

Mayor and Councillors
COUNCIL

26 JANUARY 2017

Meeting Status: **Public**

Purpose of Report: For Decision

**RATES REBATE (RETIREMENT VILLAGE RESIDENTS)
AMENDMENT BILL 2016 - SUBMISSION**

PURPOSE OF REPORT

- 1 This report seeks Council's approval of a submission to the Rates Rebate (Retirement Village Residents) Amendment Bill 2016.

DELEGATION

- 2 Council has the authority to consider this matter.

BACKGROUND

- 3 This bill addresses an anomaly in the Rates Rebate Act 1973, and ensures that retirement village residents are recognised as paying rates and are therefore entitled to apply for a rates rebate regardless of the billing practice of the local authority. Submissions close on 31 January 2016. Staff have drafted a submission for the Council's consideration and approval to forward to Parliament as a final submission.
- 4 A summary of the draft submission is provided below, and the full draft submission is attached as Appendix 1.

ISSUES AND OPTIONS

Issues

Kapiti Coast District Council Current Practice

- 5 The term 'retirement village' is defined in section 6 of the Retirement Villages Act 2003. A retirement village is any place that has all of the following features:
 - a) multiple units - i.e. two or more residential units. A residential unit might be a villa, an apartment, a studio unit, a kaumatua flat, a room in a rest home, or any other place that was built as, or is now mainly used as, a unit of accommodation;
 - b) accommodation is provided together with services or shared facilities, or both;
 - c) is mainly for people in their retirement, including their spouses or partners;
and
 - d) the residents pay a capital sum in return for their right to live in the place. As well as a lump sum, a 'capital sum' can also mean periodical payments, if the

payments are substantially more than would be paid to cover rent and such services or facilities for the relevant period.¹

- 6 The Bill amends the definition of ratepayer to include “a resident of a retirement village who pays rates, directly or indirectly, in connection with an occupation right agreement with the operator of the retirement village”. This addresses an anomaly in the Rates Rebate Act 1973, and ensures that retirement village residents are recognised as paying rates and are therefore entitled to apply for a rates rebate.
- 7 In considering rates rebates for retirement villages it is important to note that the Council currently offers its own remission programme for retirement villages. Under the Council’s programme, owners of Licence to Occupy Retirement Villages may apply for a rates remission up to \$150 per licensee property provided they meet certain criteria. To date, the Council’s experience is that the remission scheme works well. The Council believes that retirement village residents are getting a remission in lieu of a rates rebate, and the retirement village operators act as the intermediary between the residents and the Council. It is hoped that the establishment of a central government rates rebate scheme for retirement village residents would operate as smoothly and effectively as the Council’s current remission scheme does.

Central Government Rates Rebates Schemes

- 8 To administer central government rates rebates schemes, the Council is an intermediary between central government and qualifying residents. To carry out this role, the Council provides information and advice to potential applicants, processes rebate applications, and grants rebates that are awarded. Council is then reimbursed by central government for the rebate amounts.

Implementation Concerns

- 9 If there is no change in the way rates rebates schemes are administered (and the Bill contains insufficient detail in this regard), Staff are concerned about how Council would effectively and efficiently act as an intermediary between central government and eligible retirement village residents. This is because current record keeping practices would not enable us to effectively identify individual retirement village residents.
- 10 In order to effectively implement the changes proposed in the Bill, Staff consider significant implementation guidance is required from central government. We also note our record keeping practices would need to change, which would incur a cost.
- 11 Depending how implementation actually occurs, retirement village operators are likely to incur additional administrative costs, depending on their role in the scheme’s implementation. This could be a concern as the additional administrative costs may get passed on to the residents, which would effectively defeat the object of the proposed Bill.

¹ Companies Office. Downloaded on 17 January 2017 from <https://www.companiesoffice.govt.nz/companies/learn-about/other-registers/retirement-villages/how-to-register-a-retirement-village/what-is-a-retirement-village>.

- 12 Staff also have a number of other concerns regarding the Bill – notably, privacy and monitoring.

CONSIDERATIONS

Policy considerations

- 13 The impacts on Council’s current policy have been covered above.

Legal considerations

- 14 There are no legal considerations.

Financial considerations

- 15 There are no financial considerations at this point.

Tāngata whenua considerations

- 16 There are no tāngata whenua considerations.

SIGNIFICANCE AND ENGAGEMENT

Degree of significance

- 17 This matter has a moderate degree of significance under Council policy.

Engagement planning

- 18 An engagement plan is not needed to implement this decision.

Publicity

- 19 There are no publicity considerations at this point.

RECOMMENDATIONS

- 20 That Council approves the submission to the Rates Rebate (Retirement Village Residents) Amendment Bill 2016.

Report prepared by	Approved for submission	Approved for submission
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ATTACHMENTS

- Appendix 1 Draft Submission

Draft submission on the Rates Rebate (Retirement Village Residents) Amendment Bill

1. Thank you for the opportunity to submit on the Rates Rebate (Retirement Village Residents) Amendment Bill. Kāpiti Coast District Council is pleased to see this Bill. We agree that eligible retirement village residents should be entitled to rates rebates.
2. Kāpiti is a great place for retirement. More than 30% of our residents are over 59 years of age. This is high compared to the Wellington Region (18%) and New Zealand (20%). While there are many facilities for older people in Kāpiti providing a wide range of services from independent living to dementia care, we believe there are currently ten retirement villages offering individual units for sale. In these ten retirement villages, there are over 750 of these individual units available and more construction as planned.
3. Under current rates rebate schemes, territorial authorities act as intermediaries between central government and qualifying residents. To carry out this role, the territorial authorities provide information and advice to potential applicants, process all rebate applications received, grant the rebates that are awarded, and are then reimbursed by central government for the rebate amounts. If we are correct in thinking that this newly proposed rebate is also to be administered this way, we maintain some concerns about how we would effectively and efficiently act as an intermediary between central government and eligible retirement village residents.
4. To administer the existing rates rebate programme, we maintain a rates database with information on all property owners who pay rates directly to Kāpiti Coast District Council. While this database includes information on the owners of retirement village properties, it would not provide the information required to administer this newly proposed rebate scheme.
5. Although we maintain records on property owners, we do not necessarily maintain records on businesses at those properties. We may hold information that allows us to identify some properties as retirement villages, but we cannot be sure that we hold sufficient information to identify *qualifying* retirement villages in our District. Furthermore, even if we know that a retirement village exists at a certain location, we don't necessarily know whether the accommodation arrangements allow units to be purchased via occupation right agreements (ORA). And, when units have been purchased via ORAs, we don't receive any information on this. This means that our records on property owners do not include any records on the individual retirement village residents. (Note: while we understand that some individual retirement village residents may pay indirect rates to the property owners, we are not involved in that process.)
6. For these reasons, our database system for the current rebate scheme will not be sufficient for identifying retirement village residents eligible for the newly proposed rebate. As such, if the intent of the Bill is for the proposed rates rebate scheme to be administered via direct communication between the territorial authority and each individual retirement village resident, it seems as if we would need to (i) rely on the retirement village operators to regularly provide us with accurate information on residents, and/or (ii) we would need to develop and maintain our own database on retirement village residents.

7. The development of such a database is possible, although it would have administrative costs. These costs would depend, in part, on the ease with which we could gather and store the necessary information on retirement village residents. Unless there is a centralised database where such information is made available, we would need to rely on the retirement village operators for this information. While retirement village owners and operators are key stakeholders in our region, developing a system for such information exchange would be a new practice. The ease with which we could do this would be dependent on our relationships with the operators and/or the support received from central government in the implementation of this scheme (e.g. clear guidelines or even agreed / mandated roles for retirement village operators and territorial authorities on how to implement the scheme). The retirement village operators are likely to incur additional administrative costs as well, depending on the role they would play in the scheme's implementation. This could be a concern as these costs may get charged on to the residents, which would effectively defeat the object of the proposed Bill.
8. In addition, privacy concerns could become an issue as we develop such a database. We require clarity regarding whether consent would be required from residents to maintain information on them in our database, and if so, how we would go about acquiring their consent.
9. Once we have developed a database on retirement village residents, we would then want to track their progress on rates rebates, including who chose to apply for a rebate and who actually received one. Rate rebate applications occur throughout the year and we find that it is important to maintain notes on each eligible resident so that we can advise them, as required, on the process. This means, however, that we would also incur additional costs in terms of the staff time required to do this work. The resource time would increase even more if territorial authorities were expected to pro-actively 'chase' eligible residents who have not yet applied for the rebate.
10. Transparency poses additional challenges. If Council is to act as an intermediary between retirement village operators and central government in administering changes resulting from the Bill, we will need clarity in respect of charges and rebates. At the moment, there is no such clarity. Unless the village has established systems in place to document the allocation of rating charges, we would not know how to allocate the rebates. One solution would be to spread the allocation evenly across the tenants, but this becomes more difficult when you have multiple living arrangements within one village (i.e. a rest home plus a number of independent living units subject to ORAs).
11. Finally, we currently offer our own remission programme for retirement villages. Under our programme, owners of Licence to Occupy Retirement Villages may apply for a rates remission up to \$150 per licensee property provided they meet certain criteria. To date, our experience is that our remission scheme works well. We believe that retirement village residents are getting a remission in lieu of a rates rebate, and the retirement village operators act as the intermediary between the residents and Council. It is hoped that the establishment of a central government rates rebate scheme for retirement village residents would operate as smoothly and effectively as our current remission scheme does.