

Vote Housing

MINISTER(S) RESPONSIBLE FOR APPROPRIATIONS: Minister for Building and Construction (M9),
Minister of Housing (M37)

ADMINISTERING DEPARTMENT: Department of Building and Housing

MINISTER RESPONSIBLE FOR DEPARTMENT OF BUILDING AND HOUSING: Minister for Building
and Construction

Details of Appropriations

Details of Annual and Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2007/08		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Departmental Output Expenses			
Building Act 2004 Implementation (M9) To provide funding for the implementation of the Building Act 2004.	1,985	1,311	3,296
Building Regulation and Control (M9) To provide regulatory and control services for the building industry under the Building Act 2004 and related consumer information.	12,839	1,589	14,428
Occupational Licensing (M9) Developing, implementing and maintaining registration and licensing regimes for building practitioners and electrical workers.	8,871	1,355	10,226
Purchase and Monitoring Advice - Housing New Zealand Corporation (M37) Provision of purchase and performance monitoring advice to Government in relation to HNZC.	405	128	533
Residential Tenancy Services (M9) Administration of residential tenancies bond monies (including collecting and repaying bond monies, managing and investing bond monies), provision of information, advice and dispute resolution services to tenants and landlords in relation to residential tenancies as required by Residential Tenancies Act 1986.	17,945	2,228	20,173
Sector and Regulatory Policy (M9) To provide sector and regulatory policy advice on the building and housing sector.	4,969	175	5,144
Weathertight Homes Resolution Service (M9) To provide owners of dwellinghouses affected by the leaky building syndrome with information and access to speedy, flexible and cost-effective procedures for assessment and resolution of claims relating to those buildings.	20,568	309	20,877
Total Departmental Output Expenses	67,582	7,095	74,677
Non-Departmental Output Expenses			
Contracted Housing Support Services (M37) Purchase of education, support, capacity building and other services from third-party providers, by HNZC, to support target groups into improved housing outcomes including the Government's housing response in NECBOP areas.	12,072	(501)	11,571
HNZC Housing Support Services (M37) Purchase of housing related services from HNZC including capacity building with third sector providers, home ownership initiatives, Community Renewal and Healthy Housing.	13,913	23	13,936
Housing Policy Advice (M37) Purchase of housing policy advice, research and evaluation from HNZC.	2,509	(90)	2,419
Management of Crown Properties held under the Housing Act 1955 (M37) This appropriation is limited to the administration and management of Crown owned properties held under the Housing Act 1955.	-	1,247	1,247
Total Non-Departmental Output Expenses	28,494	679	29,173

Titles and Scopes of Appropriations by Appropriation Type	2007/08		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Benefits and Other Unrequited Expenses			
Housing Assistance (M37)	9,740	-	9,740
Payments made to HNZC and other mortgage providers to compensate for the difference between the cost of funds and rate at which funds are lent and provide write-offs for loans.			
Income Related Rental Subsidy (M37)	465,380	(2,017)	463,363
Subsidy provided to HNZC to compensate for the difference between assessed income-related and market rentals.			
Total Benefits and Other Unrequited Expenses	475,120	(2,017)	473,103
Borrowing Expenses			
Debt Servicing - Housing Agency Account PLA (M37)	-	3,989	3,989
Borrowing expenses authorised by section 60(1)(b) of the Public Finance Act, incurred in respect of loans made to the Crown for the purposes of the Housing Act 1955.			
Total Borrowing Expenses	-	3,989	3,989
Other Expenses to be Incurred by the Crown			
Community Housing Rent Relief Programme (M37)	4,500	(500)	4,000
Contestable rent relief fund for service provider tenants of Community Group Housing properties who face difficulties in meeting rental payments.			
Increase in Debt Provision (M37)	1,807	-	1,807
Increase in provision for doubtful debts on Income Related Rents Crown Debt.			
Total Other Expenses to be Incurred by the Crown	6,307	(500)	5,807
Capital Expenditure to be Incurred by the Department			
Department of Building and Housing - Capital Expenditure PLA (M9)	-	3,280	3,280
This appropriation is limited to the purchase or development of assets by and for the use of the Department of Building and Housing, as authorised by section 24(1) of the Public Finance Act 1989			
Total Capital Expenditure to be Incurred by the Department	-	3,280	3,280
Capital Expenditure to be Incurred by the Crown			
Acquisition and Development of properties under the Housing Act 1955 (M37)	-	11,945	11,945
This appropriation is limited to acquiring, developing and modernising properties under the Housing Act 1955.			
Capital Injections to Housing New Zealand Corporation for Housing Activities (M37)	111,168	(8,751)	102,417
Capital injections (debt or equity) to HNZC to give effect to Government policy decisions around stock acquisition, modernisation and other housing interventions.			
Housing New Zealand Corporation - Loans to Refinance Third Party Debt (M37)	131,187	-	131,187
Funding to cover the refinancing of HNZC's third party debt with Crown Debt.			
Housing New Zealand Corporation (HNZC) - Loans to Refinance Crown Debt (M37)	40,000	-	40,000
Capital injections to HNZC for housing activities, for the purpose of HNZC financing net new lending and the purchase and development of community houses.			
Housing New Zealand Limited (HNZL) - Loans to Refinance Crown Debt (M37)	50,000	-	50,000
Capital injections to HNZL for housing activities, for the purpose of refinancing HNZL's debt portfolio.			
Total Capital Expenditure to be Incurred by the Crown	332,355	3,194	335,549
Total Annual and Permanent Appropriations	909,858	15,720	925,578

Details of Projected Movements in Departmental Net Assets

Department of Building and Housing

Details of Net Asset Schedule	2007/08 Estimates Projections \$000	2007/08 Supplementary Estimates Projections \$000	Explanation of Projected Movements in 2007/08
Opening Balance	9,244	11,220	Supplementary Estimates opening balance reflects the audited results as at 30 June 2007.
Capital Injections	6,001	5,086	Funding of \$4.826 million for Occupational Licensing: Building Practitioners memorandum account and capital funding for essential infrastructure assets \$260,000.
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	(2,016)	(4,826)	
Other Movements	9,407	-	
Closing Balance	22,636	11,480	

Information Supporting the Supplementary Estimates

Vote Housing

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MINISTER RESPONSIBLE FOR DEPARTMENT OF BUILDING AND HOUSING: Minister for Building
and Construction

Part 1 - Summary of the Vote

Part 1.3 - Trends in the Vote

Summary of Financial Activity

	2007/08				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
Appropriations					
Output Expenses	96,076	7,095	679	7,774	103,850
Benefits and Other Unrequited Expenses	475,120	N/A	(2,017)	(2,017)	473,103
Borrowing Expenses	-	-	3,989	3,989	3,989
Other Expenses	6,307	-	(500)	(500)	5,807
Capital Expenditure	332,355	3,280	3,194	6,474	338,829
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Total Appropriations	909,858	10,375	5,345	15,720	925,578
Crown Revenue and Receipts					
Tax Revenue	-	N/A	N/A	-	-
Non-Tax Revenue	138,336	N/A	N/A	26,829	165,165
Capital Receipts	-	N/A	N/A	-	-
Total Crown Revenue and Receipts	138,336	N/A	N/A	26,829	165,165

Part 2 - Details and Expected Performance for Output Expenses

Part 2.1 - Departmental Output Expenses

Building Act 2004 Implementation (M9)

Scope of Appropriation

To provide funding for the implementation of the Building Act 2004.

Expenses and Revenue

	2007/08		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	1,985	1,311	3,296
Revenue from the Crown	-	-	-
Revenue from Others	1,985	1,311	3,296

Reasons for Change in Appropriation

The increase in appropriation is due to expense transfers from 2006/07 for Building Code Review projects and the Building Consent Authority Assistance package.

Building Regulation and Control (M9)

Scope of Appropriation

To provide regulatory and control services for the building industry under the Building Act 2004 and related consumer information.

Expenses and Revenue

	2007/08		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	12,839	1,589	14,428
Revenue from the Crown	-	840	840
Revenue from Others	16,229	(161)	16,028

Reasons for Change in Appropriation

The increase in appropriation is due to an expense transfer from 2006/07 for the Energy Efficiency Awareness campaign (\$750,000), new funding received as part of the Energy Efficiency Strategy for research into energy efficient commercial buildings (\$690,000) and a transfer from the Ministry for the Environment of the Energywise Smarter Homes (\$150,000).

Occupational Licensing (M9)*Scope of Appropriation*

Developing, implementing and maintaining registration and licensing regimes for building practitioners and electrical workers.

Expenses and Revenue

	2007/08		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	8,871	1,355	10,226
Revenue from the Crown	-	-	-
Revenue from Others	6,923	(446)	6,477

Reasons for Change in Appropriation

The increase in appropriation is attributed to a forecast increase in the costs of the Licensed Building Practitioners Scheme (\$1.206 million) and an increase in the costs associated with the operation of the Electrical Workers Registration Board (\$149,000). These are funded from Revenue Other.

Purchase and Monitoring Advice - Housing New Zealand Corporation (M37)*Scope of Appropriation*

Provision of purchase and performance monitoring advice to Government in relation to HNZC.

Expenses and Revenue

	2007/08		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	405	128	533
Revenue from the Crown	397	130	527
Revenue from Others	8	(2)	6

Reasons for Change in Appropriation

The increase in appropriation is to fund an increase in capability attributed to the increase in the scope of the monitoring and advice function performed by the Department. This is funded from a reprioritisation of existing activities.

Residential Tenancy Services (M9)*Scope of Appropriation*

Administration of residential tenancies bond monies (including collecting and repaying bond monies, managing and investing bond monies), provision of information, advice and dispute resolution services to tenants and landlords in relation to residential tenancies as required by Residential Tenancies Act 1986.

Expenses and Revenue

	2007/08		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	17,945	2,228	20,173
Revenue from the Crown	725	(688)	37
Revenue from Others	17,220	4,251	21,471

Reasons for Change in Appropriation

The increase in appropriation is due to the increase in the demand driven services and additional funding in relation to the amendments to the Residential Tenancies Act 1986. The increase in appropriation is funded from Revenue Other.

Sector and Regulatory Policy (M9)*Scope of Appropriation*

To provide sector and regulatory policy advice on the building and housing sector.

Expenses and Revenue

	2007/08		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	4,969	175	5,144
Revenue from the Crown	4,907	100	5,007
Revenue from Others	62	75	137

Reasons for Change in Appropriation

The increase in appropriation is attributed to the sub delegation by the Retirement Commission, of the information provision functions within the Retirement Villages Act 2003 and the transfer from the Ministry of Health of the administration functions of the Plumbers, Gasfitters and Drainlayers Act 1976.

Weathertight Homes Resolution Service (M9)

Scope of Appropriation

To provide owners of dwellinghouses affected by the leaky building syndrome with information and access to speedy, flexible and cost-effective procedures for assessment and resolution of claims relating to those buildings.

Expenses and Revenue

	2007/08		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	20,568	309	20,877
Revenue from the Crown	20,514	(715)	19,799
Revenue from Others	54	173	227

Reasons for Change in Appropriation

The increase in appropriation is due the expense transfer from 2006/07 of \$1 million, arising from the delays in the enactment of the Weathertight Homes Resolution Services Act 2006, offset by the return of savings to the Crown and transfers to fund the capability increase in the appropriation: Purchase and Monitoring Advice - HNZA and Occupational Licensing.

Part 2.2 - Non-Departmental Output Expenses

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Improved housing affordability Housing sector encourages appropriate provision of and investment in housing	Management of Crown properties held under the Housing Act 1955

Contracted Housing Support Services (M37)

Scope of Appropriation

Purchase of education, support, capacity building and other services from third-party providers, by HNZC, to support target groups into improved housing outcomes including the Government's housing response in NECBOP areas.

Expenses

	2007/08		Total \$000
	Estimates \$000	Supplementary Estimates \$000	
Total Appropriation	12,072	(501)	11,571

Reasons for Change in Appropriation

This appropriation has decreased due to savings arising in four programmes in 2007/08.

HNZC Housing Support Services (M37)

Scope of Appropriation

Purchase of housing related services from HNZC including capacity building with third sector providers, home ownership initiatives, Community Renewal and Healthy Housing.

Expenses

	2007/08		Total \$000
	Estimates \$000	Supplementary Estimates \$000	
Total Appropriation HNZC Housing Support Services	13,913	23	13,936
Housing Innovation Fund	1,860	-	1,860
Wellington City Council Housing project development and administration costs	1,196	-	1,196
Welcome Home Loan programme	6,200	(1,500)	4,700
Shared Equity	1,410	-	1,410
Healthy Housing, Non-weathertight Homes and Community Renewal	3,247	1,523	4,770

Reasons for Change in Appropriation

This appropriation has increased due to the non-weathertight homes programme interest received on lending being removed and recognised as a Crown receipt. This has been partially offset by a decrease in demand for mortgage insurance through the Welcome Home Loan programme due to the increase in interest rates and the average loan being lower than budgeted.

Output Performance Measures and Standards

Performance Measures	2007/08		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
The number of new loans underwritten through the Welcome Home Loan programme.	1,200 - 1,400 loans	(300 loans)	900 -1,100 loans

Housing Policy Advice (M37)*Scope of Appropriation*

Purchase of housing policy advice, research and evaluation from HNZC.

Expenses

Total Appropriation	2007/08		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	2,509	(90)	2,419

Reasons for Change in Appropriation

The decrease in appropriation reflects savings generated from the completion of the Rural Housing Programme evaluation.

Management of Crown Properties held under the Housing Act 1955 (M37)

Scope of Appropriation

This appropriation is limited to the administration and management of Crown owned properties held under the Housing Act 1955.

Expenses

	2007/08		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	1,247	1,247

Reasons for Change in Appropriation

This appropriation has been created as a result of a review of the administration and operation of the Housing Agency Account, which identified that appropriations are required for all expenditure from the Housing Agency Account.

Output Performance Measures and Standards

Performance Measures	2007/08		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
The Housing Agency Account is managed within financial governance policies	-	100% compliance	100% compliance

Summary of Service Providers

Provider	2007/08			Reporting Mechanism	Expiry of Resourcing Commitment
	Estimates \$000	Supplementary Estimates \$000	Total \$000		
Housing New Zealand Corporation	28,494	679	29,173	Provider's Annual Report	June 2008

The above table summarises funding to be allocated through Vote Housing to non-departmental providers, along with an indication of the mechanism to be used for reporting actual performance and (where determined) the length of the funding commitment.

Part 3 - Details for Benefits and Other Unrequited Expenses

Part 3.2 - Non-Departmental Benefits and Other Unrequited Expenses

Income Related Rental Subsidy (M37)

Scope of Appropriation

Subsidy provided to HNZN to compensate for the difference between assessed income-related and market rentals.

Expenses

	2007/08		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	465,380	(2,017)	463,363

Reasons for Change in Appropriation

Changes are due to the number of eligible clients and changes in market rents.

Part 4 - Details for Borrowing Expenses

Part 4.2 - Non-Departmental Borrowing Expenses

Debt Servicing - Housing Agency Account PLA (M37)

Scope of Appropriation

Borrowing expenses authorised by section 60(1)(b) of the Public Finance Act, incurred in respect of loans made to the Crown for the purposes of the Housing Act 1955.

Expenses

	2007/08		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	3,989	3,989

Reasons for Change in Appropriation

This appropriation has been created as a result of a review of the administration and operation of the Housing Agency Account, which identified that appropriations are required for all expenditure from the Housing Agency Account.

Part 5 - Details and Expected Results for Other Expenses

Part 5.2 - Non-Departmental Other Expenses

Community Housing Rent Relief Programme (M37)

Scope of Appropriation

Contestable rent relief fund for service provider tenants of Community Group Housing properties who face difficulties in meeting rental payments.

Expenses

	2007/08		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	4,500	(500)	4,000

Reasons for Change in Appropriation

The decrease in appropriation is due to an expense transfer from 2007/08 into 2008/09 for the Rental Support Scheme.

Part 6 - Details and Expected Results for Capital Expenditure

Part 6.1 - Departmental Capital Expenditure

Department of Building and Housing - Capital Expenditure PLA (M9)

Scope of Appropriation

This appropriation is limited to the purchase or development of assets by and for the use of the Department of Building and Housing, as authorised by section 24(1) of the Public Finance Act 1989

Capital Expenditure

	2007/08		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	-	820	820
Intangibles	-	1,344	1,344
Other	-	1,116	1,116
Total Appropriation	-	3,280	3,280

Part 6.2 - Non-Departmental Capital Expenditure

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Reduced unmet housing need	Acquisition and Development of Properties under the Housing Act 1955

Acquisition and Development of properties under the Housing Act 1955 (M37)

Scope of Appropriation

This appropriation is limited to acquiring, developing and modernising properties under the Housing Act 1955.

Capital Expenditure

	2007/08		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	11,945	11,945
Hobsonville	-	11,945	11,945

Reasons for Change in Appropriation

This appropriation has been created as a result of a review of the administration and operation of the Housing Agency Account, which identified that appropriations are required for all expenditure from the Housing Agency Account.

Capital Injections to Housing New Zealand Corporation for Housing Activities (M37)

Scope of Appropriation

Capital injections (debt or equity) to HNZC to give effect to Government policy decisions around stock acquisition, modernisation and other housing interventions.

Capital Expenditure

	2007/08		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	111,168	(8,751)	102,417

Reasons for Change in Appropriation

This appropriation has decreased due to the expense transfer to 2008/09 for Auckland City Pensioner Housing to provide for approval delays in the environment court and the expense transfer from 2006/07 for state housing acquisitions.

Reporting Mechanisms

Appropriation	Reporting Mechanism
Acquisition and Development of Properties under the Housing Act 1955	Annual report of Housing New Zealand Corporation
Acquisition and Improvement of Housing New Zealand Corporation State Houses	Annual report of Housing New Zealand Corporation
Loans to support Home Ownership	Annual report of Housing New Zealand Corporation
Loans to support Social Housing	Annual report of Housing New Zealand Corporation
Refinancing of Housing New Zealand Corporation and Housing New Zealand Limited Debt	Annual report of Housing New Zealand Corporation

The above table indicates the mechanisms to be used for reporting actual performance for each non-departmental capital expenditure appropriation.