

District Demographics Horowhenua

implications for community well-being and property rating

A review of aspects of
the New Zealand Census 2013 and
Horowhenua District Council's Annual Plan 2013/14

5 November 2014.



- The association is an apolitical, non-sectarian society dedicated to advocacy for the wellbeing of older New Zealanders, their families and their communities.
- Membership is open to any individual and presently comprises some 978 individuals, mainly residing in the urban areas of the district.
- The Association is one of 75 autonomous local organisations throughout the nation, united under the banner of Grey Power New Zealand Federation Incorporated.

Horowhenua Grey Power Association Incorporated

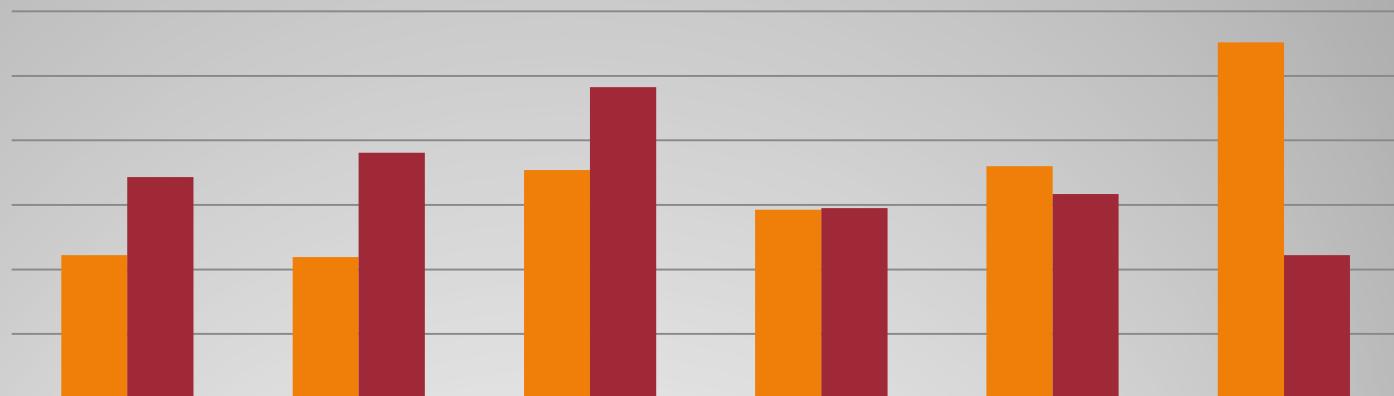
- Nation-wide concern that rates are unaffordable for low to middle income households.
- This concern is important in the present environment of unacceptable and worsening inequality of incomes. The New Zealand Census 2013 reveals Horowhenua is among the very worst manifestations of this predicament.
- Horowhenua Grey Power has reviewed the Census data against the ‘time-consistent’ background of the district council’s 2013-2014 Annual Plan. Grey Power establishes the seriousness of the affordability challenge continuing to face low to middle income households.
- Household expenditure is a core influence for ‘better’ or ‘worse’ economic performance internal to the district. Non-discretionary expenditure has reached such proportions that household discretionary expenditure is lower than that required to maintain a healthy local economy.
- Within the context of local decision-making the ‘challenge’ lies with Council to respond to Grey Power’s assertions and engage openly with its communities to restructure its property rating model to provide initial relief for low to middle value residential properties through the forthcoming review of the Long Term Council Plan.

Executive Summary

New Zealand vs. Horowhenua

Median \$63,800 Median \$39,100

■ New Zealand ■ Horowhenua



	\$20,000 or less	\$20,001 to \$30,000	\$30,001 to \$50,000	\$50,001 to \$70,000	\$70,001 to \$100,000	\$100,001 or more
New Zealand	11.11%	10.95%	17.70%	14.63%	18.00%	27.60%
Horowhenua	17.15%	19.03%	24.13%	14.76%	15.85%	11.11%

Source: New Zealand Census 2013 (Statistics New Zealand)

Distribution of Household Incomes (Percentage by Income Groups)

Ward or District		Median Household Income
Waiopehu		\$55,700
Miranui		\$51,100
Horowhenua District		\$39,100
Kere Kere		\$36,900
Levin		\$33,900

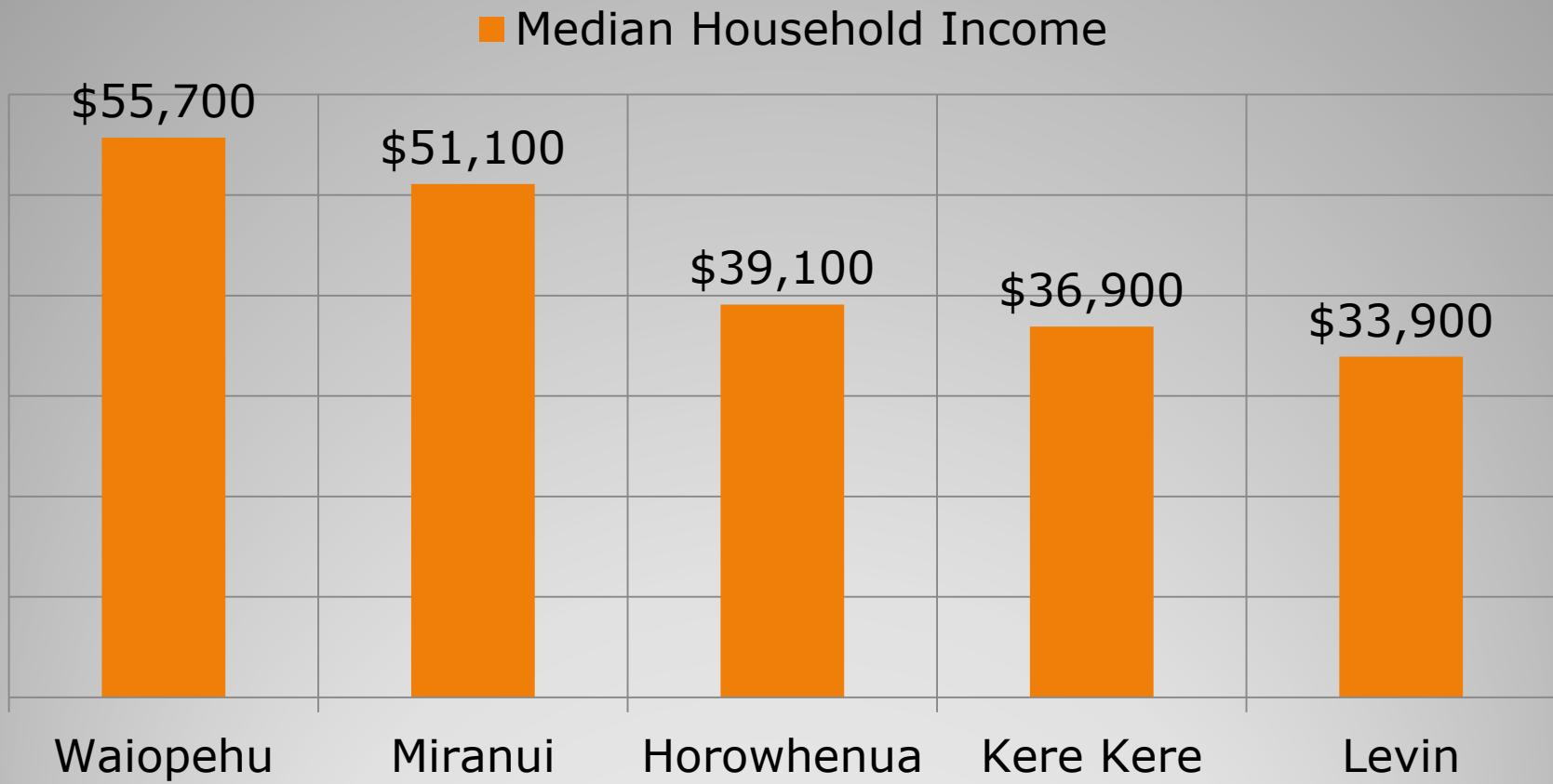
Source: New Zealand Census 2013/ (Statistics New Zealand)

Note:

New Zealand wide, median = \$63,800

Source: New Zealand Census 2013 (Statistics New Zealand)

Median Household Income (Disparity between Wards)

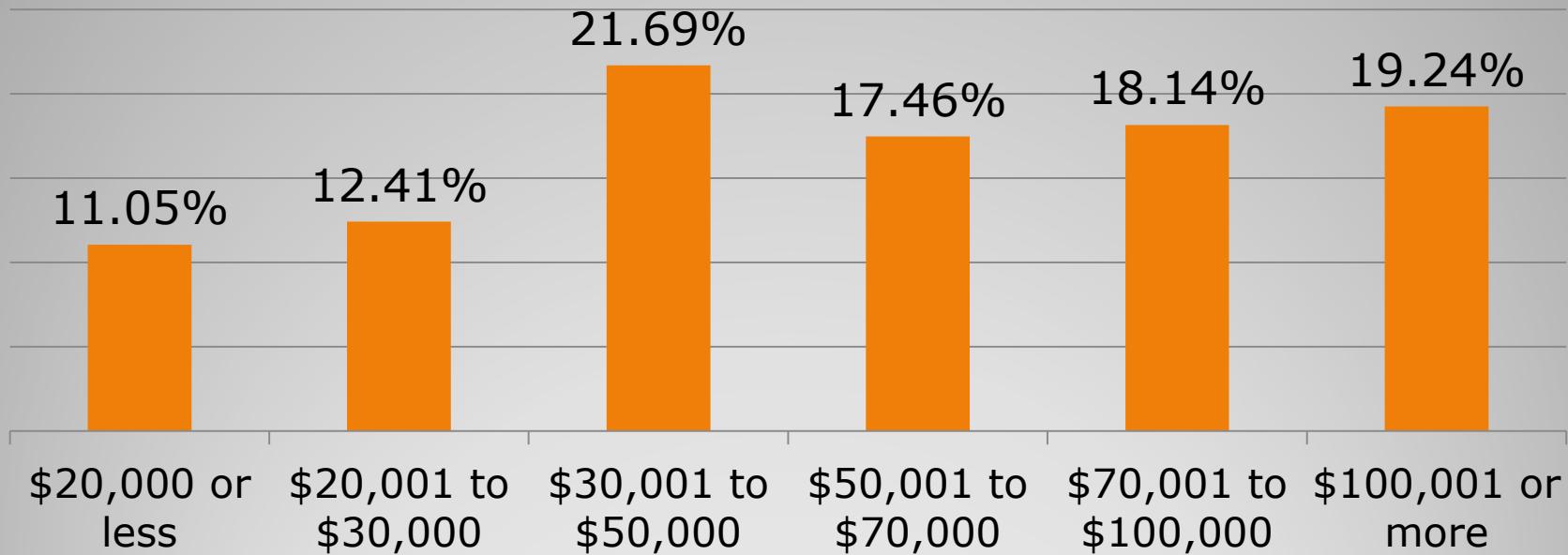


Source: New Zealand Census 2013 (Statistics New Zealand)

Median Household Income (Disparity between Wards)

Waiopahu Ward

Percentage of households by income group

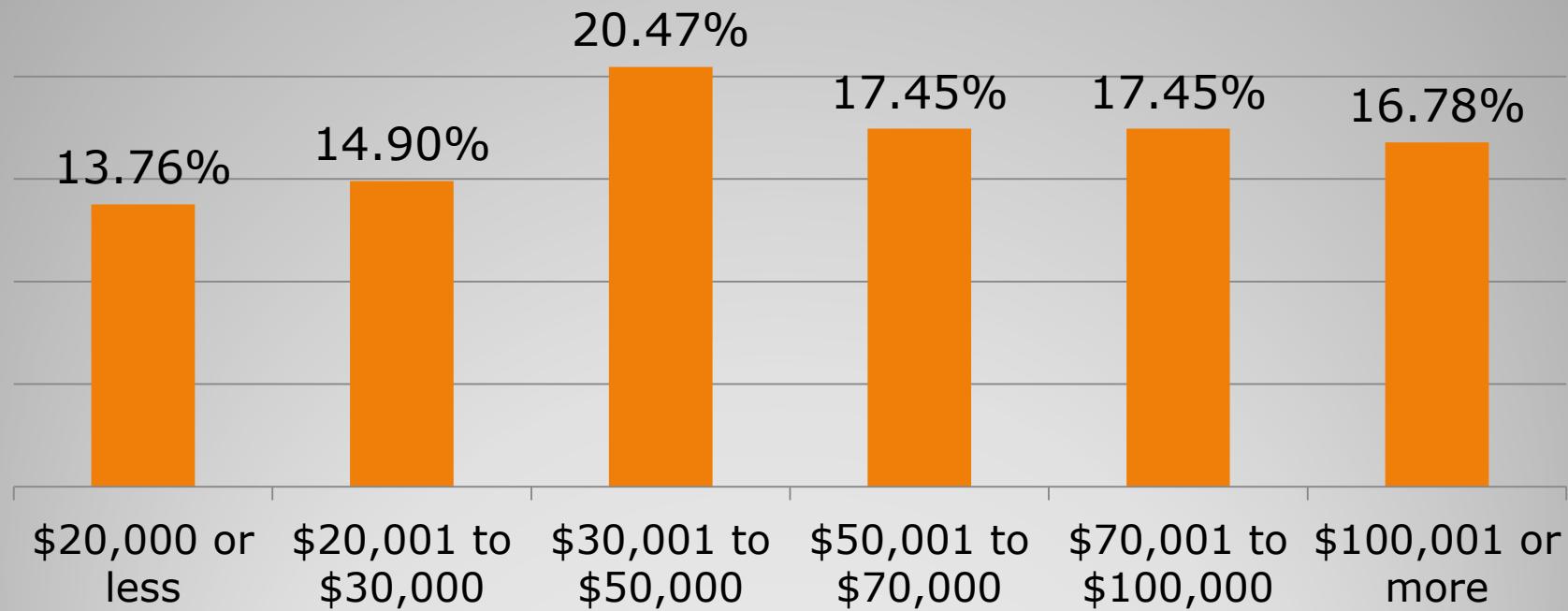


Source: New Zealand Census 2013 (Statistics New Zealand)

Highest median Household Incomes

Miranui Ward

Percentage of households by Income Group

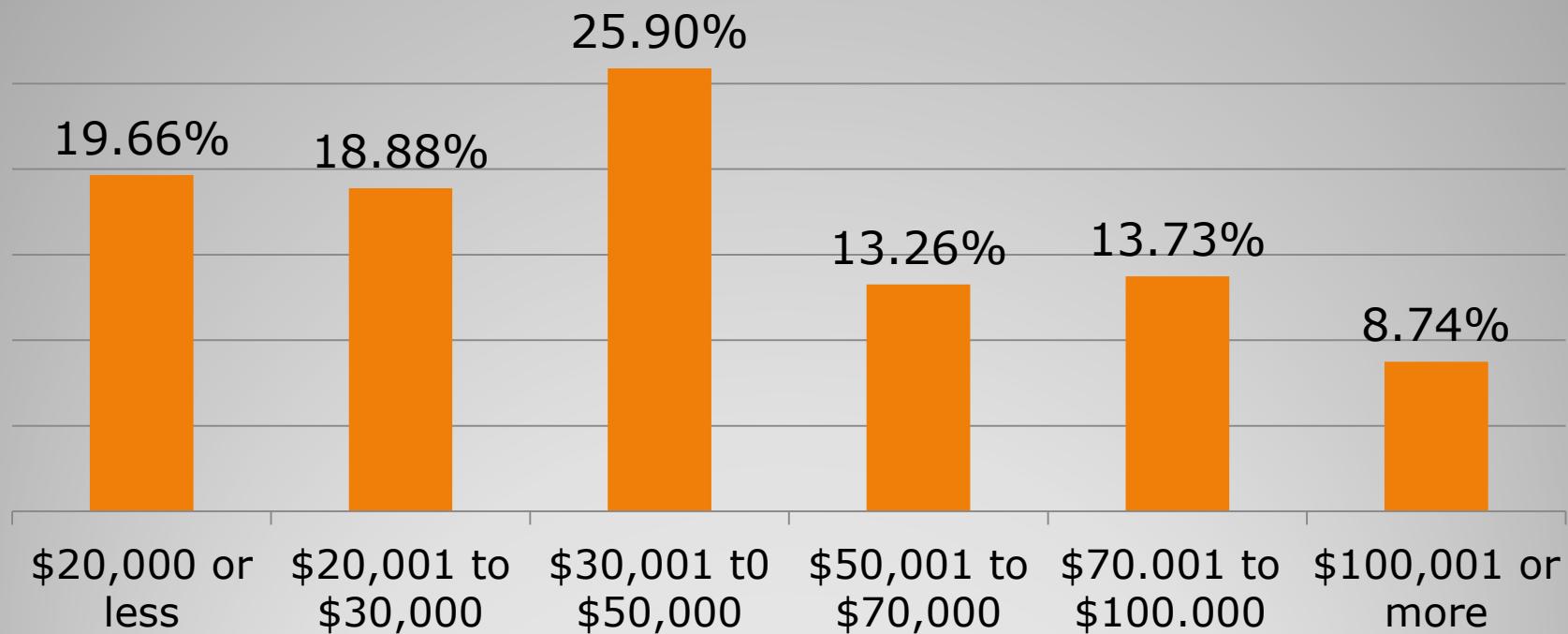


Source: New Zealand Census 2013 (Statistics New Zealand)

Next Highest median Household Incomes

Kere Kere Ward

Percentage of households by income group

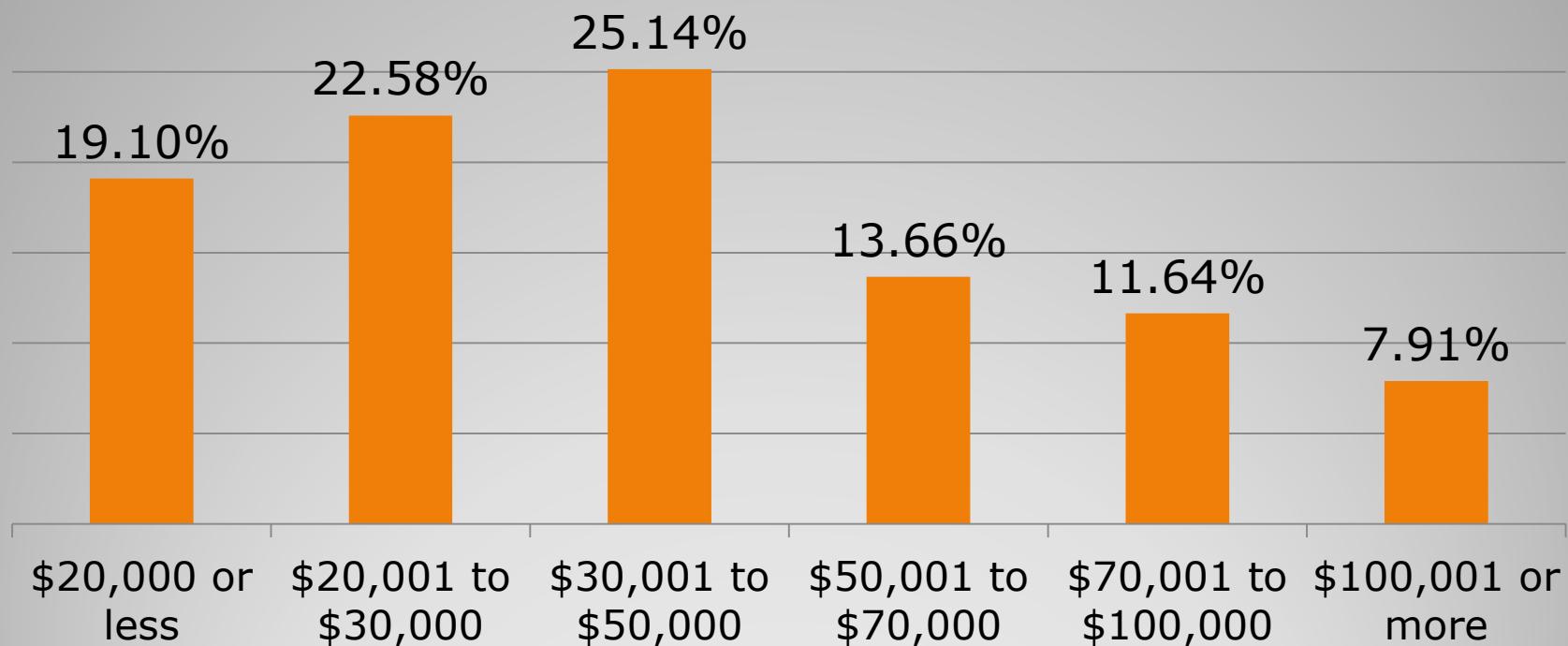


Source: New Zealand Census 2013 (Statistics New Zealand)

Next Lower median Household Incomes

Levin Ward

Percentages of households by Income Group



Source: New Zealand Census 2013 (Statistics New Zealand)

Lowest median Household Incomes

- The existence of an affordability problem in Horowhenua is incontrovertible.
- The Census data for Household Incomes supports Grey Power's belief that virtually fifty percent (50%) of district households, in meeting their rating liability, are faced with either borrowing, compromising expenditure on other essential requirements of healthy living or 'drawing down' rapidly diminishing cash reserves. This is simply unsustainable.
- The most recent definitive consideration of the affordability of rates for 'households' as opposed to other forms of land use is recorded in the 'Report of the 2007 Rating Inquiry' (the Shand Report). This wide reaching inquiry established that rates become unaffordable for households when the ratio of rates reaches five (5) percent of gross household income.
- The 'inquiry' also concluded that the incidence of rates to business revenues was so minimal as to remove any suggestion that business entities experienced 'affordability' problems arising from local government revenue gathering.

A serious rating 'affordability' problem exists for low to medium income households, in Horowhenua.

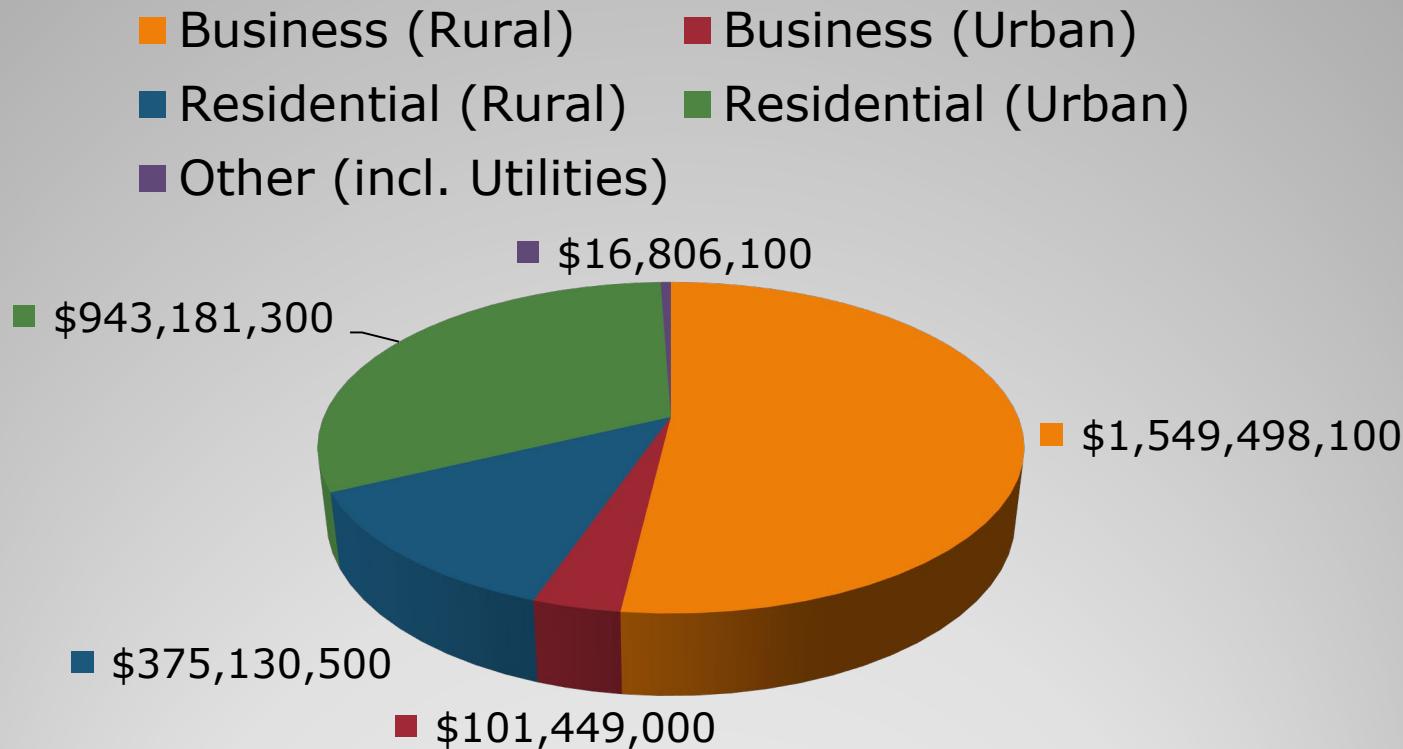
- Grey Power believes modification of the present rating model by restoring 'valuation proportionality' to the levying of rates provides opportunity to increase consumer spending, thus creating a more favourable economic environment within the district.
- Such action is within the power of 'elected representatives' and restoring distributional equilibrium is a 'just remedy' for correction of a long-standing imbalance in the distributional impact of the district's funding initiatives.

Elected representatives enjoy wide-ranging discretion in modelling rating systems to meet community well-being objectives.

- There exists considerable argument as to the 'fair' or 'equitable' share of rating liability.
- Rating is not a 'user pays' funding system but is, in fact, a form of property taxation.
- The one benefit universally derived from local government by individual ratepayers is the 'enhancement' of their property investment.
- Therefore, should not 'rating liability mirror the relative valuation of such property investments?

Rating liability should better reflect the value of ratepayers' property investment !

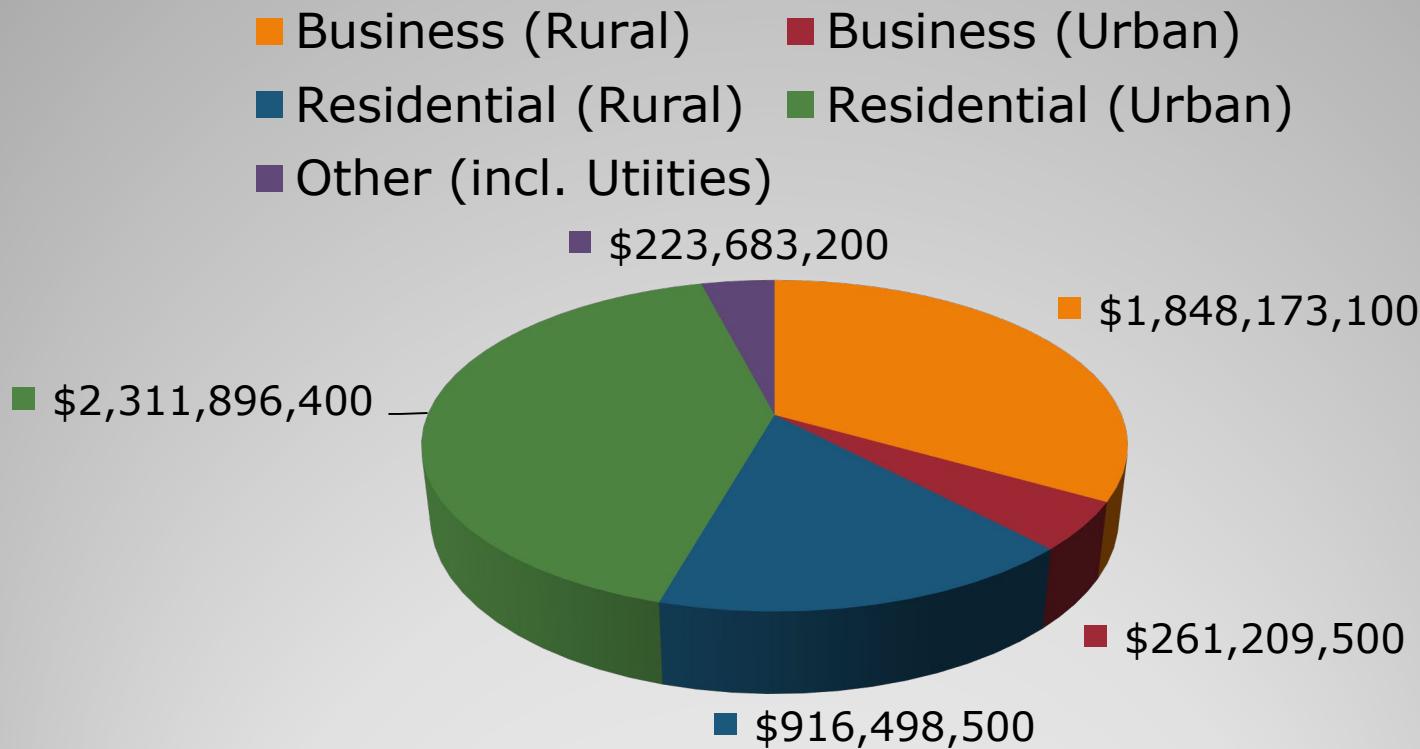
Land Value



Source: Horowhenua District Council, Valuation Roll (August 2011)

Horowhenua's Property Profile Land Value (LV)

Capital Value



Source: Horowhenua District Council, Valuation Roll (August 2011)

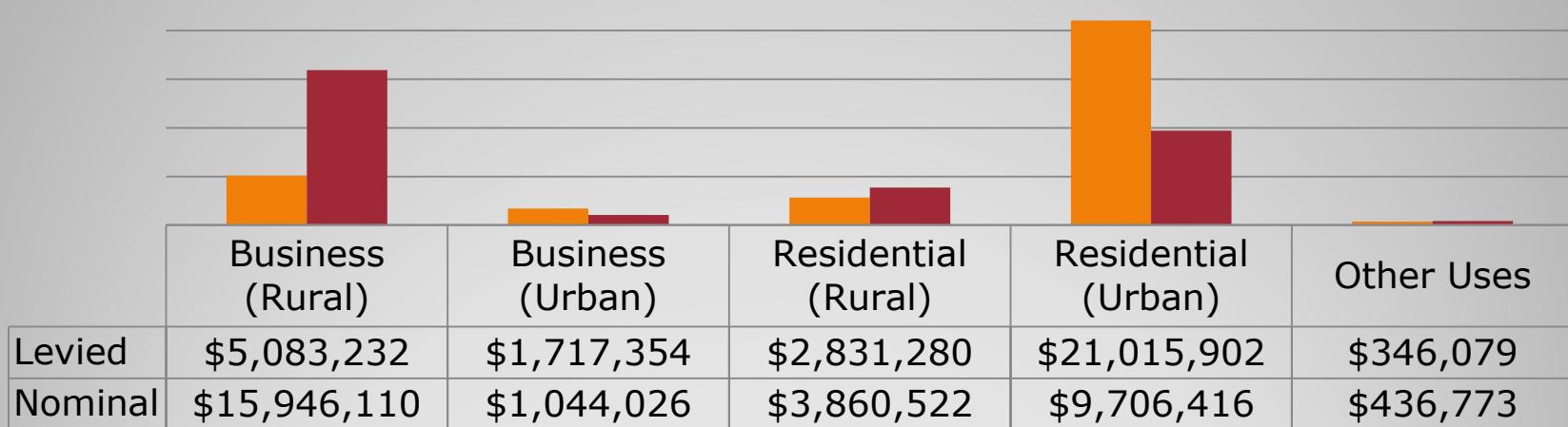
Horowhenua's Property Profile Capital Value (CV)

Business, Residential and Other Uses

Total rates levied vs. Nominal apportioned to Land Value

Annual Plan 2013-2014

■ Levied ■ Nominal



Source: Horowhenua District Council. 2013-2014 Annual Plan

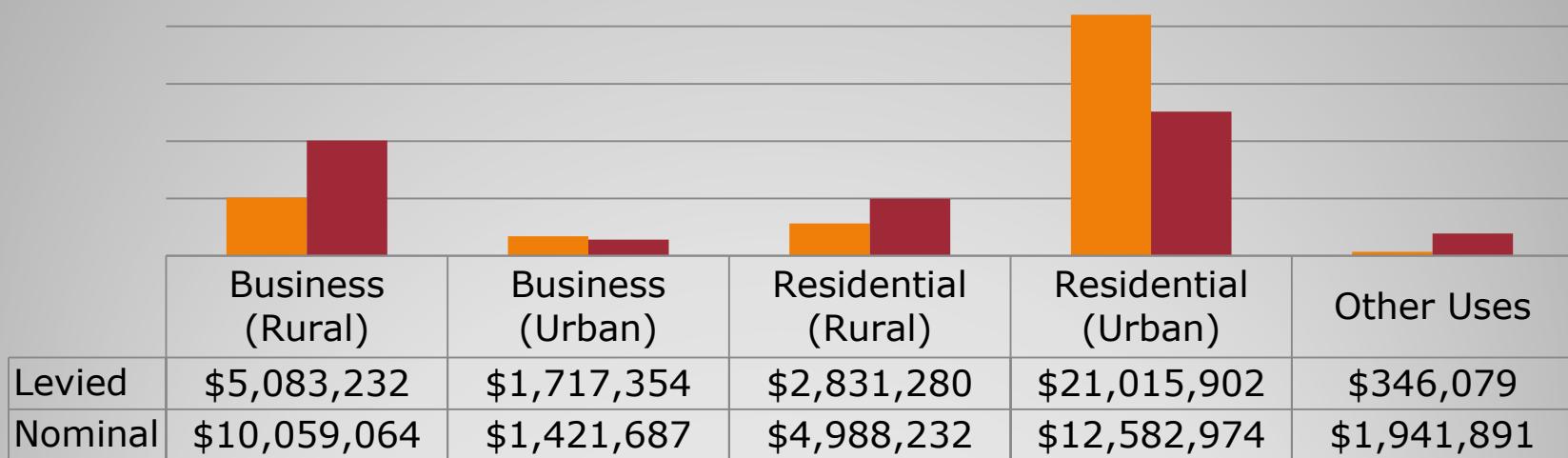
**Present Rating Model
defies Valuation Apportionment (1)**

Business, Residential and Other Uses

Total rates levied vs. Nominal apportioned to Capital Value

Annual Plan 2013–2014

■ Levied ■ Nominal



Source: Horowhenua District Council, Annual Plan 2013-2014

**Present Rating Model
defies Valuation Apportionment (2)**

- Our concerns are important in the present environment of unacceptable and worsening inequality of incomes. The New Zealand Census 2013 reveals Horowhenua is among the very worst manifestations of this predicament.
- Horowhenua Grey Power has reviewed the Census data against the 'time-consistent' background of the district council's 2013-2014 Annual Plan. Grey Power has established the seriousness of the affordability challenge continuing to face low to middle income households.
- The challenge of building 'affordability' into a revised rating model is not insignificant and incremental progress toward this objective over perhaps five years, is indicated. The desired outcome over such 'transitional period' would be achieved when 'affordability' for households is measured as the ratio of 'total rates/gross household incomes' and, for business 'total rates/gross sales.'
- Within the context of local decision-making and the forthcoming review of the Long Term Council Plan, Council has an opportunity to respond to Grey Power's assertions and engage openly with its communities to restructure its property rating model to provide initial relief for low to middle value residential properties

The Way Forward