

The Treasury

Budget 2015 Information Release

Release Document July 2015

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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
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- [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.



Cabinet

Amended Minute
CAB Min (15) 11/11(11)

Copy No:

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 (Vote Housing until end of 2014/15) Technical Initiatives

On 13 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
8909	Review of Māori Housing Funding Programme	-	(7.000)	(7.000)	(7.000)	(7.000)
8798	Reinstating Funding for the Smarter Homes Website	(0.600)	0.150	0.150	0.150	0.150 2018/19 only
8791	Social Housing Fund - Extension of Multi-Year Appropriation	(29.142)	21.240	7.902	-	-
8612	Wellington City Council Social Housing Grant - Update to the Work Programme and Investment Plan	-	3.000	(2.000)	(1.000)	-
8806	Transfer of Weathertight Services Guarantee Fee Subsidy to an annual appropriation	(0.727)	0.727	-	-	-
Total Operating		(30.469)	18.117	(0.948)	(7.850)	(6.850)

- 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 for 2014/15 above 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 **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) 163

Secretary's note: This minute has been reissued to amend the technical recommendation set out in paragraph 5.

Initiative No: 8849**Vote:** Building and Housing**Title:** Re-Classification of Expenditure Type for the Housing Assistance Appropriation**Description:** To re-classify expenditure type for the Housing Assistance appropriation from Benefits and Related Expense to Non-Departmental Other Expense.**New Appropriation Approval**

Name	Period	Type	Category Name	Scope
Housing Assistance	Annual	Non-Departmental Other Expense	N/A	This appropriation is limited to payments made to Housing New Zealand Corporation and other mortgage providers to compensate for the difference between the cost of funds and the rate at which funds are lent, and provide write-offs for loans.

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Benefits or Related Expense:					
Housing Assistance	-	(1.502)	(1.507)	(1.507)	(1.507)
Non-Departmental Other Expense:					
Housing Assistance	-	1.502	1.507	1.507	1.507
Total Operating	-	-	-	-	-
Total Capital	-	-	-	-	-

Initiative No: 8901

Vote: Building and Housing

Title: Reclassification of Energy Levy Revenue

Description: Continuation of Vote Energy initiative 8894. To recognise the change in revenue source from departmental revenue (third party) to Non-Departmental Crown revenue as a result of levies collected due to a legislative change.

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Departmental Output Expenses:					
Occupational Licensing (funded by revenue Crown)	0.691	0.691	0.691	0.691	0.691
Occupational Licensing (funded by revenue Other)	(0.691)	(0.691)	(0.691)	(0.691)	(0.691)
Total Operating	-	-	-	-	-
Total Capital	-	-	-	-	-

Additional Recommendations

- 8 **noted** that energy and gas levies collected under the Energy (Fuels, Levies, and References) Act 1989 were repurposed from departmental (third party) to non-departmental Crown revenue;
- 9 **noted** that the levies fund occupational licensing complaints process for electricians in Vote Building and Housing and consumer information regarding comparative energy pricing in Vote Commerce and Consumer Affairs;

Initiative No: 8909

Vote: Building and Housing

Title: Review of Maori Housing Funding Programme

Description: To facilitate the delivery of Maori housing projects by transferring funding into Vote Maori Development which will focus resources on areas that will have the greatest impact on achieving the objectives of the Maori Housing Strategy.

Appropriation Changes

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Operating Balance Impact	-	(7.000)	(7.000)	(7.000)	(7.000)
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	(7.000)	(7.000)	(7.000)	(7.000)

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Departmental Output Expense:					
Social Housing Unit (funded by revenue Crown)	-	(0.200)	(0.200)	(0.200)	(0.200)
Non-Departmental Output Expense:					
Kainga Whenua Infrastructure Grant	-	(2.800)	(2.800)	(2.800)	(2.800)
Non-Departmental Other Expense:					
Rural and Maori Housing	-	(4.000)	(4.000)	(4.000)	(4.000)
Total Operating	-	(7.000)	(7.000)	(7.000)	(7.000)
Total Capital	-	-	-	-	-

Vote: Building and Housing

Title: Reinstating Funding for the Smarter Homes Website

Description: Reinstating funding for the Smarter Homes website by a fiscally neutral reprioritisation across years from the Weathertight Services Departmental Appropriation.

Appropriation Changes

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 only
Operating Balance Impact	(0.600)	0.150	0.150	0.150	0.150
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	(0.600)	0.150	0.150	0.150	0.150

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 only
Departmental Output Expenses:					
Building Regulation and Control (funded by revenue Crown)	0.150	0.150	0.150	0.150	0.150
Weathertight Services (funded by revenue Crown)	(0.750)	-	-	-	-
Total Operating	(0.600)	0.150	0.150	0.150	0.150
Total Capital	-	-	-	-	-

Additional Recommendation

10 **noted** that funding was removed to contribute to savings identified from the formation of the Ministry of Business Innovation and Employment in Budget last year, and this fiscally neutral reprioritisation across the forecast period seeks to reinstate Crown funding to maintain and operate the smarter homes website;

Initiative No: 8791

Vote: Building and Housing

Title: Social Housing Fund Multi-Year Appropriation

Description: To establish a Social Housing Fund Multi-Year Appropriation with total appropriation remaining from 1 July 2015 to 30 June 2017. The original Multi-Year Appropriation was for a term of three years expiring on 30 June 2015 and funding adjustments are required to reflect changes to the grant payment schedule.

New Appropriation Approval

Name	Period	Type	Category Name	Scope
Social Housing Fund	Multi-Year Appropriation Start: 1/07/2015 Finish: 30/06/2017 Amount (\$m): 29.142	Non-Departmental Other Expenses	N/A	This appropriation is limited to the purchasing of services (other than part purchase of social housing tenancies) from, or providing support to, third party providers of social and/or affordable housing services.

Appropriation Changes

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Operating Balance Impact	(29.142)	21.240	7.902	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	(29.142)	21.240	7.902	-	-

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Non-Departmental Other Expenses:					
Social Housing Fund (MYA) <i>Expires June 2015</i>	(29.142)	-	-	-	-
Social Housing Fund (MYA) <i>Expires June 2017</i>	-	21.240	7.902	-	-
Total Operating	(29.142)	21.240	7.902	-	-
Total Capital	-	-	-	-	-

Additional Recommendations

11 **noted** the Multi-Year Appropriation: "Social Housing Fund", expiring on 30 June 2015, is adjusted by \$29.142 million;

Initiative No: 8791

- 12 **noted** that the amounts shown in the appropriations changes table for the Multi-Year Appropriation "Social Housing Fund" is the change to the indicative annual spending profile;
- 13 **noted** that the new Multi-Year Appropriation: "Social Housing Fund", expiring on 30 June 2017, is established at \$29.142 million;
- 14 **noted** that the amounts shown in the appropriations changes table for the new Multi-Year Appropriation: "Social Housing Fund" is the indicative annual spending profile;
- 15 **authorised** Joint Ministers to transfer any underspends in the current Multi-Year Appropriation, expiring on June 2015, at the next baseline update;

Vote: Building and Housing

Title: Transfer of Policy Advice Funding to New Multi-Category Appropriation category

Description: Transfer of funding between the old policy advice categories to the new combined policy advice category within the Multi-Category Appropriation Policy Advice and Related Outputs and transfer of policy related funding from other departmental appropriations from 1 July 2015.

Appropriation Changes

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Departmental Output Expenses:					
Social Housing Unit (funded by revenue Crown)	-	(2.003)	(2.003)	(2.003)	(2.003)
Special Housing Areas (funded by revenue Crown)	-	(1.963)	(0.963)	-	-
Multi-Category Expenses and Capital Expenditure					
Policy Advice and Related Outputs					
Departmental Output Expenses:					
Building and Construction Policy (funded by revenue Crown)	-	(2.540)	(2.540)	(2.540)	(2.540)
Housing Policy Advice (funded by revenue Crown)	-	(5.914)	(5.483)	(5.446)	(5.446)
Policy Advice – Building and Housing (funded by revenue Crown)	-	12.420	10.989	9.989	9.989
Total Operating	-	-	-	-	-
Total Capital	-	-	-	-	-

Initiative No: 8612

Vote: Building and Housing

Title: Wellington City Council Social Housing Grant - Update to the Work Programme and Investment Plan

Description: Technical change required to reflect a revised grant payment schedule following an update to the Wellington City Council's social housing work programme.

Appropriation Changes

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Operating Balance Impact	-	3.000	(2.000)	(1.000)	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	3.000	(2.000)	(1.000)	-

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Non-Departmental Other Expense:					
Wellington City Council Social Housing Assistance	-	3.000	(2.000)	(1.000)	-
Total Operating	-	3.000	(2.000)	(1.000)	-
Total Capital	-	-	-	-	-

Initiative No: 8806

Vote: Building and Housing

Title: Transfer of Weathertight Services Guarantee Fee Subsidy to an Annual Appropriation

Description: The Multi-Year Appropriation ceases on 30 June 2015 and a new Annual appropriation is required. Funding will be required in outyears to support the financial assistance package for Weathertight homes which does not expire until mid 2016.

New Appropriation Approval

Name	Period	Type	Category Name	Scope
Weathertight Services: Guarantee Fee Subsidy	Annual	Non-Departmental Other Expenses	N/A	This appropriation is limited to the expense reflecting the guarantee fee subsidy under the Weathertight Services Financial Assistance Package Loan Guarantee Scheme.

Appropriation Changes

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Operating Balance Impact	(0.727)	0.727	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	(0.727)	0.727	-	-	-

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Non-Departmental Other Expenses:					
Weathertight Services: Guarantee Fee Subsidy (MYA)	(0.727)	-	-	-	-
Weathertight Services: Guarantee Fee Subsidy	-	0.727	-	-	-
Total Operating	(0.727)	0.727	-	-	-
Total Capital	-	-	-	-	-

Additional Recommendations

16 **noted** that the Multi-Year Appropriation: "Weathertight Services: Guarantee Fee Subsidy" is adjusted by \$0.727 million;

17 **noted** that the amounts shown in the appropriations changes table for the Multi Year Appropriation: "Weathertight Services: Guarantee Fee Subsidy" is the change to the indicative annual spending profile;

- Vote:** Building and Housing
- Title:** Amendment to the Scope and Title of the “Kiwisaver Deposit Subsidy” Appropriation
- Description:** This initiative provides for the revised scope and title of the “Kiwisaver Deposit Subsidy” to reflect the renaming of the subsidy to “Homestart” as agreed by Cabinet last year.

Additional Recommendation

- 18 **agreed** to amend the scope and title of the following appropriation: “Kiwisaver Deposit Subsidy” for consistency with Cabinet’s decision to rename the first home buyer scheme to “Homestart”:

Former Appropriation title	Former Scope Statement
KiwiSaver Deposit Subsidy	This appropriation is limited to enabling the provision of the KiwiSaver deposit subsidy for people who meet the required eligibility criteria.

New Appropriation Title	New Scope Statement
KiwiSaver HomeStart Grant	This appropriation is limited to enabling the provision of the KiwiSaver HomeStart grant for people who meet the required eligibility criteria.