



Report to:

Local Government Rates Inquiry

CASE STUDIES OF RATES AFFORDABILITY OVER TIME

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Case studies of rates affordability over time

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1 Summary

This document represents a summary of the work completed on the case studies. The development of the case studies has been a complex process.

The purposes of the case studies are:

- To show the effect of the Rates Rebate Scheme (RRS) in 2006/07 on different household types in seven different councils.
- To show the effect of the government assistance package - Working for Families (WFF).
- To look at the effect of indexed versus un-indexed RRS threshold and level in 2016.
- To look at the household groups with rates affordability issues in 2006.
- To assess the changes in rates affordability between 2006 and 2016.
- To estimate the quantum of households with a rates affordability problem.

We found that the RRS reduces rates as a percentage of income by around 2.6% to 2.8% for households which qualify for the full \$500 RRS. The size of the rebate that households qualify for depends on two factors: level of rates and household income.

In most of the LAs, only superannuitants qualified for the RRS. However, in Far North and Rangitikei Districts, where incomes were generally lower among single adults, and where rates were relatively high, other household types also qualified for the RRS.

The maximum rebate was typically for those qualifying households paying median or upper quartile rates.

In some instances, the RRS has had the effect of lowering the level of rates to below 5% of household income. This effect is more prevalent in Hastings and Dunedin.

WFF is having a positive impact on the rates affordability for households with children in these case studies. It must be remembered that addressing rates affordability is not one of the purposes of the WFF.

WFF has a greater impact on *single adult 2 children* households due to their lower median income. Across all of the LA's in this study, all *single adult 2 children* households are eligible for the maximum tax credits from WFF. This was equivalent to \$199 (before tax) per week of extra income for these households.

WFF has seen the proportion of rates to household income for a number of *single adult with 2 children* households fall below 5%. This is more prevalent in the lower quartile and median rating levels.

We looked at the differences in 2016 with the existing RRS thresholds and indexed RRS thresholds. The general conclusion is that without any indexation of the maximum rebate level and income threshold in 2016, households eligible for the RRS would be worse off, although the indexed RRS only adds \$100 to the maximum rebate.

In some households, the effect of indexation will push the ratio of rates to household income below our threshold of affordability (5%). An example of this is a *single superannuitant* household with no other income in Dunedin paying lower quartile or median rates. Without indexation of the RRS, their rates would be 5.1% and 5.3% respectively of household income. With the indexation of the RRS, this would change to 4.1% and 4.7% of income.

We examined which households have rates above 5% of household income. In general, terms those paying lower quartile rates do not have rates above 5% of household income. The exceptions' to this are for *Single Superannuitants* in Waitakere and for all case studies (apart from *couples with two children*) in the Far North.

The median and upper quartile rates levels see a wider range of households with rates above 5% of household income. This is pretty consistent across all of the superannuitant cases studies, with the main exception being those in Dunedin.

Because of the lower relative rates in Dunedin, there are only two instances where rates are above 5% of household income.

The *Single working person* households have rates affordability issues where they pay median and upper quartile rates. Within the *Single adult with two children* household case studies, rates affordability issues tend to be focused in households paying higher quartile rates.

Excluding the Far North, none of the *Couple with two children* households has rates above 5% of household income.

One of the purposes of the case studies was to try to estimate the quantum of households experiencing rates affordability problems.

In the 2006 census there is around 911,000 households identified as being owned directly or via family trust. Unfortunately, there is not currently available detailed data on these owned households by household type. For this, we have gone back to the HES 2004 data.

Based on the information above combined with our overall view of the issue, our judgement is that the quantum of households experiencing rates affordability issues is New Zealand might be in the 100,000 to 200,000 range.

The case studies showed that there would be a general worsening of rates affordability in 2016 in two main groups. There has been an increase in the number of household groups in Waitakere with rates above 5% of household income in 2016. Based on the projection only the *Couple with two children* households are projected to have rates remain below 5% of income.

The other main group that is expected to record a worsening in rates affordability is *single superannuitants* with other income.

We note that there are some small cases where households are projected to have an improvement in affordability.

2 Introduction

This report is prepared for the Local Government Rates Inquiry. We use case studies of household types across the country to highlight issues with rates affordability.

The purposes of the case studies are to:

- Show the effect of the Rates Rebate Scheme (RRS) in 2006/07 on different household types in different councils.
- Show the effect of the government assistance package - Working for Families (WWF).
- Look at the effect of indexed versus un-indexed RRS threshold and level in 2016.
- Look at the household groups with rates affordability issues in 2006.
- Assess the changes in rates affordability between 2006 and 2016.
- Estimate the quantum of households with a rates affordability problem.

2.1 Case studies

Seven case study household types are used in this report. The following definitions of the case studies were agreed with the Local Government Rates Inquiry.

1.1 Single Superannuitant no other income

Standard government NZ Superannuation and no other income sources, no mortgage/100% equity.

1.2 Single Superannuitant with other income

As for 1.1 above with other income at 30% above NZ superannuation

2.1 Married superannuitant couple with no other income

Assumptions as per 1.1.

2.2 Married Superannuitant couple with other income

Assumptions as per 1.2

3.1 Single working person

Median wage, 50% home equity.

4.1 Single adult, 2 children

Median wage, 50% home equity.

5.1 Couple, 2 children

Median wage, 50% home equity.

For all case study households we compare the differences between them paying lower quartile, median or upper quartile rates.

2.2 Case study councils

For the comparison of the seven case studies, eight councils were selected. These councils were the same ones used in our earlier report¹.

The eight councils used are:

- Waitakere City Council
- Tauranga City Council
- Dunedin City Council
- Hastings District Council
- Far North District Council
- Tasman District Council
- Rangitikei District Council
- Hauraki District Council

We have not included any analysis for Hauraki District in this report, as we were unable to get any rates data before the completion of this report.

2.3 Data sources and assumptions

The case studies are built using data from a number of sources. This includes data from Statistics New Zealand, the Ministry of Social Development, Council data and data from BERL.

The case studies are for 2006/07 and 2015/16 rating years.

All income and costs figures are calculated on an annual basis.

There have been a number of assumptions made. These are described under the following headings.

¹ The sustainability of rates and the measures to address affordability over time, June 2007.

2.3.1 Income:

- NZ Superannuation for single and married households as at 1 April 2007 (cases 1.1 to 2.2)
- Other income for cases 1.2 and 2.2 is 30% above the NZ Superannuation rates
- Median household income (by household type and council) is used for cases 4.1 and 5.1 from 2006 census. For cases 4.1 we used the Median household income for *One parent with child(ren) w/out other*. For cases 5.1 we used the Median household income for *Couple with child(ren) with/without other*.
- The median income includes incomes from Government assistance, but not RRS.
- For case 3.1, we have used the average wages from the 2006 New Zealand Income Survey for the region that the council is within. We used this because the only suitable median income from the 2006 census (we only have income by household type available at this time) was for one-person households and this was skewed towards those on New Zealand Superannuation.

2.3.2 Rates Rebate Scheme

- Calculation based on total income (i.e. including other assistance)
- We have used the maximum rebate level (\$500) and income threshold (\$20,000) for the 2006/07 rating year.

2.3.3 Working for families

- Family Tax Credits and In Work Tax Credits calculated using the rates and thresholds applicable at 1 April 2007.
- Calculation of WFF based on median income less WFF. In other words a modelled formula to work out when income plus WFF (and Accommodation Supplement) equals median income

2.3.4 Accommodation Supplement (AS)

- Calculated using the thresholds and rates applicable at 1 April 2007.
- The AS level and thresholds differ depending on what part of the country the household lives in.

2.3.5 Rates

- The rates data was supplied by the respective councils. Where possible we were supplied with Lower Quartile, Median and Upper Quartile residential rates levels. There are some gaps in the data supplied to us.

2.3.6 Other housing costs

- Based on appropriate household type (or closest fit) from 2004 HES housing costs data, less payment to local authorities.
- These are scaled to 2006 prices.

2.3.7 Increases from 2006 to 2016

- NZ Superannuation – using modelled per annum wage growth in BERL CGE model (Stated Government policy that New Zealand Superannuation is adjusted so that it stays between 65% to 72.5% of average ordinary time earnings after tax.)
- Median incomes – using modelled data from BERL CGE model. This is the same data used in our earlier report.
- Government assistance (RRS, WFF, AS) levels and threshold increased at forecast inflation (CPI) rate.
- CPI forecast from BERL CGE model
- Rates – We have used the projected rates per rateable property increases for each council from our earlier report. This assumes the relative spread of quartiles remains the same.
- Other housing costs increased using CPI

2.3.8 Government assistance

- We have assumed households passed all other criteria for RRS, WFF, AS, such as cash asset tests, etc.

3 Effects of the Rates Rebate Scheme

This section highlights the effects of the Rates Rebate Scheme (RRS) on the total rates portion of total household income among various household types across seven different local authorities (LAs).

We compare the difference in rates as a percentage of income with and without the RRS across the three 2006/07 rates ranges for each case study.

In the following tables we have only included those households where the RRS is applicable, to assist understanding.

Waitakere City

Table 3.1 shows the effect of the RRS on various household types in Waitakere City.

Table 3.1 Waitakere City – Household types benefiting from the RRS

Household Type	Rates range	RRS	Total rates	Total income	Rates as a % of income	
					Before RRS	After RRS
Single Superannuitant no other i/c	Lower quartile	500.00	1,528.86	17,516.90	8.7%	5.9%
Single Superannuitant no other i/c	Median	500.00	1,631.03	17,588.42	9.3%	6.4%
Single Superannuitant no other i/c	Upper Quartile	500.00	1,808.65	17,712.75	10.2%	7.4%
Single Superannuitant other i/c	Lower quartile	500.00	1,528.86	22,768.64	6.7%	4.5%
Single Superannuitant other i/c	Median	500.00	1,631.03	22,840.16	7.1%	5.0%
Single Superannuitant other i/c	Upper Quartile	500.00	1,808.65	22,964.49	7.9%	5.7%
Married Superannuitant couple no other i/c	Lower quartile	88.47	1,528.86	26,592.80	5.7%	5.4%
Married Superannuitant couple no other i/c	Median	156.59	1,631.03	26,592.80	6.1%	5.5%
Married Superannuitant couple no other i/c	Upper Quartile	275.00	1,808.65	26,592.80	6.8%	5.8%

The table shows that in 2006/07 only superannuitant households benefit from the RRS. The group that benefits most is *single superannuitants with no other income*, with the RRS reducing the fraction of total income spent on rates by around 2.8%. This equates to a saving \$9.60 per week for these households. All of the single superannuitant households, including those with 30% other income get the maximum rates rebate across all rates ranges.

Tauranga City

Table 3.2 shows the effect of the RRS on various household types in Tauranga City.

Table 3.2 Tauranga City – Household types benefiting from the RRS

Household Type	Rates range	RRS	Total rates	Total income	Rates as a % of income	
					Before RRS	After RRS
Single Superannuitant no other i/c	Lower quartile	500.00	1,327.81	17,505.80	7.6%	4.7%
Single Superannuitant no other i/c	Median	500.00	1,500.83	17,505.80	8.6%	5.7%
Single Superannuitant no other i/c	Upper Quartile	500.00	1,863.81	17,751.36	10.5%	7.7%
Single Superannuitant other i/c	Lower quartile	433.85	1,327.81	22,757.54	5.8%	3.9%
Single Superannuitant other i/c	Median	500.00	1,500.83	22,757.54	6.6%	4.4%
Single Superannuitant other i/c	Upper Quartile	500.00	1,863.81	23,003.10	8.1%	5.9%
Married Superannuitant couple no other i/c	Median	69.79	1,500.83	26,592.80	5.6%	5.4%
Married Superannuitant couple no other i/c	Upper Quartile	311.77	1,863.81	26,592.80	7.0%	5.8%

Unlike in Waitakere City, the RRS is unavailable to *married superannuitant couples with no other income* who are in the lower quartile of the rates range. This is due to the lower average rates in Tauranga City. The lower level of rates at the lower quartile level means that the rates level is insufficient to counter the abatement for income above \$20,000.

Groups benefiting from the full \$500 RRS once again include *single superannuitants with no other income*, and *single superannuitants with other income*, but who are in the upper half of the rates range.

Single superannuitants with no other income typically see the proportion of their income spent on rates decrease by 2.8% because of the RRS.

Dunedin City

Table 3.3 shows the effect of the RRS on various household types in Dunedin City.

Table 3.3 Dunedin City – Household types benefiting from the RRS

Household Type	Rates range	RRS	Total rates	Total income	Rates as a % of income	
					Before RRS	After RRS
Single Superannuitant no other i/c	Lower quartile	500.00	1,136.04	17,505.80	6.5%	3.6%
Single Superannuitant no other i/c	Median	500.00	1,233.78	17,505.80	7.0%	4.2%
Single Superannuitant no other i/c	Upper Quartile	500.00	1,404.25	17,505.80	8.0%	5.2%
Single Superannuitant other i/c	Lower quartile	306.00	1,136.04	22,757.54	5.0%	3.6%
Single Superannuitant other i/c	Median	371.16	1,233.78	22,757.54	5.4%	3.8%
Single Superannuitant other i/c	Upper Quartile	484.81	1,404.25	22,757.54	6.2%	4.0%
Married Superannuitant couple no other i/c	Upper Quartile	5.40	1,404.25	26,592.80	5.3%	5.3%

Of the three cities discussed in this report, Dunedin has the lowest rates. As a result, married superannuitants in the lower half of the rates range do not qualify for the RRS, while those in the upper quartile qualify for just \$5.40 in rebates.

Also as a result of the lower rates in Dunedin City, *single superannuitants with other income* in the upper quartile rates range do not qualify for the full \$500 RRS.

Hastings District

Table 3.4 shows the effect of the RRS on various household types in Hastings District. It is important to note that the figures for Hastings District do not include regional rates, which were unavailable at the time of finalising this report.

Table 3.4 Hastings District – Household types benefiting from the RRS

Household Type	Rates range	RRS	Total rates*	Total income	Rates as a % of income	
					Before RRS	After RRS
Single Superannuitant no other i/c	Lower quartile	500.00	1,314.00	17,505.80	7.5%	4.6%
Single Superannuitant no other i/c	Median	500.00	1,449.00	17,505.80	8.3%	5.4%
Single Superannuitant no other i/c	Upper Quartile	500.00	1,856.00	17,745.90	10.5%	7.6%
Single Superannuitant other i/c	Lower quartile	424.64	1,314.00	22,757.54	5.8%	3.9%
Single Superannuitant other i/c	Median	500.00	1,449.00	22,757.54	6.4%	4.2%
Single Superannuitant other i/c	Upper Quartile	500.00	1,856.00	22,997.64	8.1%	5.9%
Married Superannuitant couple no other i/c	Median	35.23	1,449.00	26,592.80	5.4%	5.3%
Married Superannuitant couple no other i/c	Upper Quartile	306.57	1,856.00	26,592.80	7.0%	5.8%

* No Regional Rates available

The gap between the median rate (\$1,449) and the upper quartile rate (\$1,856) is far larger than among the previous three case study areas. The result is that *married superannuitant couples with no other income* in the upper quartile rates range qualify for relatively large rebates compared to the three cities previously discussed in this report. In addition, actual rebates are likely to be larger when taking into account the regional rates that have been excluded in the figures above.

Far North District

Table 3.5 shows the effect of the RRS on various household types in Far North District. It is important to note that the figures for Far North District do not include regional rates, which were unavailable at the time of finalizing this report.

Table 3.5 Far North – Household types benefiting from the RRS

Household Type	Rates range	RRS	Total rates*	Total income	Rates as a % of income	
					Before RRS	After RRS
Single Superannuitant no other i/c	Lower quartile	500.00	1,783.00	17,694.80	10.1%	7.3%
Single Superannuitant no other i/c	Median	500.00	2,111.00	17,924.40	11.8%	9.0%
Single Superannuitant no other i/c	Upper Quartile	500.00	3,025.00	18,564.20	16.3%	13.6%
Single Superannuitant other i/c	Lower quartile	500.00	1,783.00	22,946.54	7.8%	5.6%
Single Superannuitant other i/c	Median	500.00	2,111.00	23,176.14	9.1%	7.0%
Single Superannuitant other i/c	Upper Quartile	500.00	3,025.00	23,815.94	12.7%	10.6%
Married Superannuitant couple no other i/c	Lower quartile	257.90	1,783.00	26,592.80	6.7%	5.7%
Married Superannuitant couple no other i/c	Median	476.57	2,111.00	26,592.80	7.9%	6.1%
Married Superannuitant couple no other i/c	Upper Quartile	500.00	3,025.00	26,592.80	11.4%	9.5%
Married Superannuitant couple other i/c	Upper Quartile	88.67	3,025.00	34,570.64	8.8%	8.5%
Single working person	Lower quartile	137.00	1,783.00	27,560.00	6.5%	6.0%
Single working person	Median	355.67	2,111.00	27,560.00	7.7%	6.4%
Single working person	Upper Quartile	500.00	3,025.00	27,560.00	11.0%	9.2%
Single adult 2 children	Lower quartile	204.00	1,783.00	27,023.99	6.6%	5.8%
Single adult 2 children	Median	422.67	2,111.00	27,023.99	7.8%	6.2%
Single adult 2 children	Upper Quartile	500.00	3,025.00	27,023.99	11.2%	9.3%

* No Regional Rates available

Rates in the far north are the highest among all seven LAs studied in this section of the report. As a result, several more groups of people qualify for the RRS, including *single working persons* and *single adults with two children* across all three rates ranges, as well as *married superannuitant couples with other income* who are in the upper quartile of the rates range.

The fact that regional rates are not included in the table indicates that rebates are likely to be even higher for groups who do not reach the \$500 rebate maximum when local rates alone are taken into account.

Tasman District

Table 3.6 shows the effect of the RRS on various household types in Tasman District. It is important to note that the figures for Tasman District do not include separate regional rates, as the District is a unitary authority. In addition, only median rates were available.

Table 3.6 Tasman District – Household types benefiting from the RRS

Household Type	Rates range	RRS	Total rates*	Total income	Rates as a % of income	
					Before RRS	After RRS
Single Superannuitant no other i/c	Median	500.00	1,714.40	17,646.78	9.7%	6.9%
Single Superannuitant other i/c	Median	500.00	1,714.40	22,898.52	7.5%	5.3%
Married Superannuitant couple no other i/c	Median	212.17	1,714.40	26,592.80	6.4%	5.6%

* No Regional Rates as Tasman is a unitary authority

The Tasman District also has relatively high median rates, with the result that single superannuitants with or without other income receive the full RRS at the median rates level. *Married superannuitant couples with no other income* at the median rates level receive rebates that lower their total rates payments as a percentage of income by 0.8%.

Rangitikei District

Table 3.7 shows the effect of the RRS on various household types in Rangitikei District.

Table 3.7 Rangitikei District – Household types benefiting from the RRS

Household Type	Rates range	RRS	Total rates	Total income	Rates as a % of income	
					Before RRS	After RRS
Single Superannuitant no other i/c	Lower quartile	439.34	819.02	17,505.80	4.7%	2.2%
Single Superannuitant no other i/c	Median	500.00	1,456.59	17,505.80	8.3%	5.5%
Single Superannuitant no other i/c	Upper Quartile	500.00	1,894.77	17,773.04	10.7%	7.8%
Single Superannuitant other i/c	Lower quartile	94.65	819.02	22,757.54	3.6%	3.2%
Single Superannuitant other i/c	Median	500.00	1,456.59	22,757.54	6.4%	4.2%
Single Superannuitant other i/c	Upper Quartile	500.00	1,894.77	23,024.78	8.2%	6.1%
Married Superannuitant couple no other i/c	Median	40.29	1,456.59	26,592.80	5.5%	5.3%
Married Superannuitant couple no other i/c	Upper Quartile	332.41	1,894.77	26,592.80	7.1%	5.9%
Single working person	Upper Quartile	270.01	1,894.77	27,092.00	7.0%	6.0%
Single adult 2 children	Upper Quartile	126.06	1,894.77	28,243.59	6.7%	6.3%

A relatively large number of groups of ratepayers qualify for rebates in the District. This is because of a combination of high level of upper quartile rates and lower incomes. The reduction in rates as a percentage of income because of the RRS varies between 0.4% and 2.8% across households that qualify.

Summary

Overall, the RRS reduces rates as a percentage of income by around 2.6% to 2.8% for households which qualify for the full \$500 RRS. The size of the rebate households qualify for depends on two factors: level of rates and household income.

In most of the LAs, only superannuitants qualified for the RRS. However, in Far North and Rangitikei Districts, where incomes were generally lower among single adults, and where rates were relatively high, other household types also qualified for the RRS.

The maximum rebate typically for those qualifying households paying the median or upper quartile rates.

In some instances, the RRS has had the effect of lowering the level of rates to below 5% of household income. This effect is more prevalent in Hastings and Dunedin.

4 Effects of the Working for Families Credits

The impact of Working for Families (WFF) credits, including Families Tax Credits (FTC) and In Work Tax Credits (IWTC) on rates as a percentage of total income is presented in this section.

The WFF credits are means tested. As a result, lower income households are likely to benefit most from the credits. In addition, as these households have lower incomes, the WFF credits will make up a substantial portion of their incomes, and therefore the decline in rates as a percentage of total income because of the WFF credits will be significant among these households.

It is also interesting to note that in most of the LAs examined; those that qualify for the RRS are not the same household groups as those that qualify for WFF credits.

Only Far North and Rangitikei Districts have household groups that qualify for the RRS and WFF credits. This is because of the relatively high rates in these two Districts and the relatively lower incomes among single adults with two children compared to the other five LAs in this study.

The WFF credits reduce the portion of total income spent on rates by up to 3.7% in the case of Far North District, and by up to 2.9% in several other LAs.

Waitakere City

Table 4.1 shows the impact of the WFF credits on the percentage of household income spent on rates in Waitakere City for selected household types.

Table 4.1 Waitakere City – Households benefiting from WFF Credits

Household Type	Rates range	RRS	WFF-FTC	WWF-IWTC	Total rates	Total income	Rates after RRS as a % of income	
							without WFF	with WFF
Single adult 2 children	Lower quartile	-	7,228.00	3,120.00	1,528.86	37,685.09	5.6%	4.1%
Single adult 2 children	Median	-	7,228.00	3,120.00	1,631.03	37,685.09	6.0%	4.3%
Single adult 2 children	Upper Quartile	-	7,228.00	3,120.00	1,808.65	37,685.09	6.6%	4.8%
Couple 2 children	Lower quartile	-	-	1,449.23	1,528.86	80,943.07	1.9%	1.9%
Couple 2 children	Median	-	-	1,449.23	1,631.03	80,943.07	2.1%	2.0%
Couple 2 children	Upper Quartile	-	-	1,449.23	1,808.65	80,943.07	2.3%	2.2%

With WFF credits of up to \$10,348 (the maximum available), *single adults with two children* households saw their total incomes rise significantly in percentage terms as a result of the WFF credits. As a result, the percentage of their incomes spent on rates fell from 5.6% without WFF credits to 4.1% with WFF credits. The WFF for these households represent additional income of \$199 (before tax) per week. Because of the higher median household income, the *couple with 2 children* households are only eligible for WFF-IWTC of \$1,449.23. This has a lower impact on household income and only reduces the amount of income spent on rates by 0.1%.

Tauranga City

Table 4.2 shows the impact of the WFF credits on the percentage of household income spent on rates in Tauranga City for selected household types.

Table 4.2 Tauranga City – Households benefiting from WFF Credits

Household Type	Rates range	RRS	WFF-FTC	WWF-IWTC	Total rates	Total income	Rates after RRS as a % of income	
							without WFF	with WFF
Single adult 2 children	Lower quartile	-	7,228.00	3,120.00	1,327.81	31,969.14	6.1%	4.2%
Single adult 2 children	Median	-	7,228.00	3,120.00	1,500.83	31,969.14	6.9%	4.7%
Single adult 2 children	Upper Quartile	-	7,228.00	3,120.00	1,863.81	31,969.14	8.6%	5.8%
Couple 2 children	Lower quartile	-	267.08	3,120.00	1,327.81	73,191.69	1.9%	1.8%
Couple 2 children	Median	-	267.08	3,120.00	1,500.83	73,191.69	2.2%	2.1%
Couple 2 children	Upper Quartile	-	267.08	3,120.00	1,863.81	73,191.69	2.7%	2.5%

Once again, the impact of WFF credits on the percentage of total income spent on rates by each household is clear. For example, *single adults with two children* with rates in the upper quartile see the share of their income spent on rates fall by 2.8% because of the WFF credits. Note that because of lower median incomes in Tauranga City, *couples with two children* in the table above also qualify for an FTC of around \$267.

Dunedin City

Table 4.3 shows the impact of the WFF credits on the percentage of household income spent on rates in Dunedin City for selected household types.

Table 4.3 Dunedin City – Households benefiting from WFF Credits

Household Type	Rates range	RRS	WFF-FTC	WWF-IWTC	Total rates	Total income	Rates after RRS as a % of income	
							without WFF	with WFF
Single adult 2 children	Lower quartile	-	7,228.00	3,120.00	1,136.04	31,192.56	5.5%	3.6%
Single adult 2 children	Median	-	7,228.00	3,120.00	1,233.78	31,192.56	5.9%	4.0%
Single adult 2 children	Upper Quartile	-	7,228.00	3,120.00	1,404.25	31,192.56	6.7%	4.5%
Couple 2 children	Lower quartile	-	415.88	3,120.00	1,136.04	72,596.49	1.6%	1.6%
Couple 2 children	Median	-	415.88	3,120.00	1,233.78	72,596.49	1.8%	1.7%
Couple 2 children	Upper Quartile	-	415.88	3,120.00	1,404.25	72,596.49	2.0%	1.9%

The impact of WFF credits on the proportion of total income spent on rates is significant, resulting in a decrease of up to 2.9% in the case of *single adults with two children* in the lower quartile of the rates range.

Meanwhile, *couples with two children* in Dunedin once again benefit from greater FTC credits because of the lower incomes in the City compared to Tauranga City and Waitakere City.

Hastings District

Table 4.4 shows the impact of the WFF credits on the percentage of household income spent on rates in Hastings District for selected household types.

Table 4.4 Hastings District – Households benefiting from WFF Credits

Household Type	Rates range	RRS	WFF-FTC	WWF-IWTC	Total rates*	Total income	Rates after RRS as a % of income*	
							without WFF	with WFF
Single adult 2 children	Lower quartile	-	7,228.00	3,120.00	1,314.00	31,779.56	6.1%	4.1%
Single adult 2 children	Median	-	7,228.00	3,120.00	1,449.00	31,779.56	6.8%	4.6%
Single adult 2 children	Upper Quartile	-	7,228.00	3,120.00	1,856.00	31,779.56	8.7%	5.8%
Couple 2 children	Lower quartile	-	1,113.65	3,120.00	1,314.00	69,805.41	2.0%	1.9%
Couple 2 children	Median	-	1,113.65	3,120.00	1,449.00	69,805.41	2.2%	2.1%
Couple 2 children	Upper Quartile	-	1,113.65	3,120.00	1,856.00	69,805.41	2.8%	2.7%

* No Regional Rates available

Lower incomes than in the three cities discussed above mean that *couples with two children* qualify for higher WFF credits in the District. Nevertheless, the greatest impact of the WFF credits on the percentage of total income spent on rates remains that *among single adults with two children*, at between 2.0% in the lower quartile of the rates range and 2.9% in the upper quartile.

Far North District

Table 4.5 shows the impact of the WFF credits on the percentage of household income spent on rates in Far North District for selected household types.

Table 4.5 Far North District – Households benefiting from WFF Credits

Household Type	Rates range	RRS	WFF-FTC	WWF-IWTC	Total rates*	Total income	Rates after RRS as a % of income	
							without WFF	with WFF
Single adult 2 children	Lower quartile	204.00	7,228.00	3,120.00	1,783.00	27,023.99	9.5%	5.8%
Single adult 2 children	Median	422.67	7,228.00	3,120.00	2,111.00	27,023.99	10.1%	6.2%
Single adult 2 children	Upper Quartile	500.00	7,228.00	3,120.00	3,025.00	27,023.99	15.1%	9.3%
Couple 2 children	Lower quartile	-	3,834.91	3,120.00	1,783.00	58,920.36	3.4%	3.0%
Couple 2 children	Median	-	3,834.91	3,120.00	2,111.00	58,920.36	4.1%	3.6%
Couple 2 children	Upper Quartile	-	3,834.91	3,120.00	3,025.00	58,920.36	5.8%	5.1%

* No Regional Rates available

With the lowest median incomes among the seven LAs in this study, the Far North is one of only two LAs in this study that has households eligible for both WFF and the RRS. In the Far North, *single adult with two children* households in all three rates ranges qualify for the RRS as well as the WFF credits. The lower median incomes result in the WFF credits having a greater effect in reducing the percentage of total income spent on rates compared to other LAs. The WFF credits reduce the proportion of total income spent on rates by *single adults with two children* by up to 3.7%.

Tasman District

Table 4.6 shows the impact of the WFF credits on the percentage of household income spent on rates in Tasman District for selected household types. Note that only median rates are available for the District.

Table 4.6 Tasman District – Households benefiting from WFF Credits

Household Type	Rates range	RRS	WFF-FTC	WWF-IWTC	Total rates*	Total income	Rates after RRS as a % of income	
							without WFF	with WFF
Single adult 2 children	Median	-	7,228.00	3,120.00	1,714.40	29,619.57	8.9%	5.8%
Couple 2 children	Median	-	2,452.71	3,120.00	1,714.40	64,449.15	2.9%	2.7%

* No Regional Rates as Tasman is a unitary authority

Single adults with two children spend 3.1% less of their total income on rates because of the WFF credits. For *couples with two children* the impact is far smaller, partly because of higher total incomes and partly due to the lower FTC.

Rangitikei District

Table 4.7 shows the impact of the WFF credits on the percentage of household income spent on rates in Rangitikei District for selected household types.

Table 4.7 Rangitikei District – Households benefiting from WFF Credits

Household Type	Rates range	RRS	WFF-FTC	WWF-IWTC	Total rates	Total income	Rates after RRS as a % of income	
							without WFF	with WFF
Single adult 2 children	Lower quartile	-	7,228.00	3,120.00	819.02	28,243.59	4.6%	2.9%
Single adult 2 children	Median	-	7,228.00	3,120.00	1,456.59	28,243.59	8.1%	5.2%
Single adult 2 children	Upper Quartile	126.06	7,228.00	3,120.00	1,894.77	28,243.59	9.9%	6.3%
Couple 2 children	Lower quartile	-	3,036.16	3,120.00	819.02	62,115.36	1.5%	1.3%
Couple 2 children	Median	-	3,036.16	3,120.00	1,456.59	62,115.36	2.6%	2.3%
Couple 2 children	Upper Quartile	-	3,036.16	3,120.00	1,894.77	62,115.36	3.4%	3.1%

Because of the WFF credits, *single adults with two children* in the upper quartile of the rates range experience a decline in the proportion of total income spent on rates of up to 3.6%. This is a far larger decline than for the other *single adults with two children* rates ranges due to the wide variation in total rates across the three sub-categories in the District; total rates (before rebates) vary from \$819 in the lower quartile to \$1,895 in the upper quartile.

Couples with two children also benefit largely than in many other LAs because of higher WFF credits due to the lower median incomes in the District.

Summary

WFF is having a positive impact on the rates affordability for households with children in these case studies. It must be remembered that addressing rates affordability is not one of the purposes of the WFF.

WFF has a greater impact on *single adult with 2 children* households due to their lower median income. Across all of the LA's in this study, all *single adult 2 children* households are eligible for the maximum tax credits from WFF. This is equivalent of an extra \$199 (before tax) income per week for these households.

WFF has seen the proportion of rates to household income for a number of *single adult with 2 children* households fall below 5%. This is more prevalent in the lower quartile and median rating levels.

5 The Rates Rebate Scheme in 2016

This section highlights the effect of the Rates Rebate Scheme in 2016. It compares the effect with the current rebate and income threshold levels and the effects if these levels are indexed to 2016 prices.

We have indexed the rebate and income threshold levels using our projected increase in the Consumer Price Index (CPI) between 2006/07 and 2015/16. This is projected to increase at an average of 2.05 percent per annum.

The following calculation is made for RRS in 2006/07:

The ratepayer must contribute \$160 towards rates. The rates rebate is two thirds of the residual rates amount. If the ratepayer's income is higher than \$20,000 then the rebate is reduced by \$1 for every \$8 of income above \$20,000. The maximum rates rebate is \$500.

The same calculation is used for 2016 with no RRS increase.

If the rebate and income threshold levels are indexed to 2015/16 prices, then the calculation would be as follows:

The ratepayer must contribute \$160 towards rates. The rates rebate is two thirds of the residual rates amount. If the ratepayer's income is higher than \$24,012.75 then the rebate is reduced by \$1 for every \$8 of income above \$24,012.75. The maximum rates rebate is \$600.32.

This calculation is used for 2016 with RRS increase.

The tables below show the rates as a percentage of income for each of case studies across the seven councils. It shows the percentages for the three rates ranges (lower quartile, median and upper quartile) and the differences if the RRS is applied using the existing or indexed thresholds.

The coloured areas represent the households that would experience a change in the proportion of rates to household income due to the indexation of the RRS.

We have broken analysis into three tables due to the size of the table.

Table 5.1 The effect of an indexed RRS in 2016

Case study #	Case study description	rates range	Waitakere	Waitakere	Tauranga	Tauranga	Dunedin	Dunedin
			2016 (no RRS increase)	2016 (with RRS increase)	2016 (no RRS increase)	2016 (with RRS increase)	2016 (no RRS increase)	2016 (with RRS increase)
1.1	Single Superannuitant no other i/c	Lower quartile	8.6%	8.2%	6.1%	5.7%	5.1%	4.1%
1.1	Single Superannuitant no other i/c	Median	9.2%	8.8%	7.1%	6.7%	5.3%	4.7%
1.1	Single Superannuitant no other i/c	Upper Quartile	10.3%	9.9%	9.2%	8.8%	6.1%	5.7%
1.2	Single Superannuitant other i/c	Lower quartile	7.9%	6.4%	6.3%	5.7%	5.0%	5.0%
1.2	Single Superannuitant other i/c	Median	8.1%	7.0%	7.1%	6.0%	5.5%	5.4%
1.2	Single Superannuitant other i/c	Upper Quartile	8.4%	7.9%	8.1%	7.0%	6.2%	5.7%
2.1	Married Superannuitant couple no other i/c	Lower quartile	7.1%	7.1%	5.4%	5.4%	4.3%	4.3%
2.1	Married Superannuitant couple no other i/c	Median	7.5%	7.4%	6.1%	6.1%	4.7%	4.7%
2.1	Married Superannuitant couple no other i/c	Upper Quartile	8.3%	7.7%	7.5%	7.4%	5.3%	5.3%
2.2	Married Superannuitant couple other i/c	Lower quartile	5.4%	5.4%	4.1%	4.1%	3.3%	3.3%
2.2	Married Superannuitant couple other i/c	Median	5.8%	5.8%	4.7%	4.7%	3.6%	3.6%
2.2	Married Superannuitant couple other i/c	Upper Quartile	6.4%	6.4%	5.8%	5.8%	4.1%	4.1%
3.1	Single working person	Lower quartile	5.8%	5.8%	4.9%	4.9%	3.9%	3.9%
3.1	Single working person	Median	6.2%	6.2%	5.5%	5.5%	4.2%	4.2%
3.1	Single working person	Upper Quartile	6.8%	6.8%	6.9%	6.9%	4.8%	4.8%
4.1	Single adult 2 children	Lower quartile	5.3%	5.3%	4.0%	4.0%	3.2%	3.2%
4.1	Single adult 2 children	Median	5.6%	5.6%	4.5%	4.5%	3.5%	3.5%
4.1	Single adult 2 children	Upper Quartile	6.2%	6.2%	5.6%	5.6%	4.0%	4.0%
5.1	Couple 2 children	Lower quartile	2.4%	2.4%	1.8%	1.8%	1.5%	1.5%
5.1	Couple 2 children	Median	2.6%	2.6%	2.1%	2.1%	1.6%	1.6%
5.1	Couple 2 children	Upper Quartile	2.9%	2.9%	2.6%	2.6%	1.8%	1.8%

The level of rates to household income, across the three cities, in general changes between 0.1 and 1.1% of income with the indexation of the RRS in 2016 compared the current rebate maximum and income thresholds. This does not represent a large reduction in the burden of rates. The indexed RRS only adds an additional \$100 per annum to the eligible households who receive the maximum.

Table 5.2 The effect of an indexed RRS in 2016

Case study #	Case study description	rates range	Hastings	Hastings	Far North	Far North
			2016 (no RRS increase)	2016 (with RRS increase)	2016 (no RRS increase)	2016 (with RRS increase)
1.1	Single Superannuitant no other i/c	Lower quartile	5.2%	4.4%	8.0%	7.6%
1.1	Single Superannuitant no other i/c	Median	5.5%	5.1%	9.7%	9.4%
1.1	Single Superannuitant no other i/c	Upper Quartile	7.5%	7.1%	14.3%	13.9%
1.2	Single Superannuitant other i/c	Lower quartile	5.2%	5.2%	7.8%	6.2%
1.2	Single Superannuitant other i/c	Median	5.8%	5.5%	8.3%	7.4%
1.2	Single Superannuitant other i/c	Upper Quartile	7.4%	6.1%	11.8%	11.5%
2.1	Married Superannuitant couple no other i/c	Lower quartile	4.5%	4.5%	6.7%	6.7%
2.1	Married Superannuitant couple no other i/c	Median	4.9%	4.9%	7.9%	7.5%
2.1	Married Superannuitant couple no other i/c	Upper Quartile	6.3%	6.3%	10.1%	9.8%
2.2	Married Superannuitant couple other i/c	Lower quartile	3.4%	3.4%	5.2%	5.2%
2.2	Married Superannuitant couple other i/c	Median	3.8%	3.8%	6.1%	6.1%
2.2	Married Superannuitant couple other i/c	Upper Quartile	4.9%	4.9%	8.8%	8.8%
3.1	Single working person	Lower quartile	4.0%	4.0%	6.5%	6.5%
3.1	Single working person	Median	4.4%	4.4%	7.7%	7.7%
3.1	Single working person	Upper Quartile	5.7%	5.7%	10.1%	9.5%
4.1	Single adult 2 children	Lower quartile	3.3%	3.3%	5.0%	5.0%
4.1	Single adult 2 children	Median	3.7%	3.7%	5.9%	5.9%
4.1	Single adult 2 children	Upper Quartile	4.7%	4.7%	8.4%	8.4%
5.1	Couple 2 children	Lower quartile	1.5%	1.5%	2.3%	2.3%
5.1	Couple 2 children	Median	1.7%	1.7%	2.7%	2.7%
5.1	Couple 2 children	Upper Quartile	2.2%	2.2%	3.9%	3.9%

The largest changes occur in those on lower income with lower council rates. For example, *single superannuitants* in Dunedin.

Table 5.3 The effect of an indexed RRS in 2016

Case study #	Case study description	rates range	Tasman	Tasman	Rangitikei	Rangitikei
			2016 (no RRS increase)	2016 (with RRS increase)	2016 (no RRS increase)	2016 (with RRS increase)
1.1	Single Superannuitant no other i/c	Lower quartile			4.5%	2.5%
1.1	Single Superannuitant no other i/c	Median	8.7%	8.3%	6.4%	6.1%
1.1	Single Superannuitant no other i/c	Upper Quartile			8.8%	8.4%
1.2	Single Superannuitant other i/c	Lower quartile			3.6%	3.6%
1.2	Single Superannuitant other i/c	Median	8.0%	6.5%	6.5%	5.8%
1.2	Single Superannuitant other i/c	Upper Quartile			8.0%	6.6%
2.1	Married Superannuitant couple no other i/c	Lower quartile			3.1%	3.1%
2.1	Married Superannuitant couple no other i/c	Median	7.2%	7.2%	5.6%	5.6%
2.1	Married Superannuitant couple no other i/c	Upper Quartile			7.3%	7.3%
2.2	Married Superannuitant couple other i/c	Lower quartile			2.4%	2.4%
2.2	Married Superannuitant couple other i/c	Median	5.5%	5.5%	4.3%	4.3%
2.2	Married Superannuitant couple other i/c	Upper Quartile			5.6%	5.6%
3.1	Single working person	Lower quartile			3.1%	3.1%
3.1	Single working person	Median	7.7%	7.0%	5.5%	5.5%
3.1	Single working person	Upper Quartile			7.1%	7.1%
4.1	Single adult 2 children	Lower quartile			2.3%	2.3%
4.1	Single adult 2 children	Median	5.3%	5.3%	4.2%	4.2%
4.1	Single adult 2 children	Upper Quartile			5.4%	5.4%
5.1	Couple 2 children	Lower quartile			1.1%	1.1%
5.1	Couple 2 children	Median	2.5%	2.5%	1.9%	1.9%
5.1	Couple 2 children	Upper Quartile			2.5%	2.5%

The general conclusion is that without any indexation of the maximum rebate level and income threshold in 2016, households eligible for the RRS would be worse off. Although the indexation of the RRS does not add a significant amount to household income.

In some households, the effect of indexation will push their rates to household income below our threshold of affordability (5%). An example of this is a *single superannuitant with no other income* in Dunedin paying lower quartile or median rates. Without indexation of the RRS, their rates would be 5.1% and 5.3% respectively of household income. With the indexation of the RRS, this would change to 4.1% and 4.7% on income.

6 Household groups with rates affordability issues in 2006/07

This section uses the case studies to identify which household groups that could be experiencing rates affordability issues in 2006/07. It then attempts to estimate the quantum of households experiencing rates affordability issues.

6.1 Households with rates affordability issues

We have assessed that all households in the case studies with rates to household income above 5% are having a rates affordability issue. We have not have limited this to those households with incomes in the lower deciles.

The previous sections have looked at the impact of government assistance (WFF and RRS) on reducing the burden of rates. This section looks at level of rates as a percentage of household income after taking into account this assistance.

In our previous report, we described how HES data shows that households with the lowest 40% of incomes have rates ranging from 4.3% to 12.5% of household income. The highest percentage is for households in the under \$15,900 household income band. Because this also includes households that make a loss, we do not believe that this is an appropriate measure to use. The next highest percentage is 5.7%.² This does not mean that households with rates above this percentage have rates affordability issues and it may be that some households below this level have rates affordability issues. Our view is that the level at which rates as a percentage of income creates an affordability issue for households is likely to be around 5% of household income.

The table shows rates as a percentage of household income in 2006. The cells highlighted in red represent those where the level is above 5%.

² The sustainability of rates and the measures to address affordability over time, June 2007, pg 23

Table 6.1 Households with rates above 5% of income in 2006

		Rates as % of income after RRS							
Case study #	Case study description	rates range	Waitakere	Tauranga	Dunedin	Hastings	Far North	Tasman	Rangitikei
1.1	Single Superannuitant no other i/c	Lower quartile	5.9%	4.7%	3.6%	4.6%	7.3%		2.2%
1.1	Single Superannuitant no other i/c	Median	6.4%	5.7%	4.2%	5.4%	9.0%	6.9%	5.5%
1.1	Single Superannuitant no other i/c	Upper Quartile	7.4%	7.7%	5.2%	7.6%	13.6%		7.8%
1.2	Single Superannuitant other i/c	Lower quartile	4.5%	3.9%	3.6%	3.9%	5.6%		3.2%
1.2	Single Superannuitant other i/c	Median	5.0%	4.4%	3.8%	4.2%	7.0%	5.3%	4.2%
1.2	Single Superannuitant other i/c	Upper Quartile	5.7%	5.9%	4.0%	5.9%	10.6%		6.1%
2.1	Married Superannuitant couple no other i/c	Lower quartile	5.4%	5.0%	4.3%	4.9%	5.7%		3.1%
2.1	Married Superannuitant couple no other i/c	Median	5.5%	5.4%	4.6%	5.3%	6.1%	5.6%	5.3%
2.1	Married Superannuitant couple no other i/c	Upper Quartile	5.8%	5.8%	5.3%	5.8%	9.5%		5.9%
2.2	Married Superannuitant couple other i/c	Lower quartile	4.4%	3.8%	3.3%	3.8%	5.2%		2.4%
2.2	Married Superannuitant couple other i/c	Median	4.7%	4.3%	3.6%	4.2%	6.1%	5.0%	4.2%
2.2	Married Superannuitant couple other i/c	Upper Quartile	5.2%	5.4%	4.1%	5.4%	8.5%		5.5%
3.1	Single working person	Lower quartile	4.7%	4.6%	3.9%	4.4%	6.0%		3.0%
3.1	Single working person	Median	5.0%	5.2%	4.2%	4.9%	6.4%	5.6%	5.4%
3.1	Single working person	Upper Quartile	5.6%	6.4%	4.8%	6.3%	9.2%		6.0%
4.1	Single adult 2 children	Lower quartile	4.1%	4.2%	3.6%	4.1%	5.8%		2.9%
4.1	Single adult 2 children	Median	4.3%	4.7%	4.0%	4.6%	6.2%	5.8%	5.2%
4.1	Single adult 2 children	Upper Quartile	4.8%	5.8%	4.5%	5.8%	9.3%		6.3%
5.1	Couple 2 children	Lower quartile	1.9%	1.8%	1.6%	1.9%	3.0%		1.3%
5.1	Couple 2 children	Median	2.0%	2.1%	1.7%	2.1%	3.6%	2.7%	2.3%
5.1	Couple 2 children	Upper Quartile	2.2%	2.5%	1.9%	2.7%	5.1%	0.0%	3.1%

In general terms those paying lower quartile rates do not have rates above 5% of household income. The exceptions to this are for *single superannuitants* in Waitakere and for all households (apart from *couples with two children*) in the Far North.

The median and upper quartile rates levels see a wider range of households with rates above 5% of household income. This is pretty consistent across all of the superannuitant cases studies, with the main exception being those in Dunedin.

Because of the lower relative rates in Dunedin, there are only two instances where rates are above 5% of household income.

The *single working person* households have rates affordability issues where they pay median and upper quartile rates. Within the *single adult with two children* case studies, rates affordability issues tend to be focused in households paying higher quartile rates.

Excluding the Far North, none of the *couple with two children* households has rates above 5% of household income.

6.2 What is the number of households with rates affordability problems?

One of the purposes of the case studies was to try to estimate the quantum of households experiencing rates affordability problems.

In the 2006 census there is around 911,000 households identified as being owned directly or via family trust. Unfortunately, there is not currently available detailed data on these owned households by household type. For this, we have gone back to the HES 2004 data.

Based on HES data the number of households (that own their own home) that are covered by the case studies can be estimated as:

- Couple with children 320,000
- One parent with children 50,000

- One person Households (excl NZ super) 118,000
- NZ super (as main income) Households 195,000
- **Total** **683,000**

Our analysis of the case studies shows that the majority of superannuitant households on median or upper quartile rates are having rates affordability issues. However, we do not know the split of households between these three rating levels. If these households are evenly split between the three rates ranges this suggests that upwards of 130,000 superannuitant households are having rates affordability issues.

single working person households (earning the median income) are (based on the findings of our case studies) likely to have rates affordability issues where they pay median and upper quartile rates. Our estimation is that at this income level, only 10% or 12,000 households might be in this situation.

Single adult with 2 children households appear to have affordability issues predominantly where they pay upper quartile rates. Our estimation is that there would be minimal households in this situation.

Couples with 2 children households do not, at the median income appear to have rates affordability issues. There could however be issues for those on lower incomes, but we have no data on the proportion of those owning their own home.

Based on the information above combined with our overall view of the issue, our judgement is that the quantum of households experiencing rates affordability issues is New Zealand might be in the 100,000 to 200,000 range.

7 Household groups with rates affordability issues in 2015/16

This section highlights the households in 2015/16 that are projected to have rates above 5 % of household income. We note that we have used the indexed RRS in 2015/16.

The table below shows the households with rates above 5 % of household income highlighted in red.

Table 7.1 Households with rates above 5% of income in 2016

Case study #	Case study description	rates range	Rates as % of income after RRS						
			Waitakere	Tauranga	Dunedin	Hastings	Far North	Tasman	Rangitikei
1.1	Single Superannuitant no other i/c	Lower quartile	8.2%	5.7%	4.1%	4.4%	7.6%		2.5%
1.1	Single Superannuitant no other i/c	Median	8.8%	6.7%	4.7%	5.1%	9.4%	8.3%	6.1%
1.1	Single Superannuitant no other i/c	Upper Quartile	9.9%	8.8%	5.7%	7.1%	13.9%		8.4%
1.2	Single Superannuitant other i/c	Lower quartile	6.4%	5.7%	5.0%	5.2%	6.2%		3.6%
1.2	Single Superannuitant other i/c	Median	7.0%	6.0%	5.4%	5.5%	7.4%	6.5%	5.8%
1.2	Single Superannuitant other i/c	Upper Quartile	7.9%	7.0%	5.7%	6.1%	11.5%		6.6%
2.1	Married Superannuitant couple no other i/c	Lower quartile	7.1%	5.4%	4.3%	4.5%	6.7%		3.1%
2.1	Married Superannuitant couple no other i/c	Median	7.4%	6.1%	4.7%	4.9%	7.5%	7.2%	5.6%
2.1	Married Superannuitant couple no other i/c	Upper Quartile	7.7%	7.4%	5.3%	6.3%	9.8%		7.3%
2.2	Married Superannuitant couple other i/c	Lower quartile	5.4%	4.1%	3.3%	3.4%	5.2%		2.4%
2.2	Married Superannuitant couple other i/c	Median	5.8%	4.7%	3.6%	3.8%	6.1%	5.5%	4.3%
2.2	Married Superannuitant couple other i/c	Upper Quartile	6.4%	5.8%	4.1%	4.9%	8.8%		5.6%
3.1	Single working person	Lower quartile	5.8%	4.9%	3.9%	4.0%	6.5%		3.1%
3.1	Single working person	Median	6.2%	5.5%	4.2%	4.4%	7.7%	7.0%	5.5%
3.1	Single working person	Upper Quartile	6.8%	6.9%	4.8%	5.7%	9.5%		7.1%
4.1	Single adult 2 children	Lower quartile	5.3%	4.0%	3.2%	3.3%	5.0%		2.3%
4.1	Single adult 2 children	Median	5.6%	4.5%	3.5%	3.7%	5.9%	5.3%	4.2%
4.1	Single adult 2 children	Upper Quartile	6.2%	5.6%	4.0%	4.7%	8.4%		5.4%
5.1	Couple 2 children	Lower quartile	2.4%	1.8%	1.5%	1.5%	2.3%		1.1%
5.1	Couple 2 children	Median	2.6%	2.1%	1.6%	1.7%	2.7%	2.5%	1.9%
5.1	Couple 2 children	Upper Quartile	2.9%	2.6%	1.8%	2.2%	3.9%		2.5%

We have provided a further table below that highlights the households that have moved above or below the 5 % threshold in 2016. The cells highlighted in red represent those that were below 5% in 2006 but are above in 2016. Those cells highlighted in blue show those that were above 5% in 2006, but are below in 2016.

Table 7.2 Households that moved above/below 5% threshold between 2006 and 2016

Case study #	Case study description	rates range	Rates as % of income after RRS						
			Waitakere	Tauranga	Dunedin	Hastings	Far North	Tasman	Rangitikei
1.1	Single Superannuitant no other i/c	Lower quartile	8.2%	5.7%	4.1%	4.4%	7.6%		2.5%
1.1	Single Superannuitant no other i/c	Median	8.8%	6.7%	4.7%	5.1%	9.4%	8.3%	6.1%
1.1	Single Superannuitant no other i/c	Upper Quartile	9.9%	8.8%	5.7%	7.1%	13.9%		8.4%
1.2	Single Superannuitant other i/c	Lower quartile	6.4%	5.7%	5.0%	5.2%	6.2%		3.6%
1.2	Single Superannuitant other i/c	Median	7.0%	6.0%	5.4%	5.5%	7.4%	6.5%	5.8%
1.2	Single Superannuitant other i/c	Upper Quartile	7.9%	7.0%	5.7%	6.1%	11.5%		6.6%
2.1	Married Superannuitant couple no other i/c	Lower quartile	7.1%	5.4%	4.3%	4.5%	6.7%		3.1%
2.1	Married Superannuitant couple no other i/c	Median	7.4%	6.1%	4.7%	4.9%	7.5%	7.2%	5.6%
2.1	Married Superannuitant couple no other i/c	Upper Quartile	7.7%	7.4%	5.3%	6.3%	9.8%		7.3%
2.2	Married Superannuitant couple other i/c	Lower quartile	5.4%	4.1%	3.3%	3.4%	5.2%		2.4%
2.2	Married Superannuitant couple other i/c	Median	5.8%	4.7%	3.6%	3.8%	6.1%	5.5%	4.3%
2.2	Married Superannuitant couple other i/c	Upper Quartile	6.4%	5.8%	4.1%	4.9%	8.8%		5.6%
3.1	Single working person	Lower quartile	5.8%	4.9%	3.9%	4.0%	6.5%		3.1%
3.1	Single working person	Median	6.2%	5.5%	4.2%	4.4%	7.7%	7.0%	5.5%
3.1	Single working person	Upper Quartile	6.8%	6.9%	4.8%	5.7%	9.5%		7.1%
4.1	Single adult 2 children	Lower quartile	5.3%	4.0%	3.2%	3.3%	5.0%		2.3%
4.1	Single adult 2 children	Median	5.6%	4.5%	3.5%	3.7%	5.9%	5.3%	4.2%
4.1	Single adult 2 children	Upper Quartile	6.2%	5.6%	4.0%	4.7%	8.4%		5.4%
5.1	Couple 2 children	Lower quartile	2.4%	1.8%	1.5%	1.5%	2.3%		1.1%
5.1	Couple 2 children	Median	2.6%	2.1%	1.6%	1.7%	2.7%	2.5%	1.9%
5.1	Couple 2 children	Upper Quartile	2.9%	2.6%	1.8%	2.2%	3.9%		2.5%

The table shows that there has been a worsening of rates affordability in two main groups. There has been an increase in the number of household groups in Waitakere with rates

above 5% of household income in 2016. Based on the projection only the *couple with 2 children* households are projected to have rates remain below 5% of income.

The other main group that is expected to record a worsening in rates affordability is *single superannuitants with other income*.

We note that there are some small cases where households are projected to have an improvement in affordability.

7.1 Changes 2006 to 2016

The table below shows the projected percentage change in rates to household income between 2006 and 2016.

We have used a colour scale to show the relative size of the change, with red representing the largest change and green representing the lowest.

Table 7.3 Change in rates as a percentage of income 2006 to 2016

		Rates as % of income after RRS							
Case study #	Case study description	rates range	Waitakere	Tauranga	Dunedin	Hastings	Far North	Tasman	Rangitikei
1.1	Single Superannuitant no other i/c	Lower quartile	2.3%	1.0%	0.5%	-0.3%	0.4%		0.4%
1.1	Single Superannuitant no other i/c	Median	2.4%	1.0%	0.5%	-0.3%	0.4%	1.4%	0.6%
1.1	Single Superannuitant no other i/c	Upper Quartile	2.5%	1.1%	0.5%	-0.6%	0.3%		0.6%
1.2	Single Superannuitant other i/c	Lower quartile	1.9%	1.8%	1.4%	1.3%	0.6%		0.5%
1.2	Single Superannuitant other i/c	Median	2.0%	1.6%	1.7%	1.4%	0.5%	1.2%	1.6%
1.2	Single Superannuitant other i/c	Upper Quartile	2.2%	1.0%	1.7%	0.2%	0.8%		0.6%
2.1	Married Superannuitant couple no other i/c	Lower quartile	1.7%	0.4%	0.0%	-0.5%	1.0%		0.0%
2.1	Married Superannuitant couple no other i/c	Median	1.9%	0.7%	0.0%	-0.4%	1.4%	1.5%	0.3%
2.1	Married Superannuitant couple no other i/c	Upper Quartile	1.9%	1.6%	0.1%	0.5%	0.3%		1.4%
2.2	Married Superannuitant couple other i/c	Lower quartile	1.0%	0.3%	0.0%	-0.4%	0.0%		0.0%
2.2	Married Superannuitant couple other i/c	Median	1.1%	0.3%	0.0%	-0.4%	0.0%	0.6%	0.1%
2.2	Married Superannuitant couple other i/c	Upper Quartile	1.2%	0.4%	0.0%	-0.5%	0.3%		0.1%
3.1	Single working person	Lower quartile	1.1%	0.3%	0.0%	-0.4%	0.5%		0.0%
3.1	Single working person	Median	1.2%	0.4%	0.0%	-0.5%	1.3%	1.4%	0.1%
3.1	Single working person	Upper Quartile	1.3%	0.5%	0.0%	-0.6%	0.3%		1.1%
4.1	Single adult 2 children	Lower quartile	1.2%	-0.2%	-0.4%	-0.8%	-0.9%		-0.6%
4.1	Single adult 2 children	Median	1.3%	-0.2%	-0.5%	-0.9%	-0.4%	-0.5%	-1.0%
4.1	Single adult 2 children	Upper Quartile	1.4%	-0.2%	-0.6%	-1.2%	-0.9%		-0.9%
5.1	Couple 2 children	Lower quartile	0.5%	0.0%	-0.1%	-0.4%	-0.7%		-0.2%
5.1	Couple 2 children	Median	0.6%	0.0%	-0.1%	-0.4%	-0.9%	-0.2%	-0.4%
5.1	Couple 2 children	Upper Quartile	0.6%	0.0%	-0.1%	-0.5%	-1.2%		-0.6%

The table shows that councils with largest growth in overall rates between 2006 and 2016 are expected to record the largest increases in the percentage of household income spent on rates. This is most evident in Waitakere. The increase in the rates proportion of income tends to be concentrated in superannuitants households. Although the projected income growth (in percentage terms) is fairly consistent across all household types, because of the larger level of income in the households with children in 2006, this results in rates proportion growing (or falling in some cases) by a smaller amount.

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