

Regulatory Impact Statement

Implementing the tax provisions for community housing entities

Agency Disclosure Statement

This Regulatory Impact Statement (RIS) has been prepared by Inland Revenue.

The question addressed in this statement is what mechanism should be used to set the level of the income threshold for determining whether a person qualifies as an “eligible recipient” of a community housing entity. This is one of the tests for determining eligibility for the current income tax exemption and donee status for community housing entities in the Income Tax Act 2007.

The current tax provisions in question are intended to apply to a small number of housing providers who provide affordable homeownership products aimed at low-income households. These provisions were intended to address the tax treatment of providers considered to be at risk of losing their charitable status by being deregistered by Charities Services.

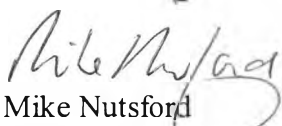
After engagement with the housing sector and individual providers, it is clear the current mechanism for setting the income threshold - which refers to the lower quartile of household income - is considered too restrictive. This will mean the current tax provisions for housing providers are unlikely to apply to those who will potentially be deregistered as a charity by Charities Services. As a result, Ministers asked officials from Ministry of Business, Innovation and Employment and Inland Revenue to provide advice on alternative mechanisms for setting higher income thresholds in order to implement the current tax provisions.

Targeted consultation with housing sector representatives including the umbrella organisation, Community Housing Aotearoa, has helped to define the problem and formulate options. In addition, feedback received in submissions to the select committee when it considered the current tax provisions also helped to shape the options discussed in this paper. The Ministry of Business, Innovation and Employment and the Treasury have been closely involved in the design of the options.

Inland Revenue has not been able to determine how many providers are likely to be covered by the options and their eligibility for the current tax provisions. This is because Charities Services has not finalised its decisions on who should be deregistered. Even if we assumed all of the potentially affected providers would be deregistered we do not have sufficient information on the eligibility criteria that providers use to determine their recipients (for example, maximum income levels). We did not contact all potentially affected providers because of the risk of creating confusion around the eligibility of providers’ charitable and tax status. As a consequence, we are unable to quantify the full impacts of the options. The absence of this information is a constraint on our analysis.

A time constraint also exists in relation to the legislative vehicle for any of the options requiring legislative amendment. It is preferable that any legislative amendment be included in next available tax bill to enable the Government to implement the current tax provisions and provide much needed certainty of tax treatment for affected housing providers and to reduce their costs.

There are no other significant constraints, caveats or uncertainties concerning the regulatory analysis undertaken. None of the policy options considered impair private property rights or override fundamental common law principles.



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STATUS QUO AND PROBLEM DEFINITION

Tax provisions relating to community housing entities

1. The Taxation (Annual Rates, Employee Allowances and Remedial Matters) Act was enacted on 30 June 2014. It conferred income tax exemption and donee status for certain community housing providers (referred to as community housing entities or CHEs). Cabinet's original intention was to provide a specific income tax exemption (and donee status) for a small number for CHEs that could be deregistered as charities because they provide affordable homeownership products aimed at low-income households. [CAB Min (13) 37/10 refers].

2. The policy rationale for granting the income tax exemption and donee status to these entities is set out in a previous RIS entitled *Tax Treatment of community housing providers* (23 October 2013). That RIS included advice on time-limiting the tax exemption for the affected housing providers.

3. Although the CHE tax provisions have been enacted, a regulation by Order in Council is required to specify the criteria for determining who can qualify as an eligible recipient of a CHE and bring the tax provisions into force.

4. The Minister for Social Housing and the Minister of Revenue are jointly responsible for making recommendations on the persons (or types of person) that CHEs can support in order to be eligible for the income tax exemption and donee status.

5. Section 225D of the Tax Administration Act 1994 sets out that the "eligible recipients" of a CHE can be defined by reference to *all or some, or a combination of all or some*, of the following parameters:

- geographic location.
- the composition of the household.
- the income of persons or households relative to an "income maximum", where:
 - the income maximum should be set by taking into account household income at the lower quartile based on data from the Household Economic Survey (HES), and
 - the income maximum can be adjusted by any appropriate economic factor, geographic, household composition, or otherwise.
- the assets of persons relative to a maximum.

6. To be eligible, providers must ensure that at least 85 percent of their eligible recipients, at the time they first become an eligible recipient, satisfy the qualifying criteria set out in the regulation.

7. Difficulties in agreeing the qualifying criteria stalled the promulgation of the regulation needed to bring the income tax exemption and donee status into force. The main barrier to finalising the regulation to date has been the maximum income threshold.

8. Since the CHE tax provisions were enacted in June 2014, we have consulted with the housing sector's umbrella organisation (Community Housing Aotearoa) and individual housing providers. These discussions identified that affected providers are assisting low to moderate income families. Affected providers have indicated that households they assist can have a gross household income somewhere in the range of 70 percent to 125 percent of Auckland's Area Median Income (AMI). In 2013, Auckland's AMI was \$75,816 per annum.¹ The lower quartile national average income for the same period was \$35,700 and the lower quartile of household income in the Auckland region ranged from \$21,000 to \$64,000 (depending on the size of the household). This means that most affected providers will not qualify for the income tax exemption or donee status if the threshold remains set at the lower quartile of household income.

9. We note that these providers assist people on incomes above the lower quartile of household income because this is the level of income required to sustain a mortgage over the long-term. Households with income in the lower quartile will more than likely require social rental assistance, rather than assistance into homeownership.

10. Officials from the Ministry of Business, Innovation and Employment, the Treasury and Inland Revenue have spent the past 12 months exploring ways to increase the current income threshold within the current regulation-making provision of section 225D, but have concluded that increases are outside the scope of the provision due to the reference to the lower quartile of household income. In order to increase the threshold, legislative change would be required.

11. In addition, Ministers recently revisited an earlier option that would recognise CHEs as having a "charitable purpose" for their housing activities (including homeownership products). However, this option did not proceed [CAB Min (15) 10/10 refers]. This option would have meant that providers would have retained their charitable status and eligibility for the existing charities-related income tax exemption, and so the specific CHE income tax exemption would not have been necessary.

12. Following this decision, Ministers asked officials from the Ministry of Business, Innovation and Employment and Inland Revenue to report on alternative mechanisms for increasing the income threshold in order to give effect to the current tax provisions.

13. This RIS is concerned with the implementation of the current income tax exemption and donee status for CHEs in the Income Tax Act 2007. Specifically, it deals with the question of what mechanism should be used to set the level of the income threshold for determining whether a person is an eligible recipient of a community housing entity for tax purposes.

¹ Affected providers have advised the Ministry of Business Innovation and Employment that they work with families with an income range (based on gross household income) of anywhere between \$50,000 and \$95,000, depending on household size and circumstances. However, the impact of Working for Family tax credits, other tax credits and Government assistance that the banks recognise as income, can mean that large families earn above this.

OBJECTIVES

14. The key objectives are:

- a) *Scope* - the income threshold should ensure that the CHE tax provisions are appropriately targeted to those providers and eligible recipients that the Government seeks to support.
- b) *Consistency with existing housing assistance mechanisms* – as far as practicable, the income threshold should relate to existing mechanisms relating to homeownership assistance to ensure consistency across Government programmes and to help minimise administration costs for Inland Revenue and compliance costs for providers.
- c) *Housing affordability stress* – the income threshold should reflect some measure of housing affordability stress.
- d) *Administrative simplicity* – the income threshold should be simple for Inland Revenue to administer and not impose unnecessary complexity and cost.
- e) *Compliance friendly* – the income threshold should be easy to comply with by providers and not impose unnecessary complexity and cost.

15. We note there may need to be trade-offs across the objectives. For example, linking the income threshold to housing affordability stress (objective c) may increase both administrative and compliance complexity (objectives d and e).

16. A time constraint exists in relation to the legislative vehicle for any of the options requiring legislative amendment. We understand that many providers, whether they are providing homeownership products or not, are currently seeking expensive financial advice on how they should structure their business if they were to lose their charitable status. It is, therefore, preferable a legislative amendment be implemented as soon as possible so that Ministers can implement the CHE tax provisions and provide much needed certainty of tax treatment for affected housing providers in a timely manner.

REGULATORY IMPACT ANALYSIS

17. Two options and the status quo have been considered for addressing the problem definition and achieving the stated objectives. The options are:

- Option 1: Accommodation Supplement (AS) – set income threshold by reference to the AS income levels.
- Option 2: KiwiSaver HomeStart – set income threshold by reference to the KiwiSaver HomeStart income levels.

18. A detailed description of each option and their advantages and disadvantages are set out below.²

² We note also that other options were considered such as using median household income levels but these options lacked a robust basis and did not relate well to the other government housing programmes such as the accommodation supplement or the KiwiSaver HomeStart.

Option 1 – Accommodation Supplement

19. Using the AS criteria would set different income thresholds based on household composition and geographic region (see Appendix 1 for further details). Under this approach, a couple with children living in Auckland would be able to earn more than a couple without children living in Gore. This is because the AS income thresholds reflect housing affordability issues in particular regions.

20. The main advantages of this approach are it:

- extends the potential coverage of the CHE tax provisions, as the income thresholds are higher;
- protects the integrity of the tax system to some extent, as these income thresholds ensure those earning above the specified income thresholds cannot receive assistance;
- provides consistency across Government programmes aimed at homeownership assistance; and
- is equitable, as it ensures that assistance is targeted to providers working in areas with housing affordability issues.

21. The main disadvantages of this approach are:

- it sets income thresholds higher than Cabinet originally intended (i.e., lower quartile of household income);
- the sector advises that most affected providers will not qualify under this option as many of their clients earn above these levels (depending on geographic area) and this may in turn:
 - reduce the number of providers available to support the Social Housing Reform Programme;
 - displace tenants if providers have to sell houses to cover their tax liability;
 - force providers to repay capital grants and loans if houses are sold to cover tax debt - Social Housing Fund and HNZ's Housing Innovation Fund grants and suspensory loans;
- although the income thresholds for AS are updated annually, the geographic areas have not been reviewed for some time and do not necessarily accurately reflect current housing affordability issues in particular areas;
- it is potentially difficult to administer and determine eligibility as there are different income levels for different family sizes in different geographical areas; and
- for large providers that work in different geographical areas, it is resource intensive - they will have to determine which of their clients fall within the

income threshold for the area they live in and whether 85 percent or less of their clients are eligible recipients.

Option 2 - KiwiSaver HomeStart

22. KiwiSaver HomeStart provides financial assistance to first-home buyers who meet specified criteria, including income thresholds of \$80,000 for a single person and \$120,000 for two or more borrowers. Adopting this approach would mean using the HomeStart income thresholds to determine the eligible recipients.

23. The main advantages of this approach are that it:

- extends the potential coverage of the CHE tax provisions further than option 1 and the status quo, as the income thresholds are higher;³
- protects the integrity of the tax system to some extent, as these income thresholds ensure those earning above the specified income thresholds cannot receive assistance;
- provides consistency across Government programmes aimed at homeownership assistance;
- is supported by the sector;
- sets income thresholds at the minimum level to enable innovation, growth and delivery of affordable homes; and
- is easy to implement and administer on an ongoing basis.

24. The main disadvantages of this approach are:

- it sets higher income thresholds than Cabinet originally intended;
- it does not reflect housing affordability issues. For example, under this option a single person on \$80,000 living in Gore would be entitled to assistance, whereas a single parent earning \$81,000 with five children living in Auckland would not be; and
- there is still a risk that some providers will not qualify for the CHE tax provisions, which may mean:
 - a reduced number of providers available to support the Social Housing Reform Programme;
 - potential displacement of tenants if providers have to sell houses to cover their tax liability;

³ For example, a large household comprised of two adults and six children may have a gross household income of \$105,000, including Working for Families and other tax credits, but they face the same barriers to accessing affordable housing as a smaller-sized household, particularly in less affordable markets such as Auckland. This family would still remain within this income threshold, and not threaten the provider's income tax exemption or donee status.

- providers are forced to repay capital grants and loans if houses are sold to cover tax debt (Social Housing Fund and HNZ’s Housing Innovation Fund grants and suspensory loans).

Option 3 – status quo

25. If the status quo were maintained, the regulation would be set by Order in Council. This means the income threshold would be based on the lower quartile of household income and most affected providers will not qualify for the income tax exemption or donee status for CHEs. We consider that the status quo is not sustainable.

Summary of analysis of the options and status quo

26. Our analysis of the options and status quo is summarised in the table below.

Table: Summary of analysis

<i>Option</i>	<i>Meets objectives a, b, c, d or e?</i>	<i>Impacts</i>				<i>Net impact</i>
			<i>Fiscal/economic impact</i>	<i>Administrative and compliance impacts</i>	<i>Risks</i>	
1 – Accommodation supplement	Partially meets a. Fully meets b, and c.	Tax system	Additional fiscal cost of \$500,000 per annum.	No additional administrative costs – this option is as complex as the status quo.	Medium risk of some affected housing providers being ineligible for the income tax exemption and donee status if the income threshold is linked to accommodation supplement income levels.	Does not address the problem definition and meets three of the five objectives.
		CHEs	Some affected housing providers will have future tax costs because their recipients will be on incomes above the threshold.	No additional compliance costs – this option is as complex as the status quo.		
2 – KiwiSaver HomeStart	Partially meets c. Fully meets a, b, d and e.	Tax system	Additional fiscal cost of \$500,000 per annum.	Administrative savings for Inland Revenue from having fewer income thresholds to observe.	Low risk of some affected housing providers being ineligible for the income tax exemption and donee status if the income threshold is linked to the KiwiSaver HomeStart income levels. Does not take into account housing affordability stress.	Addresses the problem definition and meets four of the five objectives. <i>This is the option preferred by officials.</i>
		CHEs	Most if not all affected providers will qualify for the income tax exemption and donee status because their recipients will be on incomes below the threshold.	Tax compliance cost savings for eligible CHEs as they will have fewer income thresholds to observe. Improved taxpayer certainty.		
3 – Lower quartile of household income (status quo)	None	Tax system	A fiscal gain of \$2.4 million. See comment on next page.	Nil.	High risk of all affected housing providers being ineligible for the income tax exemption and donee status if the income threshold is linked to lower quartile of household income levels.	Does not address the problem definition and does not meet the objectives.
		CHEs	Potentially all affected housing providers will have future tax costs because their recipients will be on incomes above the threshold.	Nil.		

Quantifying the impacts

27. Inland Revenue has not been able to determine how many providers are likely to be covered by the options and their eligibility for the CHE tax provisions. This is because Charities Services has not finalised its decisions on who should be deregistered. Even if we assumed all of the potentially affected providers would be deregistered we do not have sufficient information on provider eligibility criteria for their recipients. We did not contact all potentially affected providers because of the risk of creating confusion around the eligibility of providers charitable and tax status. As a consequence, we are unable to quantify the full impacts of the options. The absence of this information is a constraint on our analysis.

28. When agreed to in October 2013, the CHE tax provisions allowed for an annual fiscal cost of \$2.4 million [CAB Min (13) 37/10 refers]. This estimate included a cost of \$2.3 million per year due to income tax foregone under the tax exemption, and \$0.1 million per year for tax relief on donations made to eligible CHEs. As we no longer expect any entities to qualify for the tax exemption under a lower quartile income threshold, option 3 (the status quo) is expected to return this \$2.4 million tax revenue per year to the Crown.

29. However, the income thresholds for options 1 and 2 are expected to be broad enough to assist the group of entities that were originally intended to be covered, and one further entity who had been deregistered as a charity. As a result, both options 1 and 2 are expected to reinstate the original annual fiscal cost of \$2.4 million, as well as incurring an additional fiscal cost of \$0.5 million per year. This additional fiscal cost (\$0.5 million) relates to the estimated loss in tax revenue from one already deregistered provider that we know of being eligible for the income tax exemption.

Social, environment or cultural impacts of all options

30. Providing support to affordable homeownership providers could have the following social benefits:

- reduces pressure on the rental market;
- households achieve more permanent housing solutions – households that are assisted may have been very transient in their quest to find suitable rental accommodation options. Increased stability through homeownership could mean households are more inclined to become active members of their community, have more permanent access to education and employment options; and
- depending on requirements of the CHE, it supports households who are able to sustain a mortgage long-term but are unable to save enough for a deposit.

31. There are no environmental or cultural impacts associated with the options considered above.

Additional eligibility criteria – assets cap

32. Part of the eligibility criteria outlined in section 225D is the inclusion of an asset test to provide further protections from the asset rich/cash poor utilising affordable homeownership schemes. We first discussed the merits of an asset cap in the *Tax Treatment of community housing providers* RIS (23 October 2013).

33. For reasons of consistency and administrative ease we support the use of the KiwiSaver HomeStart asset cap. The KiwiSaver HomeStart asset cap is as follows:

- first-home buyers – no asset cap applies;
- for those who have previously owned a house, but their financial position means they are now in a similar position to a first-home buyer (and require an affected provider to assist them into homeownership), the asset cap⁴ are as follows:

\$110,000	Auckland
\$90,000	Hamilton City, Tauranga City, Western Bay of Plenty District, Kapiti Coast District, Porirua City, Upper Hutt City, Hutt City, Wellington City, Nelson City, Tasman District, Waimakariri District, Christchurch City, Selwyn District, Queenstown Lakes District
\$70,000	Rest of New Zealand

34. The asset cap could be included in the primary legislation (section CW 42B of the Income Tax Act 2007) as part of the eligibility criteria for providers to access the current tax provisions.

35. The sector has not been consulted on the asset cap since the legislation enacting the income tax exemption was before the select committee in February 2014. At the time they opposed the use of both an income threshold and an asset test as part of the eligibility criteria. If the asset cap is included in the proposed Supplementary Order Paper (SOP) (see implementation section of this paper), there will not be an opportunity for formal consultation with the sector on this issue. Therefore, we propose to consult informally with Community Housing Aotearoa and other bodies as appropriate on the proposed SOP.

CONSULTATION

36. The options considered in this RIS were developed in consultation with the Ministry of Business, Innovation and Employment and the Treasury. In addition, the sector has been closely involved with this process over the last two years.

⁴ Realisable assets (as defined by HNZC) are: money in bank accounts (including fixed and term deposits); shares, stocks and bonds; investments in banks or financial institutions; any money paid to, or held by, the real estate agent or solicitor as a deposit on a home; boat or caravan (if the value is over \$5,000); other vehicles (such as classic motorbikes or cars – not being used as your usual method of transport); and other assets valued over \$5,000.

Ministry of Business, Innovation and Employment's view

37. MBIE supports raising the income threshold and setting it by reference to the KiwiSaver HomeStart levels (option 2). The sector has been facing uncertainty over their charitable and tax status since the Queenstown Lakes Community Housing Trust decision of the High Court in 2011. They have received a number of promises from Ministers that this issue will be resolved to enable them to fully participate in the Social Housing Reform Programme and assist families into affordable homeownership. There is a level of expectation on part of providers that these promises will be met. Implementing a tax treatment with an income level less than KiwiSaver HomeStart will not capture all affected providers and is likely to be viewed by the sector as a broken promise. On the ground, this could jeopardise a number of existing housing developments such as Waimahia Inlet.

38. Affected providers offer affordable homeownership schemes to families who may be in a position to transition out of social housing along the housing continuum into a rent-to-buy scheme. This could potentially free-up valuable social houses for other families in high housing need.

Treasury's view

39. Treasury's first preference is for time-limited assistance to providers that are de-registered as a charity and registered with the Community Housing Regulatory Authority, as opposed to an extension of the tax exemption. However, given the history and the expectation of providers, Treasury supports an extension of the income threshold to KiwiSaver HomeStart levels (option 2) as a pragmatic solution to resolve the issue.

Sector consultation

40. The housing sector's umbrella organisation is Community Housing Aotearoa (CHA). CHA is strongly opposed to the use of any income and/or asset test as part of the eligibility criteria, because they do not believe that the lower quartile of household income will capture providers that may rely on the income tax exemption. CHA's first preference is to amend the Charities Act 2005, to confer charitable status on providers offering affordable homeownership. Now that this option is no longer available, CHA has indicated that if an option has to include an income threshold, its preference would be one based on KiwiSaver HomeStart (option 2).

41. CHA wants the income threshold to be set at a level that supports growth and innovation in the sector, which will deliver new entry-level housing supply through projects such as Waimahia Inlet. CHA believes that the KiwiSaver HomeStart income levels are the minimum needed to achieve this.

CONCLUSIONS AND RECOMMENDATIONS

42. Of the options discussed in this RIS, Inland Revenue favours using the KiwiSaver HomeStart income thresholds (option 2) on the basis that it is well-principled and represents a pragmatic solution, should Ministers seek to achieve both tax policy and

housing policy objectives. Using the KiwiSaver HomeStart income thresholds would mean lower compliance costs for providers and their recipients and administrative costs for Inland Revenue, compared with options 1 and 3.

IMPLEMENTATION

43. The status quo (option 3) does not require legislation to implement. Legislative change is required if the income threshold is to be raised (options 1 and 2). In addition, a legislative change is required to include an assets cap in the eligibility criteria.

44. Any amendments to give effect to either option 1 or option 2 could be included in the Taxation (Annual Rates for 2015-16, Research and Development, and Remedial Matters) Bill by way of a Supplementary Order Paper at the Committee of Whole stage of the Bill. The Bill is currently before the Finance and Expenditure Committee and is due to be reported back to the House at the end of August 2015. Although this approach will enable legislative changes to be made quickly to provide much needed certainty for potentially affected providers, there will be no opportunity to consult formally on the proposed changes.

45. Inland Revenue will communicate any legislative tax changes to CHEs and their advisors through its existing channels, such as the *Tax Information Bulletin* and by updating its guides.

46. Inland Revenue and the Ministry for Business, Innovation and Employment will work together to ensure that there is guidance and information available to affected providers about the legislative changes and to help them transition to the new tax rules.

MONITORING, EVALUATION AND REVIEW

47. There are no specific plans to monitor, evaluate and review the changes to the Tax Acts to give effect to the specific tax exemption or the donee organisation change. If any detailed concerns are raised in relation to these changes, Inland Revenue will determine whether there are substantive grounds for review under the Generic Tax Policy Process (GTPP).

48. Providers that are deregistered and who do not qualify for the income tax exemption and donee status for CHEs are likely to approach Ministers for some form of intervention.

Appendix 1 Accommodation Supplement Information (option 1)

Annual income thresholds

Composition of household...	Area 1	Area 2	Area 3	Area 4
Single with no children	\$49,972	\$40,612	\$33,332	\$29,172
A couple with no children	\$63,492	\$56,212	\$45,812	\$41,652
Sole parent with 1 child	\$59,800	\$52,520	\$42,120	\$37,960
Sole parent with 2 children	\$73,320	\$60,840	\$51,480	\$42,120
A couple with 1 or more children	\$77,012	\$64,532	\$55,172	\$45,812

Area composition

Area 1
Northern Auckland urban zone, Central Auckland urban zone
Area 2
Western Auckland urban zone, Southern Auckland urban zone, Wellsford urban area, Snells Beach urban area, Warkworth urban area, Waiheke Island urban area, Waiuku urban area, Pukekohe urban area, Helensville urban area, Tauranga urban area, Wellington urban zone, Nelson urban area, Brightwater urban area, Wakefield urban area, Queenstown urban area, Wanaka urban area, Arrowtown urban area Leigh area unit, Tauhoia-Puhoi area unit, Tahekeroa area unit, Cape Rodney area unit, Matheson Bay area unit, Kawau area unit. Islands-Motutapu, Rangitoto, Rakino area unit, Great Barrier Island area unit, Little Barrier Island area unit, Algies Bay-Mahurangi area unit, Parakai area unit, South Head area unit, Kaukapakapa area unit, Muriwai Beach area unit, Rewiti area unit, Riverhead area unit, Karekare area unit, Patumahoe area unit, Kingseat area unit, Pokeno area unit, Hunua area unit, Mangatawhiri area unit, Awhitu area unit, Glenbrook area unit, Otatau area unit, Bombay area unit, Clevedon area unit, Onewhero area unit, Maramarua area unit, Meremere area unit.
Area 3
Taipa Bay-Mangonui urban area, Kaitaia urban area, Kerikeri urban area, Russell urban area, Paihia urban area, Whangarei urban area, Raglan urban area, Whitianga urban area, Whangamata urban area, Tairua urban area, Thames urban area, Waihi Beach urban area, Matamata urban area, Katikati Community urban area, Te Puke Community urban area, Hamilton urban zone, Cambridge urban zone, Te Awamutu urban zone, Rotorua urban area, Taupo urban area, Whakatane urban area, Napier urban zone, Hastings urban zone, Palmerston North urban area, New Plymouth urban area, Feilding urban area, Kapiti urban area, Otaki urban area, Upper Hutt urban zone, Lower Hutt urban zone, Porirua urban zone, Blenheim urban area, Motueka urban area, Takaka urban area, Hanmer Springs urban area, Woodend urban area, Rangiora urban area, Christchurch urban area Darfield urban area, Lincoln urban area, Leeston urban area, Rolleston urban area, Dunedin urban area, Alexandra urban area, Cromwell urban area, Nabhra area unit, Pencarrow area unit, Kapiti Island area unit, Maungakotukutuku area unit, Cloustonville area unit, Mangaroa area unit, Mana Island area unit, Makara-Ohariu area unit, Opiki area unit, Tokomaru area unit, Paekakariki Hill area unit.
Area 4
Any part of New Zealand not included in Area 1, Area 2 or Area 3.