

Information Supporting the Supplementary Estimates

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

Part 1 - Summary of the Vote

Part 1.3 - Trends in the Vote

Summary of Financial Activity

	2008/09				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
Appropriations					
Output Expenses	97,249	2,064	9,688	11,752	109,001
Benefits and Other Unrequited Expenses	507,156	N/A	6,577	6,577	513,733
Borrowing Expenses	-	-	-	-	-
Other Expenses	7,251	-	7,000	7,000	14,251
Capital Expenditure	303,231	(248)	(6,371)	(6,619)	296,612
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Total Appropriations	914,887	1,816	16,894	18,710	933,597
Crown Revenue and Capital Receipts					
Tax Revenue	-	N/A	-	-	-
Non-Tax Revenue	156,704	N/A	(27,834)	(27,834)	128,870
Capital Receipts	1,858	N/A	-	-	1,858
Total Crown Revenue and Capital Receipts	158,562	N/A	(27,834)	(27,834)	130,728

Part 2 - Details and Expected Performance for Output Expenses

Part 2.1 - Departmental Output Expenses

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
<p>Outcome - Buildings that perform well in the New Zealand environment and contribute to sustainability</p> <p>Impact:</p> <ul style="list-style-type: none"> • Building standards are updated to reflect contemporary societal expectations about health, safety, well-being and sustainability. • Regulatory schemes are well designed, streamlined, flexible and cost effective. • Improve sector and consumer awareness and understanding of the consent process and building standards. • The Department of Building and Housing works with the sector to increase investment and research into building science and building design. 	Building Regulation and Control
<p>Outcome - A strong, well-performing sector with skilled building and housing professionals</p> <p>Impact:</p> <ul style="list-style-type: none"> • Work with the sector to improve skills of building practitioners and electrical workers. • Lift consumer awareness of and confidence in building practitioners and electrical workers. • Monitor building practitioners and electrical workers for accountability for their work. • Monitor statutory boards to ensure they carry out their functions in an effective manner. 	Occupational Licensing
<p>Outcome - Minister is satisfied with the quality of advice and the effectiveness of monitoring provided in respect to the government's investment in Housing New Zealand Corporation</p> <p>Impact:</p> <ul style="list-style-type: none"> • The Department of Building and Housing effectively monitors the government's investment in Housing New Zealand Corporation. • The Department of Building and Housing provides effective purchase and monitoring advice to Minister. 	Purchase and Monitoring Advice - Housing New Zealand Corporation
<p>Outcome - Confident building and home owners, tenants and users</p> <p>Impact:</p> <ul style="list-style-type: none"> • Increased public access to and use of the Department's information and advice services. • Increased consumer knowledge and confidence in rights and obligations. • Disputes are managed effectively to promote stable housing relationships. 	Residential Tenancy Services
<p>Outcome - Well-designed, well-built, warm, safe, and healthy homes and buildings that meet the changing needs of New Zealanders and contribute to strong, effective communities</p> <p>Impact:</p> <ul style="list-style-type: none"> • Increased consumer awareness and knowledge about buildings as they fit into the environment and meet people's needs. • Housing and building regulatory framework supports and assists with the response to housing affordability. • The Department of Building and Housing contributes to Government response to sustainable development. • Positively influence the incorporation of sustainability principles into building and urban design. • Monitor statutory boards to ensure they carry out their functions in an effective manner. 	Sector and Regulatory Policy

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
<p>Outcome - Confident building and home owners, tenants and users</p> <p>Impact:</p> <ul style="list-style-type: none"> Increased consumer knowledge and confidence in rights and obligations. Increased public access to and use of the Department's information and advice services. Disputes are managed effectively to promote stable housing relationships. 	Weathertight Homes Resolution service

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

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	17,461	1,009	18,470
Revenue from Crown	840	868	1,708
Revenue from Other	23,188	(4,509)	18,679

Reasons for Change in Appropriation

The increase in appropriation is due to carry forwards from 2007/08 of \$2.200 million less line by line savings of \$1.200 million in 2008/09.

Occupational Licensing (M9)

Scope of Appropriation

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

Expenses and Revenue

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	9,501	10	9,511
Revenue from Crown	-	-	-
Revenue from Other	7,236	(1,582)	5,654

Reasons for Change in Appropriation

The increase in appropriation is due to carry forwards from 2007/08 less line by line savings in 2008/09.

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

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	633	40	673
Revenue from Crown	629	30	659
Revenue from Other	4	10	14

Reasons for Change in Appropriation

The increase in appropriation is due to an expense transfer from Sector and Regulatory Policy.

Residential Tenancy Services (M37)

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

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	21,589	(131)	21,458
Revenue from Crown	-	-	-
Revenue from Other	20,960	2,944	23,904

Reasons for Change in Appropriation

The reduction in appropriation is due to carry forwards from 2007/08 less line by line savings in 2008/09.

Sector and Regulatory Policy (M9)

Scope of Appropriation

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

Expenses and Revenue

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	4,562	907	5,469
Revenue from Crown	4,498	890	5,388
Revenue from Other	64	17	81

Reasons for Change in Appropriation

The increase in appropriation is due to carry forwards from 2007/08 less line by line savings in 2008/09.

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

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	16,815	229	17,044
Revenue from Crown	16,727	213	16,940
Revenue from Other	205	16	221

Reasons for Change in Appropriation

The increase is due to carry forwards from 2007/08 less line by line savings in 2008/09.

Part 2.2 - Non-Departmental Output Expenses

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
More efficient use of state housing assets by better management of stock and better utilisation of resources.	Housing Policy Advice
Upgrade the current Housing New Zealand stock and acquisition of new housing.	Contracted Housing Support Services HNZC Housing Support Services HNZC State House Upgrades Housing Policy Advice
Quality regulation of the housing market, including regulatory and non regulatory initiatives designed to increase the supply of affordable housing.	Contracted Housing Support Services HNZC Housing Support Services Housing Policy Advice 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

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	3,446	(805)	2,641
Welcome Home Loan First Steps Programme	3,446	(936)	2,510
Energy Efficient Retrofits excluding EECA	-	131	131

Reasons for Change in Appropriation

The decrease in appropriation is due to an expense transfer to Housing Policy Advice, carry forwards from 2007/08 and line by line savings in 2008/09.

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

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	11,194	(3,481)	7,713
Housing Innovation Fund - Administration	1,871	(1,464)	407
Welcome Home Loan	7,580	(3,300)	4,280
Shared Equity	224	300	524
Non-weathertight homes - financial assistance	603	983	1,586
Healthy Housing	916	-	916

Reasons for Change in Appropriation

The decrease in appropriation is due to carry forwards of \$1.400 million from 2007/08 less Line by line savings of \$4.900 million in 2008/09.

HNZC State House Upgrades (M37)*Scope of Appropriation*

This appropriation is limited to the upgrading of Housing New Zealand Corporation State Houses to improve the safety, security, function and amenity value to a standard suitable for social housing purposes.

Expenses

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	22,000	22,000
Fiscal Stimulus Upgrades	-	10,000	10,000
State Housing Upgrades	-	12,000	12,000

Reasons for Change in Appropriation

This is a new appropriation added during 2008/09 as part of the Fiscal Stimulus package for Infrastructural Spending with a transfer from Acquisition and Improvement of Housing New Zealand Corporation state houses appropriation.

Output Performance Measures and Standards

Performance Measures	2008/09		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Fiscal Stimulus - Upgrades	-	1,200 - 1,500	1,800 - 2,000

Conditions on Use of Appropriation

Reference	Conditions
Cabinet decision	<p>Providing an economic stimulus by bringing forward infrastructure spending. This includes:</p> <ul style="list-style-type: none"> Expanding the stock of state housing through new builds Boosting the upgrades programme for existing State Housing stock. <p>Additional funding be provided for 2008/09 in the following areas:</p> <ul style="list-style-type: none"> \$10 million for upgrading existing state housing stock. <p>Additional funding be provided for 2009/10 in the following areas:</p> <ul style="list-style-type: none"> \$20 million for upgrading existing state housing stock.

Housing Policy Advice (M37)

Scope of Appropriation

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

Expenses

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	2,376	178	2,554
Policy Advice and Research and Evaluation	2,076	178	2,254
Ministerial Support	300	-	300

Reasons for Change in Appropriation

The increase in appropriation is due to an expense transfer from Contracted Housing Support Services.

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

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	9,672	(8,204)	1,468
Hobsonville Urban Development	8,042	(6,783)	1,259
Other properties managed under Housing Act 1955	1,630	(1,421)	209

Reasons for Change in Appropriation

The decrease in the appropriation is due to a technical adjustment to reduce the capital charge for this appropriation.

Summary of Service Providers for Non-Departmental Outputs

Provider	2008/09			Reporting Mechanism	Expiry of Resourcing Commitment
	Estimates \$000	Supplementary Estimates \$000	Total \$000		
Crown Entities					
Housing New Zealand Corporation					
• Contracted Housing Support Services	3,446	(805)	2,641	HNZC's annual report	
• HNZC Housing Support Services	11,194	(3,481)	7,713	HNZC's annual report	
• HNZC State House Upgrades	-	22,000	22,000	HNZC's annual report	June 2010
• Housing Policy Advice	2,376	178	2,554	HNZC's annual report	
• Management of Crown Properties under the Housing Act 1955	9,672	(8,204)	1,468	HNZC's annual report	

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

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
More efficient use of state housing assets by better management of stock and better utilisation of resources	Income Related Rent Subsidy
Quality regulation of the housing market, including regulatory and non regulatory initiatives designed to increase the supply of affordable housing	Housing Assistance

Housing Assistance (M37)

Scope of Appropriation

Payments made to HNZN 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.

Expenses

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	11,118	(1,827)	9,291
Housing Innovation Fund - Subsidies and Conditional Grants	9,371	(1,483)	7,888
Other Subsidies	1,747	(344)	1,403

Reasons for Change in Appropriation

The decrease in appropriation is due to line by line savings in 2008/09.

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

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	496,038	8,404	504,442

Reasons for Change in Appropriation

The increase in appropriation is due to forecast increases in demand.

Part 5 - Details and Expected Results for Other Expenses

Part 5.2 - Non-Departmental Other Expenses

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
More efficient use of state housing assets by better management of stock and better utilisation of resources	Community Housing Rent Relief programme Increase in Debt provision
Quality regulation of the housing market, including regulatory and non-regulatory initiatives designed to increase the supply of affordable housing	Wellington City Council Social Housing assistance

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

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	5,000	(500)	4,500

Reasons for Change in Appropriation

The decrease in appropriations is due to line by line savings in 2008/09.

Wellington City Council Social Housing Assistance (M37)

Scope of Appropriation

This appropriation is limited to assisting the Wellington City Council upgrade its social housing portfolio under the terms of a Deed of Grant entered into between the Crown, Housing New Zealand Corporation and the Council

Expenses

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	7,500	7,500

Reasons for Change in Appropriation

This is a new appropriation to assist Wellington City Council to upgrade their housing stock.

Expected Results

	2008/09		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Milestones in the work plan agreed between HNZC and the Wellington City Council under the Deed of Grant are met including: <ul style="list-style-type: none"> one complex under construction design and consent phase for other complexes commenced. 	-	Design and planning consent work underway	Design and planning consent work underway

Conditions on Use of Appropriation

Reference	Conditions
Deed of Grant	Use of funding complies with Deed of Grant Report is provided to Parliament on use of grant under section 32(a) of the Public Finance Act 1989.

Reporting Mechanisms

Appropriation	Reporting Mechanism
Community Housing Rent Relief Programme	Annual report of Housing New Zealand Corporation.
Wellington City Council Social Housing Assistance	Report is provided to Parliament on use of grant under section 32(a) of the Public Finance Act 1989.

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

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

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	250	1,046	1,296
Intangibles	6,280	314	6,594
Other	1,608	(1,608)	-
Total Appropriation	8,138	(248)	7,890

Reasons for Change in Appropriation

The changes are a reclassification of expenditure and a reduction in overall capital expenditure.

Part 6.2 - Non-Departmental Capital Expenditure

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
More efficient use of state housing assets by better management of stock and better utilisation of resources	Acquisition and Improvement of Housing New Zealand Corporation State Houses Refinancing of Housing New Zealand Corporation and Housing New Zealand Limited debt
Quality regulation of the housing market, including regulatory and non-regulatory initiatives designed to increase the supply of affordable housing	Acquisition and Development of Properties Under the Housing Act 1955 Acquisition and Improvement of Housing New Zealand Corporation State Houses Loans to Support Homeownership Loans to Support Social Housing

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

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	7,764	1,184	8,948
Hobsonville Urban Development	7,764	-	7,764
Other properties managed under the Housing Act 1955	-	1,184	1,184

Reasons for Change in Appropriation

The increase in appropriation is due to a carry forward from 2007/08.

Acquisition and Improvement of Housing New Zealand Corporation state houses (M37)

Scope of Appropriation

This appropriation is limited to debt or equity in Housing New Zealand Corporation to acquire, modernise or reconfigure Housing New Zealand state houses.

Capital Expenditure

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	84,390	2,851	87,241
State Housing Acquisitions	52,710	(16,805)	35,905
Fiscal Stimulus - Acquisitions	-	20,000	20,000
Auckland pensioner housing reconfiguration and development	13,980	(3,344)	10,636
Healthy Housing	7,000	-	7,000
Fiscal Stimulus - Healthy Housing	-	3,000	3,000
Energy Efficient Retrofits	4,900	-	4,900
Community Housing Standard Acquisitions	5,800	-	5,800

Reasons for Change in Appropriation

The increase in appropriation is due to transfers between financial years of \$8 million, a policy initiative of \$23 million as part of the fiscal stimulus package and a transfer of \$12 million to operating funds.

Loans to support Homeownership (M37)

Scope of Appropriation

This appropriation is limited to debt or equity in Housing New Zealand Corporation to provide loans to households to help them achieve or sustain home ownership.

Capital Expenditure

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	19,969	(10,406)	9,563
Home ownership - Papakainga	1,500	63	1,563
Shared Equity Home Ownership pilot	18,469	(14,469)	4,000
Financial Assistance to Owners of non-weathertight Homes	-	4,000	4,000

Reasons for Change in Appropriation

The decrease in appropriation is due to a capital carry forward from 2007/08 of \$4 million less line by line savings of \$14.500 million in 2008/09.

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 Homeownership	Annual report of Housing New Zealand Corporation

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