

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

Overview of the Vote

The Minister for Building and Construction is responsible for appropriations in the Vote for the 2011/12 financial year covering the following:

- A Multi-year Appropriation (MYA) was established from 1 July 2010 to provide for flexibility in planning on delivering regulatory and control services for the building industry under the Building Act 2004 and related consumer information. A total of just under \$50 million has been appropriated for a three year period. It is expected that just over \$16 million will be spent in 2011/12, leaving a balance of just under \$16 million for the remaining year within the three year MYA.
- A Multi-year Appropriation (MYA) was established from 1 July 2010 to provide for flexibility in planning on developing, implementing and maintaining registration and licensing regimes for building practitioners and electrical workers. A total of just over \$27 million has been appropriated for a three year period. It is expected that just under \$10 million will be spent in 2011/12, leaving a balance of just under \$9 million for the remaining year within the three year MYA.
- A total of just under \$8 million on providing policy advice on the building and housing sector in New Zealand.
- A total of just under \$53 million on providing assessment and dispute resolution services under the Weathertight Homes Resolution Services Act 2006 and the administration of the financial assistance package. A total of just over \$1 million on unwinding the discount rate for the net present value calculation of the direct payments contributions and the payments under the loan guarantees.
- A Multi-year Appropriation (MYA) was established from 1 July 2010 to provide for flexibility in planning on expensing the guarantee fee subsidy under the Weathertight Services loan guarantee scheme. A total of just over \$13 million has been appropriated for a five year period. It is expected that just under \$1 million will be spent in 2011/12, leaving a balance of just under \$13 million in total for the remainder of the five year period.
- A total of just over \$4 million on departmental capital expenditure.

The Minister of Housing is responsible for appropriations in the Vote for the 2011/12 financial year covering the following:

- A total of just over \$3 million arranging and managing Canterbury earthquake temporary accommodation response and just under \$10 million for operating costs associated with running the scheme.
- A Multi-year Appropriation (MYA) was established from 1 July 2010 to provide for flexibility in planning on providing services under the Residential Tenancies Act 1986, including advice and guidance, dispute resolution and the administration of residential tenancy bond monies. A total of just over \$67 million has been appropriated for a three year period. It is expected that just over \$22 million will be spent in 2011/12, leaving a balance of just under \$24 million for the remaining year within the three year MYA.
- A total of just under \$1 million on providing purchase and performance monitoring advice to Government in relation to social housing.
- A total of just over \$2 million on contracted housing support services.
- A total of just over \$15 million on purchasing housing support services.

- A total of just over \$1 million for the management of Crown owned properties.
- A total of just over \$587 million on purchasing of housing and related services for tenants paying income related rent to Housing New Zealand Corporation.
- A total of just under \$2 million on housing assistance payments.
- A total of just over \$5 million on KiwiSaver deposit subsidy.
- A total of just over \$4 million on the community housing rent relief programme.
- A total of \$5 million on the provision for doubtful debts on Income Related Rent Debt.
- A total of just over \$43 million for Wellington City Council Social Housing Assistance.
- A total of just under \$204 million on capital expenditure, which includes debt refinancing of just over \$175 million.

Details of these appropriations are set out in Parts 2-6 for Vote Housing in the *Information Supporting the Estimates of Appropriations*.

Details of Appropriations

Details of Annual and Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2010/11		2011/12
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Departmental Output Expenses			
Canterbury Earthquakes: Arranging and Managing Emergency and Temporary Accommodation (M37) This appropriation is limited to the expenses incurred in arranging and managing emergency and temporary accommodation for people displaced by the Canterbury earthquakes.	2,207	2,207	3,154
Housing, Building and Construction Policy Advice (M9) This appropriation is limited to the provision of policy advice to improve the performance of the building and housing sector; develop an effective social housing market; improve the efficiency and adequacy of support for people in housing need; monitor and provide information on sector trends and outcomes, and provide advice on the membership and effectiveness of statutory boards.	-	-	7,815
Performance Monitoring and Advice - Social Housing (M37) 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, and the monitoring of housing grants provided to Wellington City Council.	641	641	794
Weathertight Services (M9) This appropriation is limited to assessing the eligibility of weathertight homes claims; independent technical assessment of claims, including reports on actual and probable damage with estimated costs of repair; administration of the financial assistance package; claim management until repair or claim lodged with the Weathertight Tribunal; provision of mediation services; and advice, information and education to support more informed consumer decisions.	25,559	19,559	52,662
Sector and Regulatory Policy (M9) 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.	6,888	6,888	-
Total Departmental Output Expenses	35,295	29,295	64,425
Non-Departmental Output Expenses			
Canterbury Earthquakes: Emergency and Temporary Accommodation (M37) This appropriation is limited to operating expenses incurred on emergency and temporary accommodation for people displaced by the Canterbury earthquakes.	7,421	7,421	9,517
Contracted Housing Support Services (M37) 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.	8,303	6,911	2,400
HNZC Housing Support Services (M37) 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.	11,604	10,119	15,343
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.	1,438	1,417	1,395

	2010/11		2011/12
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Titles and Scopes of Appropriations by Appropriation Type			
Purchase of Housing and Related Services for Tenants Paying Income Related Rent (M37) This appropriation is limited to the purchase of housing and related services delivered by Housing New Zealand Corporation to individuals who are eligible for an income related rent, assessed as the difference in price between the amounts of market rents for the housing provided by the Corporation and the income related rents charged.	558,566	558,566	587,115
Canterbury Earthquake: Short Term Housing Assistance (M37) This appropriation is limited to the purchase of housing related services to provide short term assistance to individuals whose housing circumstances have been directly affected by the September 2010 earthquake in the Canterbury region.	421	300	-
Housing Policy Advice (M37) Purchase of housing policy advice, research and evaluation from HNZN.	2,554	2,554	-
Total Non-Departmental Output Expenses	590,307	587,288	615,770
Benefits and Other Unrequited Expenses			
Housing Assistance (M37) 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.	1,659	1,659	1,729
KiwiSaver Deposit Subsidy (M37) To enable the provision of the KiwiSaver deposit subsidy for people who meet the required eligibility criteria.	2,100	2,100	5,200
Total Benefits and Other Unrequited Expenses	3,759	3,759	6,929
Non-Departmental Other Expenses			
Community Housing Rent Relief Programme (M37) 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.	3,968	3,968	4,150
Increase in Debt Provision (M37) Increase in provision for doubtful debts on Income Related Rents Crown Debt.	5,000	5,000	5,000
Payments in respect of the Weathertight Services Loan Guarantees PLA (M9) This appropriation is limited to the payments to banks under the Weathertight Services Financial Assistance Package: Loan Guarantee scheme as authorised under section 65ZG of the Public Finance Act 1989.	-	-	30
Unwind of Discount Rate used in the Present Value Calculation of Direct Payments (M9) This appropriation is limited to the expense incurred in unwinding the discount rate used in the present value calculation of the liability as the liability nears settlement.	-	-	1,100
Wellington City Council Social Housing Assistance (M37) 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.	37,500	37,500	43,500
Canterbury Earthquake: Leasing Expenses (M37) This appropriation is limited to the leasing costs for properties to assist individuals whose circumstances have been directly affected by the September 2010 earthquake in the Canterbury region.	572	-	-
Housing Innovation Fund Grants (M37) This appropriation is limited to the provision of grants directly to housing providers and grants facilitated through Housing New Zealand Corporation to increase the supply of housing for those on low to moderate income with diverse needs.	8,000	8,000	-

	2010/11		2011/12
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Titles and Scopes of Appropriations by Appropriation Type			
Non-Departmental Other Expenses - cont'd			
Housing Innovation Fund Loan Impairments (M37) This appropriation is limited to the impairment of term loans made directly to housing providers and term loans facilitated through equity in Housing New Zealand Corporation to increase the supply of housing for those on low to moderate income with diverse needs.	4,000	-	-
Weathertight Services Financial Assistance Package: Present Value of Direct Payments (M9) This appropriation is limited to the expense incurred by the Crown's contribution to owners of leaky homes eligible for the financial assistance package for agreed repair costs.	697,000	697,000	-
Total Non-Departmental Other Expenses	756,040	751,468	53,780
Departmental Capital Expenditure			
Department of Building and Housing - Capital Expenditure PLA (M9) 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.	1,262	1,262	4,084
Total Departmental Capital Expenditure	1,262	1,262	4,084
Non-Departmental Capital Expenditure			
Acquisition and Development of properties under the Housing Act 1955 (M37) This appropriation is limited to acquiring, developing and modernising properties under the Housing Act 1955.	7,796	7,796	19,142
Acquisition and Improvement of Housing New Zealand Corporation state houses (M37) This appropriation is limited to debt or equity in Housing New Zealand Corporation to acquire, modernise or reconfigure Housing New Zealand Corporation state houses.	18,137	18,137	9,300
Capital Injections to Housing New Zealand Corporation for Housing Activities (M37) Capital injections (debt or equity) to HNZC to give effect to Government policy decisions around stock acquisition, modernisation and other housing interventions.	27	27	27
Refinancing of Housing New Zealand Corporation and Housing New Zealand Limited Debt (M37) This appropriation is limited to refinancing existing Housing New Zealand Corporation and Housing New Zealand Limited debt.	160,757	160,757	175,496
Canterbury Earthquake: Acquisition of Emergency and Temporary Accommodation (M37) This appropriation is limited to capital expenditure incurred on emergency and temporary accommodation for people displaced by the Canterbury earthquakes.	1,622	1,622	-
Loans to support Social and Affordable Housing (M37) This appropriation is limited to the provision of term loans made directly to housing providers and term loans facilitated through equity in Housing New Zealand Corporation to increase the supply of housing for those on low to moderate income with diverse needs.	8,110	8,110	-
Total Non-Departmental Capital Expenditure	196,449	196,449	203,965
Total Annual and Permanent Appropriations	1,583,112	1,569,521	948,953

Details of Multi-Year Appropriations

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
Departmental Output Expenses		
<p>Building Regulation and Control (M9)</p> <p>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.</p> <p>Commences: 1 July 2010</p> <p>Expires: 30 June 2013</p>	<p>Original Appropriation</p> <p>Adjustments to 2009/10</p> <p>Adjustments for 2010/11</p> <p>Adjusted Appropriation</p> <p>Actual to 2009/10 Year End</p> <p>Estimated Actual for 2010/11</p> <p>Estimated Actual for 2011/12</p> <p>Estimated Appropriation Remaining</p>	<p>46,898</p> <p>-</p> <p>2,965</p> <p>49,863</p> <p>-</p> <p>18,046</p> <p>16,214</p> <p>15,603</p>
<p>Occupational Licensing (M9)</p> <p>This appropriation is limited to the development, implementation and maintenance of the registration and licensing regimes for building practitioners and electrical workers.</p> <p>Commences: 1 July 2010</p> <p>Expires: 30 June 2013</p>	<p>Original Appropriation</p> <p>Adjustments to 2009/10</p> <p>Adjustments for 2010/11</p> <p>Adjusted Appropriation</p> <p>Actual to 2009/10 Year End</p> <p>Estimated Actual for 2010/11</p> <p>Estimated Actual for 2011/12</p> <p>Estimated Appropriation Remaining</p>	<p>27,341</p> <p>-</p> <p>-</p> <p>27,341</p> <p>-</p> <p>8,984</p> <p>9,966</p> <p>8,391</p>
<p>Residential Tenancy and Unit Title Services (M37)</p> <p>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.</p> <p>Commences: 1 July 2010</p> <p>Expires: 30 June 2013</p>	<p>Original Appropriation</p> <p>Adjustments to 2009/10</p> <p>Adjustments for 2010/11</p> <p>Adjusted Appropriation</p> <p>Actual to 2009/10 Year End</p> <p>Estimated Actual for 2010/11</p> <p>Estimated Actual for 2011/12</p> <p>Estimated Appropriation Remaining</p>	<p>66,550</p> <p>-</p> <p>830</p> <p>67,380</p> <p>-</p> <p>21,524</p> <p>22,328</p> <p>23,528</p>
Non-Departmental Other Expenses		
<p>Weathertight Services: Guarantee Fee Subsidy (M9)</p> <p>This appropriation is limited to the expense reflecting the guarantee fee subsidy under the Weathertight Services Financial Assistance Package: Loan Guarantee scheme</p> <p>Commences: 1 July 2010</p> <p>Expires: 30 June 2015</p>	<p>Original Appropriation</p> <p>Adjustments to 2009/10</p> <p>Adjustments for 2010/11</p> <p>Adjusted Appropriation</p> <p>Actual to 2009/10 Year End</p> <p>Estimated Actual for 2010/11</p> <p>Estimated Actual for 2011/12</p> <p>Estimated Appropriation Remaining</p>	<p>13,520</p> <p>-</p> <p>-</p> <p>13,520</p> <p>-</p> <p>100</p> <p>200</p> <p>13,220</p>

Details of Projected Movements in Departmental Net Assets

Department of Building and Housing

Details of Net Asset Schedule	2010/11 Estimated Actual \$000	2011/12 Projected \$000	Explanation of Projected Movements in 2011/12
Opening Balance	17,645	19,470	
Capital Injections	1,825	-	
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
Closing Balance	19,470	19,470	