

**Rt Hon Helen Clark**  
**Prime Minister**



**Hon Chris Carter**  
**Minister of Local Government**

**Hon Ruth Dyson**  
**Minister for Senior Citizens**

12 April 2005

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**Media Statement**

## **300,000 New Zealanders to get relief from rates**

Prime Minister Helen Clark today announced that a Labour-led government in its third term will be making big improvements in the rates rebate scheme.

Helen Clark will tell the annual meeting of Grey Power in Rotorua that under a Labour-led government up to 300,000 low-income New Zealanders will be eligible to have up to \$500 deducted from their annual rates bill. Provision for the change is being made in this year's budget.

Helen Clark said that Labour from its first year in office had progressively implemented policies to support older New Zealanders. For example:

- Superannuation levels were lifted in 2000
- The NZ Super Fund was set up in 2001
- Asset testing on older people in care begins to be phased out from 1 July
- Changes to subsidies for doctors visits have greatly reduced doctors fees for superannuitants
- Comprehensive legislation protecting the interests of older people in retirement villages has been passed

Helen Clark said that the rates rebate scheme has existed in New Zealand since 1973 but that its effectiveness has been dramatically eroded by inflation. Use of the scheme has shrunk from 102,244 households in 1977 to 3,529 in 2004.

"A prolonged period of economic growth has significantly lifted property prices in many areas of New Zealand with a corresponding effect on the rates of many people on low and fixed incomes. This particularly affects older New Zealanders.

"From 1 July next year under Labour, the maximum rebate available under the rates rebate scheme will rise from \$200 to \$500. The income threshold under which people will become eligible for a full rebate is to increase from \$7,400 to \$20,000. The additional income allowance for dependants is also to increase from \$156 to \$500 per dependant.

Under these settings, up to 300,000 ratepayers could be eligible for rebates.

A single person receiving \$16,645 in superannuation a year in 2006 will be eligible for a full rebate of \$500 if their rates bill is over \$1,000.

A superannuitant couple receiving \$25, 276 in superannuation a year in 2006, will be eligible for a rebate of \$234 if the rates bill for their home is \$1500.

"The government's investment in this scheme will have a real and beneficial effect on the lifestyles of many older people and others on low-incomes. It will also ease pressure on councils who have struggled to accommodate the plight of low income households when setting their rates," Local Government Minister Chris Carter said.

"Older people deserve to enjoy the fruits of economic growth alongside all other New Zealanders. Under Labour, big improvements to the rates rebate are now being given priority," Senior Citizens Minister Ruth Dyson said.

While the cost of the new scheme will depend on the take up of it by eligible people, the government has budgeted \$50million a year to implement the policy.

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## **Question and Answers**

### ***What is the Rates Rebate Scheme?***

The scheme was introduced for the 1973/74 financial year by the Rates Rebate Act 1973. It gave effect to the Labour Government's manifesto pledge to provide assistance to ratepayers on low incomes with paying rates.

### ***Who is the scheme aimed at?***

The scheme is particularly suited to helping those ratepayers that have low incomes, high rates, and own their property outright. Superannuitants form a significant group within these criteria.

Financial assistance for housing costs such as rent, board or mortgage payments is also provided via the Government's Accommodation Supplement, administered by Work and Income.

### ***Who do I apply to?***

You can apply to your City or District Council for a rebate. The council will process your application, and if you are eligible for a rebate, this amount will be deducted from your rates bill. The council then applies to the Department of Internal Affairs for a payment equal to the rebates that have been granted.

### ***How is the rebate calculated?***

A rebate of up to a set maximum (currently \$200) is available under the scheme. The rebate covers up to two-thirds of a rates bill less a minimum contribution of \$160. The rebate is further abated by \$1 for every \$8 by which the income of the ratepayer (and their spouse) exceeds a set threshold (currently \$7,400, with an additional \$156 allowed per dependant).

### ***What is wrong with the scheme at the moment?***

Inflation has reduced the value of support provided by the scheme. Few ratepayers are now eligible, and the incentive to apply for relatively small rebates has declined. The number of grants made has fallen from a peak of 102,244 in 1976/77 to 3,529 in 2003/04.

### ***What changes are being proposed?***

It is proposed that, from 1 July 2006, the maximum rebate be increased from \$200 to \$500 and the income threshold be increased from \$7,400 to \$20,000. It is also proposed that the additional income allowance for each dependant be increased from \$156 to \$500.

### **How much will I get?**

The size of rebate that a ratepayer is eligible for is determined by a number of factors, including their and their spouse's income, the amount of the rates bill and number of dependants. The following information shows a range of scenarios for different types of ratepayer.

***Superannuitant couple (estimated income of \$25,276 in 2006/07, no dependants)***

A couple where both partners qualify for New Zealand Superannuation (and with no other income) would be eligible for a rebate as shown in table 1:

Table 1

<b>Level of rates</b>	<b>Estimated rebate</b>
\$800	\$0
\$1000	\$0
\$1200	\$34
\$1500	\$234
\$2000	\$500

***Superannuitant – single, living alone (estimated income of \$16,645 in 2006/07, no dependants)***

A single person receiving New Zealand Superannuation, living alone (and with no other income) would be eligible for a rebate as shown in table 2:

Table 2

<b>Level of rates</b>	<b>Estimated rebate</b>
\$800	\$427
\$1000	\$500
\$1200	\$500
\$1500	\$500
\$2000	\$500

***Household with dependants and income of \$20,000***

A household with an income of \$20,000 and one or two dependants would be eligible for a rebate as shown in table 3:

Table 3

<b>Level of rates</b>	<b>Estimated rebate with 1 dependant</b>	<b>Estimated rebate with 2 dependants</b>
\$800	\$427	\$427
\$1000	\$500	\$500
\$1200	\$500	\$500
\$1500	\$500	\$500
\$2000	\$500	\$500

**Household with dependants and income of \$25,000**

A household with an income of \$25,000 and one or two dependants would be eligible for a rebate as shown in table 4:

Table 4

<b>Level of rates</b>	<b>Estimated rebate with 1 dependant</b>	<b>Estimated rebate with 2 dependants</b>
\$800	\$0	\$0
\$1000	\$0	\$60
\$1200	\$131	\$193
\$1500	\$331	\$393
\$2000	\$500	\$500

**Household with dependants and income of \$28,000**

A household with an income of \$28,000 and one or two dependants would be eligible for a rebate as shown in table 5:

Table 5

<b>Level of rates</b>	<b>Estimated rebate with 1 dependant</b>	<b>Estimated rebate with 2 dependants</b>
\$800	\$0	\$0
\$1000	\$0	\$0
\$1200	\$0	\$0
\$1500	\$0	\$18
\$2000	\$290	\$352