

The Treasury

Budget 2012 Information Release

Release Document

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- [1] 6(a) - to prevent prejudice to the security or defence of New Zealand or the international relations of the government
- [2] 6(c) - to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial
- [3] 9(2)(a) - to protect the privacy of natural persons, including deceased people
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- [5] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [6] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [7] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [8] 9(2)(h) - to maintain legal professional privilege
- [9] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [10] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
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Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, an [4] appearing where information has been withheld in a release document refers to section 9(2)(b)(ii).

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.



Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Budget 2012: Vote Housing

On 23 April 2012, Cabinet:

- 1 **approved** the Budget initiatives for the above Vote for inclusion in the 2012 Budget package, as listed in the summary below and detailed in the attached initiative documents;

Summary of initiatives included in the attached initiative documents:

Operating Initiatives (Impact on Operating Balance)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
7219	Social Housing Reform Programme Contributions to Third Sector Providers	-	100.000	-	-	-
7220	Operation of the Social Housing Unit	-	2.650	2.650	2.650	2.650
7221	Social Housing Reform Programme	-	1.000	1.000	1.000	-
7222	Increased Capacity for Policy Advice in Housing Sector	1.100	2.050	2.050	2.050	2.050
7225	Surplus Funding in Weathertight Services	(34.000)	-	-	-	-
7452	Welcome Home Loans Applied to Social Housing and Policy	(1.100)	(4.500)	(4.500)	(4.500)	(4.500)
7490	Community Group Housing	-	4.800	-	-	-
Total Operating		(34.000)	106.000	1.200	1.200	0.200

- 2 **agreed** to establish new appropriations where required to implement these initiatives, as described in the attached initiative documents;
- 3 **approved** the changes to appropriations to implement the initiatives as set out in the attached initiative documents;
- 4 **approved** the additional recommendations to give effect to the initiatives, as set out in the attached initiative documents;

- 5 **agreed** that the changes to appropriations for 2011/12 above be included in the 2011/12 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
- 6 **authorised** the Minister of Finance and the Vote Minister to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2011/12 Supplementary Estimates, the 2012/13 Estimates and the fiscal forecasts;
- 7 **authorised** the chief executives of departments that monitor Crown entities directly affected by decisions in this minute to inform the chair and/or chief executive of a Crown entity, on a budget-in-confidence-until-budget-day basis, of decisions that directly affect that Crown entity for the purpose of planning and preparation of their Statement of Intent;
- 8 **noted** that all communications relating to the 2012 Budget are co-ordinated by a Budget communications committee, and that any requests for early announcement will need to have both the written approval of the Minister of Finance and sign-off from the Prime Minister's office;
- 9 **agreed** that the initiative in the following table be set aside as a contingency item, that corresponding funding for it be set aside in the between-Budget spending contingency, and that it be submitted to Cabinet for consideration at a later stage:

[6]

Secretary of the Cabinet

References: CAB (12) 154; CAB (12) 155

Secretary's note: Subsequent to the Cabinet meeting, the Minister of Finance's office has advised that the Ministers of Finance and Housing have agreed to a revised figure of \$104.100 million for the Social Housing Reform Programme (Initiative 7219) and to delete the funding in 2014/15 and in 2015/16 and outyears for Initiative 7222.

Initiative No: 7219

Vote: Housing

Title: Social Housing Reform Programme Contributions to Third Sector Providers

Description: Funding for the costs of changing and increasing social and affordable housing provision, including greater provision by non-government housing providers.

New Appropriation Approval

Type	Period	Name	MCOA Output Class	Scope
Non-Departmental Other Expense (MYA)	Other Start: 1/07/2012 Finish: 30/06/2015 Amount (\$m): 100.000	Social Housing Fund	N/A	This appropriation is limited to the purchasing of services from, or providing support to, third party providers of social and/or affordable housing services.

Appropriation Changes

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
Operating Balance Impact	-	100.000	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	100.000	-	-	-

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
Non-Departmental Other Expense:					
Social Housing Fund (MYA)	-	100.100	-	-	-
Total Operating	-	100.100	-	-	-
Total Capital	-	-	-	-	-

Additional Recommendations

10 **noted** that the Social Housing Fund Multi Year Appropriation (MYA) is adjusted by \$100.000 million;

11 **noted** that amounts shown in the appropriations changes table for the Social Housing Fund MYA are the changes to the indicative annual spending profile;

Initiative No: 7219

- 12 **noted** that the initiative above has been partially offset by additional savings to be generated by the Housing New Zealand Corporation (HNZC) and paid as part of its dividend as set out in the following table:

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
Operating savings from HNZC to be paid as dividend	6.000	16.000	17.000	15.000	16.000
Total Operating	(6.000)	(16.000)	(17.000)	(15.000)	(16.000)
Total Capital	-	-	-	-	-

- 13 **directed** the Department of Building and Housing to report annually to the Minister of Housing and the Minister of Finance on savings achieved by HNZC compared to savings expected as set out in the table above, with appropriate strategies for achieving fiscal neutrality should expected savings not materialise;

14 [6]

15 [6]

Initiative No: 7220

Vote: Housing

Title: Operation of the Social Housing Unit

Description: Establishment funding for the operating costs of the Social Housing Unit in the Department of Building and Housing to advise on the supply of social and affordable housing.

Appropriation Changes

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
Operating Balance Impact	-	2.650	2.650	2.650	2.650
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	2.650	2.650	2.650	2.650

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
Departmental Output Expense:					
Social Housing Unit (funded by revenue Crown)	-	2.650	2.650	2.650	2.650
Total Operating	-	2.650	2.650	2.650	2.650
Total Capital	-	-	-	-	-

Initiative No: 7221

Vote: Housing

Title: Social Housing Reform Programme

Description: Funding to develop policy and administer the Social Housing Reform Programme by the Department of Building and Housing.

Appropriation Changes

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
Operating Balance Impact	-	1.000	1.000	1.000	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	1.000	1.000	1.000	-

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
Departmental Output Expense:					
Policy Advice and Related Outputs (MCOA)					
MCOA - Housing Policy Advice (funded by revenue Crown)	-	1.000	1.000	1.000	-
Total Operating	-	1.000	1.000	1.000	-
Total Capital	-	-	-	-	-

Initiative No: 7222**Vote:** Housing**Title:** Increased Capacity for Policy Advice in Housing Sector**Description:** Funding to increase capacity in the Department of Building and Housing to provide timely policy advice on earthquake recovery, Royal commissions of inquiry, Treaty settlements and accords, housing affordability, and evaluation of the housing reforms.**New Appropriation Approval**

Type	Period	Name	MCOA Output Class	Scope
Departmental Output Expense (MCOA)	Annual	Policy Advice and Related Outputs	MCOA - Housing Policy Advice	This output class is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision making by Ministers on government policy matters relating to Housing.
			MCOA - Housing, Ministerial Servicing and Performance and Monitoring	This output class is limited to the provision of support, information and services to the Minister of Housing to enable the Minister to discharge their portfolio responsibilities (other than policy decision making).
			MCOA - Building and Construction Policy	This output class is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision making by Ministers on government policy matters relating to Building and Construction.
			MCOA - Building and Construction Ministerial Servicing	This output class is limited to the provision of support, information and services to the Minister for Building and Construction to enable the Minister to discharge their portfolio responsibilities (other than policy decision making).

Initiative No: 7222

Appropriation Changes

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
Operating Balance Impact	1.100	2.050	2.050	2.050	2.050
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	1.100	2.050	2.050	2.050	2.050

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
Departmental Output Expenses:					
Policy Advice and Related Outputs (MCOA)					
MCOA - Housing Policy Advice (funded by revenue Crown)	-	2.050	2.050	2.050	2.050
Housing, Building and Construction Policy Advice (funded by revenue Crown)	1.100	-	-	-	-
Total Operating	1.100	2.050	2.050	2.050	2.050
Total Capital	-	-	-	-	-

Initiative No: 7225

Vote: Housing

Title: Surplus Funding in Weathertight Services

Description: Return of unspent funding in 2011/12 only from lower than predicted demand for services.

Appropriation Changes

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
Operating Balance Impact	(34.000)	-	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	(34.000)	-	-	-	-

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
Departmental Output Expense:					
Weathertight Services (funded by revenue Crown)	(34.000)	-	-	-	-
Total Operating	(34.000)	-	-	-	-
Total Capital	-	-	-	-	-

Initiative No: 7452

Vote: Housing

Title: Welcome Home Loans Applied to Social Housing and Policy

Description: Reductions in spending on the mortgage assistance scheme: Welcome Home Loans from possible changes to eligibility criteria.

Appropriation Changes

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
Operating Balance Impact	(1.100)	(4.500)	(4.500)	(4.500)	(4.500)
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	(1.100)	(4.500)	(4.500)	(4.500)	(4.500)

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
Non-Departmental Output Expense:					
HNZC Housing Support Services	(1.100)	(4.500)	(4.500)	(4.500)	(4.500)
Total Operating	(1.100)	(4.500)	(4.500)	(4.500)	(4.500)
Total Capital	-	-	-	-	-

Additional Recommendation

- 16 **directed** the Department of Building and Housing to report to the Minister of Housing on any changes to policy settings that may be required to ensure Welcome Home Loans are able to continue with reduced funding.

Initiative No: 7490

Vote: Housing

Title: Community Group Housing

Description: Funding to subsidise the shortfall between the market rent for Housing New Zealand Corporation's Community Group Housing portfolio and the rent it receives from the relevant community group providers, to ensure transparency of costs for Crown programmes undertaken by Housing New Zealand Corporation.

Appropriation Changes

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
Operating Balance Impact	-	4.800	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	4.800	-	-	-

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
Non-Departmental Output Expense:					
HNZC Housing Support Services	-	4.800	-	-	-
Total Operating	-	4.800	-	-	-
Total Capital	-	-	-	-	-

Additional Recommendations

- 17 **noted** that this initiative only funds the Community Group Housing rental shortfall for 2012/13, but ongoing funding will be required for this initiative;
- 18 **noted** that of the \$4.800 million for 2012/13 for Community Group Housing, \$0.200 million is reprioritised from within Vote Housing, \$0.800 million is reprioritised from Vote Social Development and \$3.800 million is funded from the Health allocation;
- 19 **agreed** that ongoing funding for this will be found from within the baselines of the sectors to whom the Community Group providers are contracted to provide services, and that incidence of costs across the sectors will be finalised in Budget 2013 following additional policy work led by the Department of Building and Housing in 2012/13.

Initiative No: 7507

Vote: Housing

Title: Canterbury Earthquakes: Building And Housing Assistance

Description: A new departmental appropriation for co-ordination, management and delivery of the overall Departmental response programme, and the delivery of accommodation matching and placement services to people displaced by the Canterbury earthquakes.

New Appropriation Approval

Type	Period	Name	MCOA Output Class	Scope
Departmental Output Expense	Annual	Canterbury Earthquakes: Building and Housing Assistance	N/A	This appropriation is limited to the co-ordination, management and delivery of the overall Departmental response programme, and the delivery of accommodation matching and placement services to people displaced by the Canterbury earthquakes.

Appropriation Changes

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	-	-	-	-

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
Departmental Output Expenses:					
Canterbury Earthquakes: Arranging and Managing Emergency and Temporary Accommodation (funded by revenue Crown)	-	(2.505)	(1.540)	-	-
Canterbury Earthquakes: Building and Housing Assistance (funded by revenue Crown)	-	2.505	1.540	-	-
Total Operating	-	-	-	-	-
Total Capital	-	-	-	-	-