.
<http://www.stats.govt.nz/~media/Statistics/Census/2013%20Census/profile-and-summary-reports/quickstats-about-national-highlights/quickstats-national-highlights.pdf>

⁸ Statistics New Zealand (2016)

⁹ Statistics New Zealand (2013), pg 12.

¹⁰ Ibid

¹¹ Statistics New Zealand (2015) New Zealand Period Life Tables: 2012–14. Accessed 9 Jan 2017.

http://www.stats.govt.nz/browse_for_stats/health/life_expectancy/NZLifeTables_HOTP12-14.aspx

as men of the same age¹² and women outnumber men in retirement villages by a ratio of 2:1¹³ with just over 67% women and approximately 33% men¹⁴.

- 2.4. The Retirement Villages Association of New Zealand, representing 360 members and 27,000 units housing around 33,000 residents, notes approximately 12% of the 75 plus age group live in retirement villages¹⁵. The rates rebate scheme, introduced in 1973 to allow ratepayers of residential properties who are on low incomes to receive a rebate on their rates, came into play before this expansion of retirement villages and ORAs.
- 2.5. Residents of retirement villages with ORAs pay rates but, in most circumstances, pay indirectly (i.e. to the retirement village owner) rather than directly to the local authority.
- 2.6. Most NCWNZ members living in retirement villages who commented on this Bill pay rates indirectly through their ORAs and many noted the convenience of doing so. This implementation arrangement is one NCWNZ wishes to see continue as an option for retirement village residents.
- 2.7. The advantages of such an arrangement include avoiding having to deal directly with local authorities, security in knowing weekly costs, and no additional bank fees due to four additional payment transactions per year. Also noted is the advantage that Disclosure Statements outline that fees are reviewed annually and any increases take effect on 1st July each year.
- 2.8. However disadvantages of the implementation of this payment arrangement include the administrative time and costs. One retirement village manager within a local authority that does make rate rebates available to retirement village residents supported residents being eligible for the rebates but acknowledged significant work in obtaining income, tax evidence of residents to assess financial status and allocating appropriate percentages against rate contributions made.
- 2.9. Many NCWNZ members were also concerned that allocations needed to be fair for each resident and accurately represent their proportion of shared land areas. Questions also arise should one or more residents default in payments and the impact that might have on other residents, as well as the implications of a retirement village becoming insolvent.
- 2.10. The key disadvantage of this payment arrangement in relation to this submission is that residents of retirement villages are not identified as a rate payer under the existing Rates Rebate Act 1973, thus not eligible to apply for a rates rebate as the principle qualification is that the rate payer has income not exceeding a threshold (currently \$23,870 per annum) and that he or she is the named rate payer.

¹² Statistics New Zealand (2000) Key Statistics – January/February 2000, pg 9. Accessed 9 Jan 2017
http://www.stats.govt.nz/browse_for_stats/people_and_communities/older_people/pop-ageing-in-nz.aspx

¹³ Collyns J. Retirement Village Association Executive Director, personal communication

¹⁴ Commission for Financial Capability

¹⁵ Retirement Village Association (Dec 2016) “Extending the Rates Rebate Act to Eligible Retirement Village Residents”

- 2.11. Approximately 50% of retirement village residents rely on New Zealand superannuation Scheme¹⁶ for their income and it is these residents who may benefit from being eligible to apply for a rates rebate.
- 2.12. NCWNZ notes that the Retirement Villages Act Schedule 2 (c) (i) requires a Disclosure Statement "... to contain all prescribed details ... and charges for maintenance, rates and insurance..." and therefore considers such residents to be paying a rate.
- 2.13. NCWNZ acknowledges the local authorities who have changed their rating practice so individual residents with ORAs are billed directly for their rates. In these instances, these residents are entitled to apply for a rates rebate. However these councils are needing to fund the rebates from rate payer income whilst the national Rates Rebate Scheme is funded by Vote: Internal Affairs under the administration of the Department of Internal Affairs.
- 2.14. The complexity and cost to these authorities is unknown and NCWNZ is concerned that any national administration and complexity needs to be reasonable, and provide for equitable distribution of rebates.

3. Conclusion

- 3.1. NCWNZ supports the enabling principle of this amendment as it would ensure that, regardless of the billing practice of the local authority, residents are recognised as paying rates, and therefore entitled to apply for a rates rebate.
- 3.2. NCWNZ recognises the complexity of this implementation of this Bill in terms of equity, administration complexity, cost and distinguishing residents from tenants.
- 3.3. NCWNZ recognises that residential tenants make regular payments for accommodation provision and have little interest in the property owner's financial status. In contrast retirement village residents pay a capital sum to the village which aligns to a title for a house even though legal ownership normally remains with the village operator. This difference may not be readily understood and could result in inappropriate claims and hopes of receiving rate rebates from residential tenants. Thus a clear educative communication strategy would need to be developed to support the implementation of the amendment.
- 3.4. NCWNZ supports this amendment progressing to a Second Reading, and strongly recommends clarity and communication on implementation details.



Rae Duff
National President



Pip Jamieson
Convener, Consumer Affairs Standing Committee

¹⁶ Retirement Commission (2011) Retirement Villages Act 2003 Monitoring Project Residents Perceptions July 2011 <http://www.cffc.org.nz/assets/Documents/RV-Monitoring-Report-2011-Residents-Perspectives.pdf>