



Rates Rebate Amendment Bill

SOLGM's Opening Statement to Select Committee

We'd like to thank the Committee for the opportunity to discuss our submission with you.

I am Raymond Horan, Sector Improvement Manager with the Society.

In the time I have I want to make four points with you today.

First, we support the intent of this Bill. We know that there is a major demographic shift of New Zealanders into older age groups, and with greater mobility in the population we can expect to see more New Zealanders moving into retirement village or similar sorts of tenure. As LGNZ notes *"the scheme may not have kept pace with changes in retirement living"*.

The difference in treatment between residents in retirement villages and others is finding its way onto local authority agenda's. We are aware of at least four local authorities that have adopted a policy that mimics the result this Bill intends (Auckland, New Plymouth, Kapiti Coast, and Thames-Coromandel).

Second, we support the intent of the Bill, and have raised several practical and administrative issues in our submission. This is a technical bill, and we debated several options, before landing on the one we set out in our submission. We offer our assistance to you and the officials to turn this into law.

We submit that the intent will be best met by making a new provision that is similar to the existing section seven, which governs so-called company flats and coop arrangements. The factual situations are similar, but not identical – with the primary difference being residents of retirement aren't usually shareholders in the company that run the village.

We also note that the Act is predicated on a rebate being for a full year. There is no mechanism to apportion a rebate for part of a year. As we understand the Bill is due for report back in May, which makes it unlikely it will be in effect before 1 July.

This change will need some public education with both the residents and the village operators. There is likely to be some work necessary to adjust rating information databases.

We urge the Committee to make the amendment we suggest in regards a commencement date, to give us time to do the preparatory work, and to properly educate the public about the change.

Third, while not directly related to this Bill, we would like to reemphasise an issue from our submission on last year's Local Government Act Amendment Bill. Those local authorities that place services in CCOs, or have them placed in CCOs, may find that their residents lose the ability to claim part of the rates rebates where the CCO is funded by way of a user charge.

Auckland Water is a good example. We reiterate our concern that the existing policy settings place a small, but politically significant, blockage in the path of the result that the Bill seeks to achieve.

And finally, with the Committee's indulgence, we would like to note that this Act is now more than 40 years old. While the assistance it provides is invaluable to the lower income, low asset base ratepayer, it's not clear to us that the scheme as it stands reflects life in modern New Zealand. The issue the Bill addresses relates to a tenure arrangement that was practically non-existent 40 years ago. We've seen that the Bill dates from a time all local services were funded from rates. The Bill isn't particularly attuned to a digital age.

While beyond the scope of the immediate issue before the Committee, we suggest that it is time to 'kick the tyres' on the Rates Rebate Scheme and ensure it meets the needs of today's New Zealand.

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