



Community Housing
Nga Wharerau o Aotearoa

PO Box 11543
Wellington
New Zealand
Ph 04 385 8722
www.commmunityhousing.org.nz

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Contact: Scott Figenshow 021 061 9664

Second-class certainty: sticky plaster tax policy?

The Government's announcement about tax provisions to remedy issues over the charitable status of community housing providers is causing concern in the sector, according to Scott Figenshow, Director of Community Housing Aotearoa, the umbrella organisation for the sector.

"Housing is the number one issue in New Zealand and the Government continues to struggle with it."

He says the Government solution creates a new regulatory regime and doesn't resolve the fundamental issues around housing and the work of the modern NGO charitable sector.

"We have met with Minister Bennett and MBIE officials, and are confident they understood that the best solution was to amend the Charities Act as the place where the certainty should be confirmed. Why the rest of cabinet didn't see it this way when they had evidence to support it as the right approach is very frustrating."

"We are worried that implementation of this decision, once it goes through the parliamentary process, may lead to more upheaval within the sector at the very time that we need to be focused on building more housing for those in need. Instead, trustees will need to spend money and time navigating this new regime of tax exemption outside of the Charities Act. That may well require new trust deeds and consulting advice on how the transfer of assets is managed. That money would be better spent on meeting urgent housing need," Mr Figenshow says.

"That Minister Bennett has finally gotten the government to a decision is an achievement, as the confusion around tax exemption and charitable status has been a festering sore for over four years and should have been fixed at the beginning of the reform programme," Mr Figenshow says.

"We consider this announcement a first step but will continue to lobby for changes in the Charities Act. While we are pleased that they have chosen to use the Homestart levels rather than lower quartile levels, they have used a substandard policy approach to implement this."

Mr Figenshow says the Government has got it wrong in saying that home ownership programmes are by definition non-charitable.

"If Ministers want to form a view on what is meant to be charitable then the proper democratic practice they should use is a formal review of the Charities Act.

“Although we have not seen any policy papers we look forward to being consulted on them as the body which represents the sector the Government wishes to work with. All New Zealanders understand the need to grow the number of homes available for the working poor, whether to rent or own.”

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