

Census 2013 – shortcomings in questions about housing

RPRC *PensionBriefing* 2013-4

Every five years, the government collects detailed information on New Zealanders and their homes through the Census. The 2013 questions on home ownership are the same as those asked in 2006 so we will still not really know what proportion of New Zealand's households own the home they live in.

In summary

Most New Zealand households live in homes that they own. We find out that number through the five-yearly Census¹. There is much interest in the headline numbers that are used as indicators of changing patterns of housing affordability both now and in the future. It should be easy to find out whether a household owns its home. For a number of reasons it is not and that is not helped by gaps in the Census questions.

Census data for 2006 show that, on Census night, at least 63% of dwellings were owned by the occupants, either directly (51%) or through a family trust (12%). Another 27% paid rent for their homes. That leaves about 10% of occupied dwellings where we do not know what the 2006 relationship was between owners and occupiers. That 'gap' has the potential to skew any analysis of home ownership rates.

Unfortunately, the questions asked in the 2013 Census were the same as in 2006. The relevant questions for the next Census need changing to provide us with accurate information on the *economic* status of the relationship between all owners and occupiers.

Background to the Census

Every five years, Statistics New Zealand collects information about everyone in New Zealand on Census night, including tourists and visitors, and about the dwellings they were in on Census night. Tourists and visitors also complete the Individual Form but do not have to provide any information about the place they were in on Census night. In each household, there must be an Individual Form completed for everyone, including children, and also a Dwelling Form, whether the dwelling is owned, rented or occupied on some other basis.

The person who completes the Dwelling Form must state how many Individual Forms are completed for people in the dwelling on Census night and give their names and relationship to the person completing the form.

Completing the forms is required by law.

“Census information is needed for planning vital public services such as education, health, housing, and transport. It is also used to help understand how our society changes over time.” (Census 2013 forms)

¹ The last Census from which we have data was carried out in 2006. The 2011 Census was deferred to 2013 following the Christchurch earthquakes.

The prevalence of trusts confuses Census tenure questions

Family trusts are very common in New Zealand. They usually hold family assets such as the home, business and other financial assets. With the abolition of gift duty from 1 October 2011, it has become much simpler to shift assets into a trust. We no longer need the complex sale, loan back and annual forgiveness of debt that used to apply.

We do not know how many family trusts there are. The Law Commission said:

“There is no definitive record of trusts² in New Zealand, so it is impossible to be certain of their number. However, indications are that the number of trusts per head of population here may be considerably greater than that of England, Australia and Canada. We can be sure that there are at least 237,500, since this was the number of tax returns filed by trusts with the Inland Revenue department (IRD) for the 2007–2008 tax year³. This number increased from 145,900 in the 2000–2001 tax year. Based on the 2008 figure, the most cautious assessment is that there is one trust for every 18 people in New Zealand⁴. Trustees are required to file a tax return if the trust earns income during the financial year. **However, they are not required to alert IRD (or any other agency) to their existence if they are not income earning.** Some commentators have estimated that the number of trusts may range up to 400,000.” Law Commission (2010), pp. 5-6 (emphasis added)

Because trusts are so prevalent, it is important for the Census forms to precisely frame the questions to find out what respondents own, especially when it concerns home ownership. As explained below, Statistics New Zealand did not manage that in 2006. Because the 2013 questions are the same (and the explanatory notes are broadly the same), the data gaps that were apparent from the 2006 results will not be filled in 2013.

Individual Form - ‘Tenure holder’

Question 24 of the Individual Forms, used in both 2006 and 2013, attempts to find out whether respondents own the dwelling they occupy on Census night:

“24 Do you yourself own, or partly own, the dwelling that you usually live in (with or without a mortgage)? Note: “If you hold the dwelling in a family trust, mark ‘yes’.”

There is, however, a problem with the explanatory note that is also reflected in the tenure questions of the Dwelling Form itself. It asks the respondent to answer ‘yes’ if the *respondent* “...hold[s] the dwelling in a family trust”. That does not describe what happens if the *trustees* of a family trust “hold the dwelling”.

There are two separate points:

- The respondent completing the Individual Form may be a trustee of the family trust and so may be one of the *legal*⁵ owners, but may not be. Other candidates

² The Law Commission refers here to more than just ‘family trusts’. The reference also includes will trusts (estates) and charitable trusts. At 6 May 2013, there were 24,997 registered charities in New Zealand (see [here](#)) but charities do not have to be ‘trusts’. They are usually incorporated or unincorporated societies.

³ The Inland Revenue’s record of returns is under the heading ‘Estates or Trusts’ and includes trusts filing a nil return of income – see [here](#). The Inland Revenue’s more recent published statistics are for 2011 and the total had grown to 248,900 (see [here](#)).

⁴ The ‘trusts per head of population’ is one for every 34 Australians; one for every 148 Canadians and one for every 294 UK citizens – compared with one for every 18 New Zealanders (Law Commission (2010)).

⁵ When a trust owns property of any kind, there are two types of relationship: the trustee(s) hold the *legal* title and to the outside world look as though they are the only owners. However, the trustee(s) hold that legal title on behalf of the real, *beneficial* owners. They do not hold title for themselves but in accordance with the terms of the trust. The trust could be governed by the terms of a will (a ‘will trust’) but it will be more commonly governed by a formal document – a trust deed. The true ownership position can *look*

for trustees might include professional advisers (lawyer, accountant), a professional corporate trustee or even a company incorporated by the family specifically for the purpose. If, for example, the respondent is not a trustee of the family trust that owns the dwelling, the correct answer to question 24 of the Individual Form is 'no'; the respondent does not "hold the dwelling in a family trust".

- "Hold" is an unusual word to use in this context. The question should be whether a family trust *owns* the dwelling. Trustees often *hold* assets on trust, but are not the beneficial owners and the framer of the Census question may have been confused by the expression "holds".

If the Census wanted to know if the respondent's 'usual' dwelling was owned by a family trust then it should have asked that question. The alternative answers would have been a simple 'yes' or 'no'. It doesn't matter who the trustees of the family trust are. What matters is whether the home is owned by a family trust; and whether there is an *economic* link between owner and occupier.

There is an important reason to be 'legalistic'.

A family trust may be set up for a number of reasons: to reduce a family's income tax, maximise state benefit entitlements, protect a family's assets from creditors or distance family assets from public scrutiny. They can also allow a smooth, flexible transfer of assets from an older to a younger generation in a family, rather than by using the relatively blunt instrument of a will, following the owner's death.

Given the essentially private nature of this kind of vehicle, respondents to Census questions on the way the family owns its home might be expected to not reveal information they want to keep confidential. Statistics New Zealand tells respondents that it must by law keep individual information confidential (and produces data in a way that protects that), but some reluctance probably persists despite this. Respondents can therefore be expected to answer only the questions they are forced to answer and only in ways that minimise the amount of information given. In fact, they would probably prefer to keep the very existence of the family trust away from any official scrutiny.

The detail of this question in the Individual Form allowed respondents unnecessary freedom as to the answer they gave.

Dwelling Form - Tenure of dwelling

Questions 7 to 13 of the Dwelling Form used in both 2006 and 2013 try to find out who owns the dwelling and whether rent or mortgage payments are being made. Appendix 1 reproduces the panel of questions from the 2006 form, with some comments the RPRC made in its 2008 submission to Statistics New Zealand on the format for the then 2011 version (Retirement Policy and Research Centre, 2008).

The following analyses each of the seven questions from the perspective of a family where the home was in fact owned by the trustee(s) of the family trust and the 2013 Census is trying to establish whether that is the case.

confused if a trustee of the trust is also a beneficiary but the legal distinctions are usually clear: a person acts either as a trustee or a beneficiary but sometimes might wear two different hats.

Question 7

Do you, or anyone else who lives here, hold this dwelling in a family trust?

Comment: If the home does belong to a family trust, the wording of question 7 suffers from the same shortcoming as question 24 of the Individual Form. The *Guide Notes* issued with the forms are also unhelpful and legally misleading. The note for question 7 says:

“7 What is a family trust?”

A family trust is a special way of owning property such as a home. The home is owned by a group of people, not an individual. The family trust arrangement will be set out in a legal document, usually called a trust deed.”

As with question 7 itself, the explanation assumes that the trust property is legally held by individuals (in fact, several individuals, not just one). That is not a defining characteristic of a family trust and the respondent could legally answer ‘no’ to whether the home is owned by a “family trust” if it is not owned by “a group of people”.

A respondent should know what the question intended but, if there is a gap in the definition that avoided giving unwanted information, the Census question has potentially lost its coercive value to insist on accurate, complete responses.

As with the Individual Form, there are difficulties:

- If the respondent is *not* an individual trustee of the family trust that owns the dwelling (and there is no individual in the dwelling who is), the answer to question 7 should be ‘no’. Only the trustees can say that they “hold” any of the trust’s assets. The less-confident respondent might answer ‘don’t know’ though it is difficult to see why ‘don’t know’ is even given as an option⁶.
- Even if one of the individuals living in the dwelling is a trustee, the answer could still be ‘no’ because it is the trustees as a whole who have legal title to the dwelling, not just one of them. However, given the confusing description, the more likely answer from someone who doesn’t really want to say would, again, be ‘don’t know’.
- The question and the guide note also miss ‘will trusts’ where the dwelling belongs to the estate of the deceased former owner and the respondent is entitled to be the occupier because of the terms of the will. For example, a surviving spouse might have a life interest in the dwelling but would not be the owner. In completing the Census, the ‘life tenant’ might not recognise that arrangement as a ‘family trust’ and, again, the estate’s executor might not be “a group of people”. The *Guide Notes*, read closely, exclude will trusts from the definition of ‘family trusts’.

If the answer to question 7 is ‘yes’, question 8 follows. If it is ‘no’ or ‘don’t know’, question 9 must next be answered.

⁶ The answer is probably related to the fact that even renters need to answer question 7 about family trust ownership. An arms-length renter probably has no idea who the legal owner is and should not, in our view, even be asked question 7. This question should be directed at just those occupiers who have an economic interest, in the broad sense, in the dwelling’s ownership.

Question 8

Does that trust make mortgage payments for this dwelling?

Comment: This is an odd question and legally, is virtually meaningless. Question 8 applies only to a respondent who has already said that the dwelling is ‘held in a family trust’ but a ‘yes’ answer to question 8 does not tell us what the true nature of the ‘debt’ actually is? Is it arms-length or part of a debt-forgiveness programme? Does the annual forgiveness process constitute a “mortgage payment”? Does it matter whether “mortgage *payments*” are being made?

The making of mortgage payments is not a defining test of ownership, particularly where a family trust (or even a will trust) is involved. What the Census should be trying to discover is the amount of ‘arms-length’ debt secured on the dwelling that is ‘held in a trust’. Renters have to supply detailed information about the rent they pay (question 12); we need equivalent information for dwellings ‘held in a family trust’.

Even if the answer is ‘no’ (there are no “mortgage payments for this dwelling”), that doesn’t tell us whether there is a mortgage, only that there are no payments being made.⁷

Question 9

Do you, or anyone else who lives here, own or partly own this dwelling (with or without a mortgage)?

Comment: Having probably discovered that the dwelling is not ‘held in a family trust’ (question 7), this is the ‘direct ownership’ question. However, if the dwelling is actually ‘held in a family trust’ but the respondent has answered ‘no’ or ‘don’t know’ to question 7 then the answer to this question 9 will again be ‘no’.

If a trust is the actual owner, we will not understand the true economic position – that the family owns the dwelling on some basis. With a ‘no’ answer, the respondent must now go to the next question 10.

Question 10

If nobody who lives here owns this dwelling, who owns it?

Comment: Question 10 offers five choices. For our family-trust-owned dwelling, the only relevant answer is the first – “private person, trust or business”. However, the last possibility is ‘don’t know’. If ‘don’t know’ was the answer to question 7 then it could well be the same again here.

If our respondent chooses “private person, trust or business”, we still won’t know if the “trust” is connected with the occupying family.

Question 11

Does this household pay rent to an owner (or to their agent) for this dwelling?

Comment: The next two questions 11 and 12 concern the question of rent. Occupiers of a family-trust-owned dwelling probably won’t be paying rent and so would choose ‘no’ to question 11 and that would be the last housing tenure question for them.

⁷ The *Guide Notes* say that, if there is a “short-term mortgage repayment holiday” the equivalently worded question 13 (but, interestingly, not question 8) should be answered ‘yes’. That does not affect the analysis here.

If the occupiers of a family trust-owned dwelling were paying rent, it could be a nominal amount to cement the formality of the landlord (trust)/tenant (occupier) relationship⁸.

Question 12

How much rent, to the nearest dollar, does this household pay to the owner (or to their agent) for this dwelling?

Comment: It is at least curious that the Census asks for precise information about rent payments (“to the nearest dollar”) but does not require the same level of detail about the size of an owner’s mortgage⁹. Questions 8 and 13 ask only whether “mortgage payments” are made. As we have said, that is virtually meaningless.

Using the information required from renters as an example, the Census should ask ‘owners’ how much is owing under the mortgage and how much of that is borrowed for business purposes.

As an aside, asking about business loans (where the home is used as security) would help to fill a long-standing gap in the Reserve Bank of New Zealand’s data on mortgage debt. The RBNZ knows the total amount owing on house mortgages but not the purpose for borrowing the money. Borrowing to buy or improve a home has a different economic status from using the home as security to buy or build a business.

Question 12 does not allow the respondent rent-payer to avoid putting in a dollar amount. However, 5.1% of all households (73,659 households or 16.3% of all renters) did not answer this question. That seems unsatisfactory and may be affected by the family trust factor.

Question 13

Do you, or anyone else who lives here, make mortgage payments for this dwelling?

Comment: For ‘owners’ with no family trust involvement, the answers to questions 9 and 13 are the only ones that provide substantive information on tenure. As with question 8 (where a family trust *is* involved – see question 8 above) this question 13 is virtually meaningless. If there are no “mortgage payments”, that does not mean there is no mortgage.

The 2006 Census results on tenure

Given the shortcomings with the 2006 Census questions, the results on the housing tenure questions were not surprising. Tables 1 and 2 below analyse what that Census discovered.

⁸ In 2006, of the 451,962 respondents who classified themselves as living in rented, private, occupied dwellings, 16.2% did not specify a rent and so the dwelling may in those cases be ‘held in a family trust’. Another 0.2% said there was no rent. A further 2.5% paid \$50 a week or less. Source: Statistics New Zealand Census 2006 results: Table 64, *Weekly Rent Paid by Household*.

⁹ The 2001 Census did not require the rent to be specified.

Table 1: 2006 Census data¹⁰

Census 2006 – Table 62		
Tenure of Household		
<i>for Households in Private Occupied Dwellings, 2006</i>		
Category		Number of Households
10	Dwelling Owned or Partly Owned by Usual Resident(s), Mortgage Arrangements Not Further Defined	26,529
11	Dwelling Owned or Partly Owned by Usual Resident(s), Who Make Mortgage Payments	405,267
12	Dwelling Owned or Partly Owned by Usual Resident(s), Who Do Not Make Mortgage Payments	312,159
20	Dwelling Not Owned by Usual Resident(s), Rental Arrangements Not Further Defined	6,312
21	Dwelling Not Owned by Usual Resident(s), Who Make Rent Payments	388,272
22	Dwelling Not Owned by Usual Resident(s), Who Do Not Make Rent Payments	57,378
30	Dwelling Held in a Family Trust by Usual Resident(s), Mortgage Arrangements Not Further Defined	13,386
31	Dwelling Held in a Family Trust by Usual Resident(s), Who Make Mortgage Payments	72,828
32	Dwelling Held in a Family Trust by Usual Resident(s), Who Do Not Make Mortgage Payments	81,711
77	Response Unidentifiable	22,323
99	Not Stated	68,013
Total		1,454,175

Source: Statistics New Zealand, 2006

Table 2 summarises the main categories from the perspective of trying to identify the true ‘economic’ relationship between the dwelling and its occupiers.

Table 2: 2006 Census data categorised

Census 2006	
Tenure of Household	
<i>for Households in Private Occupied Dwellings, 2006</i>	
(Grouped by category)	% of all households
1. Dwelling Owned or Partly Owned by Usual Resident(s) (Categories 10, 11 and 12 in Table 3)	51.16%
2. Dwelling Not Owned by Usual Resident(s), Rental Arrangements Not Further Defined (Category 20)	0.43%
3. Dwelling Not Owned by Usual Resident(s), Who Make Rent Payments (Category 21)	26.70%
4. Dwelling Not Owned by Usual Resident(s), Who Do Not Make Rent Payments (Category 22)	3.95%
5. Dwelling Held in a Family Trust by Usual Resident(s) (Categories 30, 31 and 32)	11.55%
6. Response Unidentifiable	1.54%
7. Not Stated	4.67%
Total	100%

Source: author’s calculations

Table 2 identifies three categories where the tenure of “Private Occupied Dwellings” on Census night in 2006 was reasonably clear:

- ‘Owned or partly owned’	51.16%
- ‘Rent payments’ made	26.70%
- ‘Held in a family trust’	<u>11.55%</u> ¹¹
Total	89.41%

¹⁰ A spreadsheet from Statistics New Zealand *Dwelling occupancy* status is available [here](#).

¹¹ We know there were at least 248,900 trusts in 2011 (see footnote 3 on page 2) – some will be charities but most of those would be ‘family trusts’. Some suggest there could be as many as 400,000 trusts (Law Commission (2010)). That could mean somewhere between 15% and 25% of all occupied dwellings on Census night in 2006 could be owned by a family trust that is associated with the occupiers. Not all family homes would have been placed in the family trust but the 11.55% who said they were seems low.

Another 4.38% said they weren't the owners but said, either that they did not pay rent (3.95%) or would not say what the rent arrangements were (0.43%)¹².

In summary, the 2006 Census showed that households were paying rent in respect of 26.7% of all occupied dwellings. We do not know whether the amounts paid were market-related rents so even that statistic does not necessarily mean all 26.7% were owned at arms-length from the household-occupiers.

That leaves 10.59% of dwellings (items 2, 4, 6 and 7 in Table 2) that were occupied on Census night but where the ownership position was unclear from the results. These four categories could all fit into the 'owner-occupied' category if only the Census had been able to establish the true ownership position. To illustrate from Table 2:

- **Item 2** (0.43% of occupied dwellings): if the private dwelling is not owned by the 'usual resident' but the 'rental arrangements [were] not further defined', that could describe a family trust-style of ownership.
- **Item 4** (3.95% of occupied dwellings): if the private dwelling is not owned by the 'usual occupant' but by an unrelated party, why would they not be paying rent? It is possible that the house was provided rent-free as part of employment remuneration arrangements but that is less likely to be the case now than in the past. Also, a family-owner might be helping the children out; or the occupants could be house-sitters. In either case, a family trust might again be the true owner.
- **Item 6** (1.54% of occupied dwellings): it seems difficult to understand why a response might be "unidentifiable". Perhaps the true owner did not want to answer.
- **Item 7** (4.67% of occupied dwellings): This is the 'not stated' category. The occupiers of 68,013 homes on Census night in 2006 did not say whether they, their family trust or an arms-length person or entity owned the dwelling. They presumably come from the respondents who answered 'don't know' to question 7 (family trust question). As already suggested, a respondent answering 'on behalf of' a family trust owner could easily lead to the 'don't know' result without deliberately supplying a misleading answer.

The confusing and porous nature of the 2006 Census questions probably contributed to the relatively large number of failed responses (6.2%) detailed in items 6 and 7 above.

Unoccupied dwellings

Finally, the Census data in Table 1 exclude holiday homes and other dwellings that were unoccupied on Census night. The 2006 Census noted 159,276 unoccupied dwellings¹³.

The total number of *occupied* dwellings on Census night was 1,454,175 (see Table 1). Adding the *unoccupied* dwellings means that total dwellings in 2006 were 1,613,451 of which 9.9% were unoccupied.

The Census no longer collects data on why dwellings were unoccupied. The last data were in respect of 1986 and 1991. Over those two Censuses, the average proportion of

¹² Putting aside the 'unidentifiable' responses and the 'not stated', of the remaining 93.79% who gave some information about tenure (in respect of 1,363,839 homes), 54.5% said they were owners and a further 12.3% indicated the involvement of a family trust. That accounts for 66.8% of homes where we know a reasonable amount about tenure. There was rent payable in respect of 28.5% of those 1,363,839 dwellings.

¹³ This was about the same number as the 154,000 from Tables 3 and 4 (10.59% of all occupied dwellings) where the relationship between owner and occupier was unclear. In total, the 2006 Census did not identify the ownership/occupancy arrangements of about 313,000 dwellings (19.4% of all dwellings).

unoccupied dwellings that were holiday homes was 37.5% and the usual occupier was away in respect of a further 30.5%. That means about two-thirds of unoccupied homes on census night in 2006 (108,300 dwellings) may have been owned by households and about half of those may have been usually occupied by the owners. On that basis, another, say, 54,000 homes (3.3% of all 'principal' dwellings i.e. not including holiday homes) may have been owner-occupied on Census night in 2006 if only we knew their actual status.

We understand the many reasons for wanting to analyse the living conditions of New Zealand households. That is why the Dwelling Form asks for details of the people there on Census night, the style of building, number of floors, number of rooms, number of bedrooms, heating arrangements, phone services and the number of motor vehicles associated with the dwelling.

However, we do not understand why Statistics New Zealand seems uninterested in the unoccupied dwellings on Census night (9.9% of all dwellings in 2006). Even someone's *principal* residence might 'disappear' from official data if that person happened to be away from home on Census night. New Zealand should want to know about the quality of unoccupied housing stock, who the owners are and the reasons they were unoccupied. This information would be relatively easy to obtain, especially now that Census forms can be completed on-line from anywhere in the world.

What we actually know

Census 2006 data do not give us a complete picture of home ownership in 2006. Given that the 2013 questions are the same, that confusion will continue.

In 2006, the occupiers of 62.67% of all occupied dwellings said either they or their family trusts owned the dwelling. As much as another 10.59% of dwellings might have been owned (in the broad sense) by the occupiers. However if, say, half of the 'don't knows' or 'won't tells' in fact owned their homes, then we can guess that about 68% of all dwellings were owned by their occupiers. That degree of uncertainty is unhelpful.

Perhaps a more reliable estimate of the 'don't owns' might be obtained from looking at those households who say they are paying rent, presumably to an arms-length owner, though we cannot be sure of that from the answers to Census questions.

Table 3 looks at the data on this since 1916.

Table 3: Household 'rent-payers': Census data 1916-2006

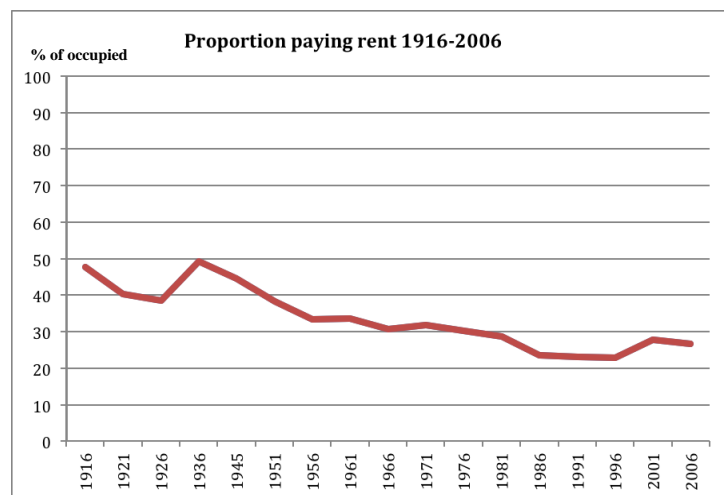
Year	% paying rent	Year	% paying rent
1916	47.8%	1971	31.7%
1921	40.3%	1976	30.3%
1926	38.5%	1981	28.6%
1936	49.3%	1986	23.5%
1945	44.5%	1991	23.1%
1951	38.3%	1996	22.9%
1956	33.4%	2001	27.8%
1961	33.6%	2006	26.7%
1966	30.8%		

Source: Statistics New Zealand¹⁴

¹⁴ Table 3's data for 1916 to 2001 were prepared for the author by Statistics New Zealand in 2004. 2006 Census data have been added.

Table 3 shows that greater proportions of households were paying rent in 2001 and 2006 than in the three Censuses 1986, 1991 and 1996 but that there were smaller proportions of household 'rent payers' in 2001 and 2006 than there were in 1981 and in all Censuses before 1981.

Chart 1 illustrates the Table 3 data:



It seems difficult to construct a story about *increasing* long-term trends in rent-paying tenure rates from Table 3/Chart 1. That should have seen higher rates of rental payments rather than lower. In fact, in the 30 years since 1976, the 2006 result was at the mid-point of a spread of ± 3.6 percentage points.

Statistics New Zealand points confidently to the trends from Census results since 1991:

“Home ownership has been declining since 1991. In the past 20 years, home ownership was highest in the 1991 Census, at 73.8 per cent (although caution should be used when comparing home ownership trends with 2006 Census figures, due to the introduction of the new 'family trust' category).” Statistics New Zealand *Quick Stats*, accessible [here](#).

On the 2006 results, Statistics New Zealand stated:

“In 2006, 66.9 percent of households in private occupied dwellings either owned the dwelling they lived in or held that dwelling in a family trust, with 54.5 per cent of households owning the dwelling they lived in, and 12.3 per cent of households holding the dwelling in a family trust.¹⁵” Statistics New Zealand *Quick Stats*, accessible [here](#).

Given the significance placed on the Census housing tenure results by some commentators, the unnecessary doubts created by the 2006/2013 questions are unfortunate. Just to pick one example:

“The year 2006 marked the third successive census in which rates of home ownership have fallen in New Zealand. Over the last fifteen years the proportion of households living in the dwellings they own fell from 72.4 according to the census to 66.9 percent marking the longest sustained drop in home ownership in the country’s history. While other countries have seen either stable or rising rates of ownership over the last decade, New Zealand households have witnessed a marked decline in their propensity to own.” Morrison (2008) at p. 9

¹⁵ The percentages used here by Statistics New Zealand were based on the Census data where at least some information was given about the owner/occupier relationship – see footnote 13 on page 8 above.

As demonstrated above, it is not possible to be confident on long-term, home-ownership trends¹⁶. In fact, the proportion of households who said they were paying rent was lower in 2006 than it was in 1981 and in all previous Censuses. The number of rent-payers grew by 112,000 over the 25 years from 1981 to 2006 but that was over a somewhat larger occupied housing stock: 28.6% of 1.012 million dwellings in 1981 compared with 27.6% of 1.454 million dwellings in 2006.

Statistics New Zealand points out there are issues with the comparability of the data from the previous three censuses (1996, 2001 and 2006) and that data from earlier Censuses may not be completely comparable either. But that probably does not explain the relatively flat proportions of renters over the 30 years, 1976-2006.

What we need to know

The main point of this *Pension Briefing* is that we need better quality data on housing tenure than was produced in 2006 and that can now be expected from the 2013 Census.

The RPRC's submission to Statistics New Zealand on the format of the then-planned 2011 Census pointed out the flaws in the 2006 Census questions (Retirement Policy and Research Centre, 2008) and suggesting re-writing them and the *Guide Notes*.

Here, in summary, is what the next five-yearly Census¹⁷ should aim to discover:

- Do the occupiers have any sort of ownership interest in the dwelling (direct or indirect; legal or beneficial)?
- If 'yes', how is that relationship best described – direct ownership or through a family trust, or even a will trust? It does not matter who the trustees are.
- Again if 'yes', is there a mortgage on the dwelling where the legal owner (individuals or trust) pays interest to an arms-length, third party: if 'yes', how much is owing on the mortgage? How much of that is borrowed for business purposes?
- If 'no', do the occupiers pay rent to an arms-length, third party? If 'yes':
 - o Who is that third party?
 - o How much is the rent?
 - o If there is no rent, why is that the case?
- Does the occupier own another dwelling that is not occupied on Census night? If 'yes', a Second Home Dwelling Form should be completed.

The future of the Census

The government is reviewing the way it gathers Census data. Statistics New Zealand (2013) proposes two major options: the current model (based on answers to survey questions) and “administrative-based census options” that draw on a ‘population register’ that can be linked to existing databases. Options for the survey-based model include keeping the current basis, extending the current five-yearly census to ten years and a ‘ten-yearly short-form census with large-scale annual survey’.

Existing public records of land ownership will not help to understand the true economic relationship between the owners and occupiers of dwellings in many cases. Firstly, the Land Transfer Act 1952 prohibits the recognition of trusts on the land ‘register’ (section 128) so that, for this particular public record, the registered owner of the land (the

¹⁶ Morrison (2008) at pp. 59-65 did note some of the data issues presented by the tenure questions and the different home ownership rates produced.

¹⁷ Statistics New Zealand (2013) suggests that the next Census will be in 2018.

trustee(s) in the case of a trust) is treated as the beneficial, as well as the legal owner. Secondly, there is no requirement to register a tenancy agreement¹⁸ so the land register will have no record of the occupiers, even if they are paying rent to the registered owner.

To find out whether occupiers of a dwelling have *any* ownership interest in the land, there seems no alternative to a properly worded, census-style survey. Only the occupiers know what is actually happening.

Conclusion

To understand the tenure of occupied dwellings and the status of unoccupied dwellings, the Census questions must change.

Statistics New Zealand has tried since 1996¹⁹ to understand the impact of family trusts on housing tenure. Uncertainty about the influence of family trusts on ownership statistics has grown over the 10 years to 2006 and will persist in 2013.

Home-ownership (in the wider *economic* sense of that word) rates may have fallen since the 1986 and 1991 Census results but a more reliable indicator of tenure trends is probably the proportion of occupiers who are paying an identified amount of rent rather than the so-called 'owners', given the difficulties with interpretation noted above.

The full influence of family trusts on the ownership status of homes cannot be deduced from the porous set of questions in the 2006 Census, now repeated in 2013. There are too many gaps in the Census results to draw any particular conclusion about home ownership trends.

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Morrison (2008) *On the Falling Rate of Home Ownership in New Zealand*, Centre for Housing Research Aotearoa, Wellington (available [here](#)).

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¹⁸ There must be a written tenancy agreement (section 13, Tenancies Act 1986) but that does not have to be registered. If a bond is paid, that must be passed over to the Department of Building and Housing, along with a 'bond lodgement' form (section 19(1) Tenancies Act 1986). That form (accessible [here](#)) has details of the parties, the property and rent. Presumably, that information could be 'attached' to a separate property register and provide an insight into the rental markets. That would not, however, include tenancy arrangements where no bond was paid, as would usually be the case where a family trust was involved.

¹⁹ The 1996 Census was the first to ask about the existence of a family trust in the ownership questions. The then equivalent of question 10 asked: "If nobody who lives here owns this dwelling, who owns it? - a person or a *private trust*" (our emphasis - one of six options). In 2001, the *Census Guide Notes*, for some reason, suggested that houses owned by a family trust should be noted as *not* being owned by the household; but respondents might not have read the *Notes*.

Appendix 1

2006 Census questions on home tenure

- from Retirement Policy and Research Centre (2008)

	Comments:
<p>7 Look for the 'go to' instruction after you answer the question. Do you, or anyone else who lives here, hold this dwelling in a family trust?</p> <p> <input type="radio"/> yes → go to 8 <input type="radio"/> no → go to 9 <input type="radio"/> don't know → go to 9 </p> <p>See the Guide Notes if you need more information</p> <p>8 Does that trust make mortgage payments for this dwelling?</p> <p> <input type="radio"/> yes → go to 14 <input type="radio"/> no → go to 13 </p> <p>9 Do you, or anyone else who lives here, own or partly own this dwelling (with or without a mortgage)?</p> <p> <input type="radio"/> yes → go to 13 <input type="radio"/> no → go to 10 </p> <p>10 If nobody who lives here owns this dwelling, who owns it?</p> <p> <input type="radio"/> private person, trust or business <input type="radio"/> Local Authority or City Council <input type="radio"/> Housing New Zealand Corporation <input type="radio"/> other state-owned corporation or state-owned enterprise, or government department or ministry <input type="radio"/> don't know </p> <p>11 Does this household pay rent to an owner (or to their agent) for this dwelling?</p> <p> <input type="radio"/> yes → go to 12 <input type="radio"/> no → go to 14 </p> <p>12 Look for the 'go to' instruction after you answer the question. How much rent does this household pay to the owner (or to their agent) for this dwelling?</p> <p>\$ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/> <input type="text"/></p> <p>each</p> <p> <input type="radio"/> week <input type="radio"/> two-week period <input type="radio"/> four-week period <input type="radio"/> calendar month <input type="radio"/> other. Print period: <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> </p> <p>go to 14</p> <p>13 Do you, or anyone else who lives here, make mortgage payments for this dwelling?</p> <p> <input type="radio"/> yes <input type="radio"/> no </p>	<p>Q7 'Hold' usually means 'own' so, if the trustee is a company, the respondent should legally answer 'no' to this question. In the current format, the words "who lives here" should be deleted. That would then allow both the legal and 'general' meaning of 'hold' to be used correctly.</p> <p>Q8 The more relevant information is whether the person (or any other occupier) pays rent to the trust owner. If 'no' then we could conclude that the occupier is, in substance, the owner. Whether or not mortgage payments are made by the trust owner is not relevant to the ownership 'condition'; for example, that depends on there being a mortgage.</p> <p>Q9 If the respondent answered 'no' to Q7 (because the family trust's trustee is a company), Q9 does not give any more information about ownership. The respondent can still answer 'no' to this.</p> <p>Q10 Now the respondent can tick the first option because a 'trust' owns it. However, that answer says nothing about the relationship between the economic owner in the broad sense (the 'family') and the respondent.</p> <p>Q11 And the respondent can also answer 'no' here so the answers will seem to indicate that the respondent is a tenant living in rent-free accommodation. This is probably how the Census results will classify the respondent.</p> <p>Q12 There is no extra information here if the answer to Q11 is 'no'.</p> <p>Q13 We are unsure what extra information will be gained here over Q8 in the case of a family trust ownership. Q8 should focus on rent, as suggested and the present Q8 question should be amalgamated with this Q13. Alternatively, the question should be expanded as a corollary to Q12 about rent payments.</p>