

The Treasury

Budget 2015 Information Release

Release Document July 2015

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Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

- [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] 6(e)(iv) - to damage seriously the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the entering into of overseas trade agreements.
- [4] 9(2)(a) - to protect the privacy of natural persons, including deceased people
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- [6a] 9(2)(ba)(ii) - to protect information, where the making available of the information would be likely otherwise to damage the public interest
- [7] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [8] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [8a] 9(2)(f)(ii) - to maintain the current constitutional conventions protecting the collective and individual ministerial responsibility
- [9] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [10] 9(2)(h) - to maintain legal professional privilege
- [11] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [12] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [13] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [14] Not in scope

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, a [4] appearing where information has been withheld in a release document refers to section 9(2)(a).

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.

2015 Budget Package: Vote Building and Housing

On 20 April 2015, Cabinet:

- 1 **approved** the Budget initiatives for the above Vote for inclusion in the 2015 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)				
		2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
[8]						
8778	Christchurch City Council Home Ownership Initiative	5.000	-	-	-	-
8602	Housing New Zealand Corporation - Community Group Housing Market Rent Top-Up	-	7.034	7.364	7.706	8.060
8856	Social Housing Reform Programme	-	(7.497)	(7.375)	(7.253)	1.843
Total Operating		-	(0.463)	3.189	0.453	9.903

- 2 **agreed** to establish new appropriations where required to implement these initiatives, as described in the attached initiative documents;
- 3 **approved** 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 be included in the 2014/15 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
- 6 **authorised** the Minister of Finance and the Responsible Minister to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2014/15 Supplementary Estimates, the 2015/16 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 2015 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;

Secretary of the Cabinet

Reference: CAB (15) 173

Vote: Building and Housing

Title: Building and Housing Priorities

Description: The provision of primary and secondary advice in the fields of building and housing policy. This includes advice in areas such as housing quality, occupational regulation and mechanisms to improve rental market performance and affordability in New Zealand.

Appropriation Changes

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Departmental Output Expense:					
Weathertight Services (funded by revenue Crown)	-	(2.122)	(2.654)	(2.337)	(2.270)
Multi-Category Expenses and Capital Expenditure					
Policy Advice and Related Outputs MCA					
Departmental Output Expense:					
Policy Advice - Building and Housing (funded by revenue Crown)	-	2.122	2.654	2.337	2.270
Total Operating	-	-	-	-	-
Total Capital	-	-	-	-	-

[8]

[8]

Initiative No: 8778

Vote: Building and Housing

Title: Christchurch City Council Home Ownership Initiative

Description: Homeownership support for low income families in Christchurch who can sustain a mortgage.

New Appropriation Approval

Name	Period	Type	Category Name	Scope
Christchurch City Council Home Ownership Initiative	Annual	Non-Departmental Other Expenses	N/A	This appropriation is limited to supporting the Christchurch City Council to provide home ownership services to people in Christchurch.

Appropriation Changes

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Operating Balance Impact	5.000	-	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	5.000	-	-	-	-

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Non-Departmental Other Expense:					
Christchurch City Council Home Ownership Initiative	5.000	-	-	-	-
Total Operating	5.000	-	-	-	-
Total Capital	-	-	-	-	-

Additional Recommendation

- 11 **agreed** that the expenses incurred in this recommendation be a charge against the Christchurch Housing Accord Fund capital contingency, established as part of Budget 2014;

Initiative No: 8602

Vote: Building and Housing

Title: Housing New Zealand Corporation - Community Group Housing Market Rent Top-Up

Description: To subsidise the shortfall between the market rent for the Housing New Zealand Corporation's Community Group Housing portfolio and the rent that it receives from the relevant community group providers.

Appropriation Changes

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Operating Balance Impact	-	7.034	7.364	7.706	8.060
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	7.034	7.364	7.706	8.060

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Multi-Category Expenses and Capital Expenditure					
Community Group Housing MCA					
Non-Departmental Output Expense:					
Community Group Housing Market Rent Top-Up	-	7.034	7.364	7.706	8.060
Total Operating	-	7.034	7.364	7.706	8.060
Total Capital	-	-	-	-	-

Additional Recommendations

- 12 **noted** that community housing providers are contracted by the Ministry of Social Development and the Ministry of Health to provide social services to targeted vulnerable groups and the approach in past Budgets has been to transfer resources from Vote Social Development and Vote Health to fund the market rent shortfall for one year periods only;
- 13 **noted** that Budget 2015 creates an ongoing baseline allowing for greater transparency in the costs associated with providing community group housing;
- 14 **noted** that changes in the market rent forecast may create small funding gaps which will need to be managed through future Budgets or through reprioritisation and until agencies review arrangements with community group providers this gap is likely to continue;

Initiative No: 8601

Vote: Building and Housing

Title: Additional Resourcing to Support the Homestart Programme

Description: To allow Housing New Zealand Corporation to implement and administer the Government's Homestart programme for first home buyers. This includes purchasing additional resources to process applications and marketing the programme to potential buyers.

Appropriation Changes

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Departmental Output Expense:					
Weathertight Services (funded by revenue Crown)	-	(0.765)	(0.966)	(0.916)	(0.916)
Non-Departmental Output Expense:					
HNZC Housing Support Services	-	0.765	0.966	0.916	0.916
Total Operating	-	-	-	-	-
Total Capital	-	-	-	-	-

Additional Recommendation

15 **noted** that this is in addition to the \$1.000 million Government agreed to reprioritise from Vote Building and Housing for marketing the Homestart programme in 2014/15 and 2015/16 [CAB Min (15) 6/10];

Initiative No: 8976

Vote: Building and Housing

Title: Redevelopment of Surplus Crown Land

Description: Reprioritisation to support activities associated with facilitating housing developments on vacant Crown land.

New Appropriation Approval

Name	Period	Type	Category Name	Scope
Redevelopment of Surplus Crown Land	Annual	Departmental Output Expenses	N/A	This appropriation is limited to activities associated with the facilitation of Crown land redevelopment.

Appropriation Changes

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Departmental Output Expense:					
Redevelopment of Surplus Crown Land (funded by revenue Crown)	-	2.003	2.003	2.003	2.003
Multi-Category Expenses and Capital Expenditure					
Policy Advice and Related Outputs MCA					
Departmental Output Expense:					
Policy Advice - Building and Housing (funded by revenue Crown)	-	(2.003)	(2.003)	(2.003)	(2.003)
Total Operating	-	-	-	-	-
Total Capital	-	-	-	-	-

Initiative No: 8856

Vote: Building and Housing**Title:** Social Housing Reform Programme**Description:** To support the implementation of the Social Housing Reform Programme by developing policy and regulatory capability, including supporting the formal establishment of the Community Housing Regulatory Authority and provision of advice on social housing.**New Appropriation Approval**

Name	Period	Type	Category Name	Scope
Community Housing Regulatory Authority	Annual	Departmental Output Expenses	N/A	This appropriation is limited to the administration of the Community Housing Regulatory Authority.

Appropriation Changes

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Operating Balance Impact	-	(7.497)	(7.375)	(7.253)	1.843
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	(7.497)	(7.375)	(7.253)	1.843

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Departmental Output Expense:					
Community Housing Regulatory Authority (funded by revenue Crown)	-	0.700	0.700	0.700	0.700
Non-Departmental Other Expense:					
Social Housing Provider Development	-	(9.274)	(9.174)	(9.074)	-
Multi-Category Expenses and Capital Expenditure					
Policy Advice and Related Outputs MCA					
Departmental Output Expense:					
Policy Advice - Building and Housing (funded by revenue Crown)	-	1.077	1.099	1.121	1.143
Total Operating	-	(7.497)	(7.375)	(7.253)	1.843
Total Capital	-	-	-	-	-

Additional Recommendations

- 16 **noted** that this initiative is only one component of the overall cross agency bid to implement the social housing reform work programme and the other components are in Vote Finance and Vote Social Development;
- 17 **noted** that \$29.322 million is being reprioritised over the next three years from the Social Housing Provider Development appropriation in Vote Housing to support the overall cross agency bid;
- 18 **noted** funding of \$1.800 million over the next three years for Community Housing Aotearoa is within the Social Housing Provider Development appropriation;

Initiative No: 8854

Vote: Building and Housing

Title: Establish a Multi-Category Appropriation for Community Group Housing

Description: The transfer of appropriations related to community group housing to a multi-category appropriation. This will provide flexibility in transferring funds between categories and improved transparency by having all funding streams in one appropriation.

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Non-Departmental Output Expense:					
HNZC Housing Support Services	-	(2.400)	(2.400)	(2.400)	(2.400)
Non-Departmental Other Expense:					
Community Housing Rent Relief Programme	-	(4.104)	(4.104)	(4.104)	(4.104)
Non-Departmental Capital Expenditure:					
Acquisition and Improvement of Housing New Zealand Corporation State Houses	-	(5.800)	(5.800)	(5.800)	(5.800)
Multi-Category Expenses and Capital Expenditure					
Community Group Housing MCA					
Non-Departmental Output Expense:					
Community Group Housing Market Rent Top-Up	-	2.400	2.400	2.400	2.400
Non-Departmental Other Expense:					
Community Housing Rent Relief	-	4.104	4.104	4.104	4.104
Non-Departmental Capital Expenditure:					
Acquisition and Improvement of Community Group Housing Properties	-	5.800	5.800	5.800	5.800
Total Operating	-	-	-	-	-
Total Capital	-	-	-	-	-

Additional Recommendation

19 **noted** that agreement has been sought from the Minister of Finance to establish the Multi-Category Appropriation, associated scope statements and any restrictions around capital to operating swaps.