

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

	2009/10				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
Appropriations					
Output Expenses	113,664	258	3,516	3,774	117,438
Benefits and Other Unrequited Expenses	543,033	N/A	(14,367)	(14,367)	528,666
Borrowing Expenses	-	-	-	-	-
Other Expenses	20,744	-	15,016	15,016	35,760
Capital Expenditure	399,550	755	(6,606)	(5,851)	393,699
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Total Appropriations	1,076,991	1,013	(2,441)	(1,428)	1,075,563
Crown Revenue and Capital Receipts					
Tax Revenue	-	N/A	-	-	-
Non-Tax Revenue	134,370	N/A	112,253	112,253	246,623
Capital Receipts	4,619	N/A	(2,495)	(2,495)	2,124
Total Crown Revenue and Capital Receipts	138,989	N/A	109,758	109,758	248,747

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
Outcome - A business-enabling regulatory environment for building and housing that is efficient and effective, ensures public safety and delivers good quality homes and buildings that perform well in the New Zealand environment	Building Regulation and Control Sector and Regulatory Policy
Outcome - An enhanced housing and building market that provides an accessible range of houses and buildings that meet New Zealanders' economic and social needs	Building Regulation and Control Performance Monitoring and Advice - Housing New Zealand Corporation Sector and Regulatory Policy
Outcome - A well performing, professional building and housing sector that has the capability and capacity to do a good job	Occupational Licensing Sector and Regulatory Policy
Outcome - Participants in the building and housing market are well informed, can transact with confidence and are supported to resolve their disputes	Residential Tenancy and Unit Title Services Sector and Regulatory Policy Weathertight Homes Resolution Service

Building Regulation and Control (M9)

Scope of Appropriation

This appropriation is limited to activities associated with the setting of performance standards for buildings and the design and delivery of regulatory schemes and other initiatives to help ensure those standards are met.

Expenses and Revenue

	2009/10		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	16,339	221	16,560
Revenue from Crown	770	-	770
Revenue from Other	15,854	2,943	18,797

Reasons for Change in Appropriation

The increase in appropriation is due to the establishment of the National Multi Use Approvals system (Multiproof).

Occupational Licensing (M9)

Scope of Appropriation

This appropriation is limited to the development, implementation and maintenance of the registration and licensing regimes for building practitioners and electrical workers.

Expenses and Revenue

	2009/10		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	11,025	(2,867)	8,158
Revenue from Crown	-	-	-
Revenue from Other	12,753	(6,565)	6,188

Reasons for Change in Appropriation

The reduction in appropriation is due to a reforecast downwards of the Licensed Building Practitioners scheme.

Performance Monitoring and Advice - Housing New Zealand Corporation (M37)

Scope of Appropriation

This appropriation is limited to the provision of advice to Ministers arising from the monitoring of Housing New Zealand Corporation's current and expected performance.

Expenses and Revenue

	2009/10		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	641	750	1,391
Revenue from Crown	625	750	1,375
Revenue from Other	16	-	16

Reasons for Change in Appropriation

The increase in appropriation is due to an expense transfer from non-departmental appropriations to fund the Housing Shareholders' Advisory Group and to address capability issues.

Residential Tenancy and Unit Title Services (M37)

Scope of Appropriation

This appropriation is limited to the provision of residential tenancy and unit title dispute resolution services, information, education, and advice; administration and investment of residential tenancy bond monies; provision of administrative support to the State Housing Appeals Authority.

Expenses and Revenue

	2009/10		Total \$000
	Estimates \$000	Supplementary Estimates \$000	
Total Appropriation	21,616	606	22,222
Revenue from Crown	6,361	(1,548)	4,813
Revenue from Other	15,415	4,584	19,999

Reasons for Change in Appropriation

The increase in appropriations is due to carry forwards from 2008/09.

Sector and Regulatory Policy (M9)

Scope of Appropriation

This appropriation is limited to the provision of policy advice on the adequacy, efficiency and effectiveness of the building and housing sector in New Zealand; advice on the regulatory framework for the sector; monitoring, analysing and providing information on the sector; and evaluating the effectiveness of the sector and statutory boards.

Expenses and Revenue

	2009/10		Total \$000
	Estimates \$000	Supplementary Estimates \$000	
Total Appropriation	4,237	500	4,737
Revenue from Crown	4,153	500	4,653
Revenue from Other	84	-	84

Reasons for Change in Appropriation

The increase in appropriation is due to a transfer from the Weathertight Homes Resolution Service output to fund work on the Building Act review.

Weathertight Homes Resolution Service (M9)

Scope of Appropriation

This appropriation is limited to assessing the eligibility of weathertight homes claims; independent technical assessment of claims; claim management until resolution and the provision of dispute resolution services.

Expenses and Revenue

	2009/10		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	14,227	1,048	15,275
Revenue from Crown	14,117	1,048	15,165
Revenue from Other	207	-	207

Reasons for Change in Appropriation

The increase in appropriation is due to a transfer from the Residential Tenancy and Unit Titles Services appropriation to fund work on the weathertight homes scheme, less a transfer to Sector and Regulatory Policy output expense.

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

This appropriation is limited to the purchase of education, support and other services from third-party and iwi providers, by Housing New Zealand Corporation, to support target groups into improved housing outcomes.

Expenses

	2009/10		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	9,400	766	10,166
Welcome Home Loan First Steps Programme	2,400	266	2,666
Rural Housing Programme	7,000		7,000
Housing Foundation	-	500	500

Reasons for Change in Appropriation

The increase in appropriation is due to a carry forward from 2008/09 and a transfer from HNZC Capital Injection to fund the Housing Foundation.

HNZC Housing Support Services (M37)

Scope of Appropriation

This appropriation is limited to the purchase of housing related services from Housing New Zealand Corporation including home ownership initiatives, the Housing Innovation Fund and Healthy Housing.

Expenses

	2009/10		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	12,293	2,700	14,993
Housing Innovation Fund - Administration	1,100	-	1,100
Housing Innovation Fund - Māori Demonstration Partnerships	500	-	500
Welcome Home Loans	8,423	3,150	11,573
Non-weathertight homes - financial assistance	70	-	70
Healthy Housing	1,418	-	1,418
KiwiSaver Housing Deposit Subsidy - Establishment	782	(450)	332

Reasons for Change in Appropriation

The increase in appropriation is due to a transfer from Loans to Support Homeownership.

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

	2009/10		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	1,246	50	1,296
Hobsonville Urban Development	1,212	50	1,262
Other properties managed under Housing Act 1955	34	-	34

Reasons for Change in Appropriation

The increase in appropriation is due to a transfer from Loans to Support Homeownership.

Summary of Service Providers for Non-Departmental Outputs

Provider	2009/10			Reporting Mechanism	Expiry of Resourcing Commitment
	Estimates \$000	Supplementary Estimates \$000	Total \$000		
Crown Entities					
Housing New Zealand Corporation					
<ul style="list-style-type: none"> • Contracted Housing Support Services 	9,400	766	10,166	HNZC's annual report	
<ul style="list-style-type: none"> • HNZC Housing Support Services 	12,293	2,700	14,993	HNZC's annual report	
<ul style="list-style-type: none"> • HNZC State House Upgrades 	20,000	-	20,000	HNZC's annual report	June 2010
<ul style="list-style-type: none"> • Housing Policy Advice 	2,640	-	2,640	HNZC's annual report	
<ul style="list-style-type: none"> • Management of Crown Properties under the Housing Act 1955 	1,246	50	1,296	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

	2009/10		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	2,742	(1,927)	815

Reasons for Change in Appropriation

The decrease in appropriation is due to forecast reductions.

Income Related Rental Subsidy (M37)

Scope of Appropriation

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

Expenses

	2009/10		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	540,291	(12,440)	527,851

Reasons for Change in Appropriation

The reduction in appropriation is due to reductions in the forecast 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 Housing Innovation Fund Grants Housing Innovation Fund Loan Impairments

Community Housing Rent Relief Programme (M37)

Scope of Appropriation

This appropriation is limited to provision of a rent relief fund for service provider tenants of Community Group Housing properties who face difficulties in meeting rental payments.

Expenses

	2009/10		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	4,500	(700)	3,800

Reasons for Change in Appropriation

The reduction in appropriation is due to forecast changes.

Housing Innovation Fund Grants (M37)

Scope of Appropriation

This appropriation is limited to the provision of grants to housing providers to increase the supply of housing for those on low to moderate income with diverse needs.

Expenses

	2009/10		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	8,700	8,700

Reasons for Change in Appropriation

This is a new appropriation to allow grants to be paid to Housing Innovation Fund applicants.

Expected Results

	2009/10		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Number of units provided through Housing Innovation Fund grants	New measure	82	82

Conditions on Use of Appropriation

Reference	Conditions
Cabinet decisions	<p>In December 2009, Cabinet agreed to Housing Innovation Fund Appropriation transfer 2009/2010 SOC (09) 128 and agreed to the establishment of a new Non-Departmental Other Housing Innovation Fund Grant appropriation in Vote Housing.</p> <p>It is intended that grants be provided for 2009/10. As grants are treated as operational funding, the amount need must be transferred from the Housing Innovation Fund capital appropriation to an operating operation.</p>

Housing Innovation Fund Loan Impairments (M37)

Scope of Appropriation

This appropriation is limited to the impairment of term loans made to housing providers to increase the supply of housing for those on low to moderate income with diverse needs.

Expenses

	2009/10		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	5,535	5,535

Reasons for Change in Appropriation

This is a new appropriation to recognise the impairment in the value of loans paid under the Loans to Support Social and Affordable Housing capital appropriation.

Conditions on Use of Appropriation

Reference	Conditions
Cabinet decisions	<p>In December 2009, Cabinet agreed to Housing Innovation Fund Appropriation transfer 2009/2010 SOC (09) 128 and agreed to the establishment of a new Non-Departmental Other Housing Innovation Fund Loan Impairment in Vote Housing to account for the impairment of term loans originated in 2009/10.</p> <p>Noted that the new appropriation, Non-Departmental Other Expense Housing Innovation Loan Impairment, is not cash funded, and that the reduction of the impairment in future years will be treated as revenue.</p>

Increase in Debt Provision (M37)

Scope of Appropriation

Increase in provision for doubtful debts on Income Related Rents Crown Debt.

Expenses

	2009/10		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	2,744	1,481	4,225

Reasons for Change in Appropriation

The increase in appropriation is to cover the rising level of doubtful debts arising from the payment of the Income Related Rent Subsidy.

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 the use of the grant under section 32(a) of the Public Finance Act 1989.
Housing Innovation Fund Grants	Annual report of Housing New Zealand Corporation.
Housing Innovation Fund Loan Impairments	Annual report of Housing New Zealand Corporation.

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

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Outcome - A business enabling regulatory framework that is efficient and effective and ensures good quality homes and buildings and public safety and delivers good quality homes and buildings that perform well in the New Zealand environment.	Capital Expenditure PLA
Outcome - Participants in the building and housing market are well informed, can transact with confidence and are supported to resolve disputes.	Capital Expenditure PLA

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

	2009/10		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	1,250	(83)	1,167
Intangibles	3,521	838	4,359
Other	-	-	-
Total Appropriation	4,771	755	5,526

Reasons for Change in Appropriation

The change reflects the continued investment in support systems.

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 Capital Injections to Housing New Zealand Corporation for Housing Activities
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 and Affordable 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

	2009/10		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	17,717	2,584	20,301
Hobsonville Urban Development	17,517	2,510	20,027
Other properties managed under the Housing Act 1955	200	74	274

Reasons for Change in Appropriation

The increase in appropriation is due to a carry forward from 2008/09 less a carry forward to 2010/11.

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 Corporation state houses.

Capital Expenditure

	2009/10		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	115,800	4,810	120,610
State Housing Acquisitions	9,000	1,188	10,188
Fiscal Stimulus - Upgrades	65,000	-	65,000
Auckland pensioner housing reconfiguration and development	8,000	3,622	11,622
Healthy Housing	15,000	-	15,000
Fiscal Stimulus - Healthy Housing	6,500	-	6,500
Energy Efficient Retrofits	6,500	-	6,500
Community Housing Standard Acquisitions	5,800	-	5,800

Reasons for Change in Appropriation

The increase in appropriations are due to carry forwards from 2008/09.

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

	2009/10		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	6,000	(5,300)	700

Reasons for Change in Appropriation

The reduction in appropriation is due to transfers to other appropriations and reductions due to updated forecasts.

Loans to support Social and Affordable Housing (M37)

Scope of Appropriation

This appropriation is limited to the provision of loans to housing providers to increase the supply of housing for those on low to moderate income with diverse needs.

Capital Expenditure

	2009/10		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	20,000	(8,700)	11,300
Housing Innovation Fund	15,000	(8,700)	6,300
Housing Innovation Fund - Māori Demonstration Partnerships	5,000	-	5,000

Reasons for Change in Appropriation

The decrease in appropriation is due to a transfer to Housing Innovation Grants appropriation.

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
Loans to support Social and Affordable Housing	Annual report of Housing New Zealand Corporation
Capital Injections to Housing New Zealand Corporation for Housing Activities	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.