

The Treasury

Budget 2015 Information Release

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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] 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.
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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.

Appropriation for the KiwiSaver HomeStart Promotional Campaign

Proposal

1. I propose that we re-appropriate \$1m over two years to promote the KiwiSaver HomeStart Scheme to help inform people of the new opportunities for home ownership under the revised scheme.
2. I propose that this funding be sourced from the underspent Weathertight Services appropriation.

Background

3. As part of its commitment to support home ownership, the Government will be launching 'KiwiSaver HomeStart' on 1 April 2015. This will replace and build upon the current KiwiSaver first home deposit subsidy and first home withdrawal packages.
4. KiwiSaver HomeStart will make home ownership more accessible for first home buyers by:
 - 1 increasing the number of buyers who are eligible for HomeStart by increasing the eligible house price caps;
 - 2 providing a higher grant to first home buyers who are purchasing a newly built dwelling or a dwelling to be built off the plans, being up to \$10,000 for a single buyer after five years of membership in a KiwiSaver scheme or \$20,000 for an eligible couple; and
 - 3 allowing first home buyers to access their KiwiSaver member tax credit, as well as their own and their employer's contributions.
5. KiwiSaver HomeStart was developed as part of a programme of work on housing. A promotional campaign is essential to fulfilling this promise by raising public awareness of the assistance available to first home buyers.
6. This paper seeks funding for the KiwiSaver HomeStart promotional campaign.

KiwiSaver HomeStart Promotional Campaign

7. The KiwiSaver HomeStart promotional campaign is being managed by Housing New Zealand Corporation ('HNZC') and will consist of both a launch phase and ongoing promotion. The launch phase is planned for April through July after the 1 April start date for the scheme. It will combine online and newspaper advertising with Ministerial roadshows. Ongoing promotion will focus on supporting activities including maintaining a website and disseminating brochures.
8. Ministerial roadshows will take place across twenty regional locations and are intended to create an "event" that will attract interest from the public and the media. I will be appearing at these events that aim to attract a range of people including first home buyers and their families, developers, builders, real estate agents and people from the financial sector.
9. The roadshows will take place in conjunction with online and newspaper advertising. Online advertising is expected to particularly target those in the younger demographic, while advertising through mainstream media including newspapers and magazines will raise awareness of KiwiSaver HomeStart and encourage first home buyers to seek more information.
10. This advertising will be supported by activities including the establishment of a website with an online calculator to inform people about their eligibility and available support, selected media releases and briefings, communications to interested applicants, and information directed and mailed to financial audiences. It is expected that these activities will continue as part of ongoing promotions following the roadshows and advertising during the launch phase.

Promotional costs

11. HNZC is seeking additional funding to promote KiwiSaver HomeStart through a Budget 2015 bid. However, given that promotional costs will arise from next month, any additional funding granted through this avenue will arrive too late.
12. Consequently, I propose that funding for the KiwiSaver HomeStart promotional campaign be sourced from underspent areas from within the current budget.
13. I propose that \$1m from the underspent Weathertight Services appropriation be transferred to the HNZC Housing Support Services appropriation. This funding will be used to cover launch and ongoing costs for the KiwiSaver HomeStart promotional campaign.
14. I propose that \$725,000 of the funding be used to finance the launch phase during the 2014-15 year. The remaining \$275,000 will be used for ongoing promotion of KiwiSaver HomeStart in 2015-16. HNZC's formal budget bid would then be adjusted accordingly.

Financial implications

15. Both the Weathertight Services and HNZC Housing Support Services appropriations are a part of Vote Housing. The proposed transfer would therefore be a fiscally neutral adjustment within a Vote, and have no impact on the operating balance for the 2014/15 and 2015/16 fiscal year. The Weathertight Services appropriation is administered by MBIE and the HNZC Housing Support Services appropriation is administered by HNZC.

16. The amount of funding sought is in line with HNZC's projections for the cost of the promotional campaign. HNZC have provided an initial cost estimate of \$725,000 for 2014-15 and \$300,000 to \$400,000 for 2015/16.
17. This cost estimate covers all expected costs associated with the promotional campaign. It includes costs for the roadshows, marketing collateral (such as brochures), development of a new web site, and online and channel advertising campaigns.
18. The costs are for the promotional campaign only. Separately, HNZC is also seeking increased funding to meet the additional cost of processing the higher number of applications that are expected as a result of our support for a greater number of first home buyers.

Consultation

19. The Treasury and HNZC have been consulted in the drafting of this paper.

Human rights & legislative implications

20. This paper raises no human rights issues, nor any legislative implications.

Regulatory impact analysis

21. A regulatory impact analysis is not required for the proposals in this paper.

Publicity

22. The office of the Minister for Building & Housing will manage the publicity resulting from any decisions recommended in this paper.

Recommendations

23. I recommend that Cabinet:
 - 1 **note** that funding is required for the KiwiSaver HomeStart promotional campaign;
 - 2 **note** that the cost of the KiwiSaver HomeStart promotional campaign is expected to be \$725,000 in 2014/15 and \$275,000 in 2015/16;
 - 3 **agree** to allocate total funding of \$1,000,000 towards the KiwiSaver HomeStart promotional campaign using underspends in the Weathertight Services appropriation in Vote Housing;

- 4 **approve** the following fiscally neutral adjustment and expense transfer into 2015/16 to provide for the KiwiSaver HomeStart promotional campaign, with no impact on the operating balance:

Vote Housing Minister for Building and Housing	\$m – increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Departmental Output Expense: Weathertight Services (funded by revenue Crown)	(1.000)		-	-	-
Non- Departmental Output Expense: HNZC Housing Support Services (funded by revenue Crown)	0.725	0.275	-	-	-
Net Impact	(0.275)	0.275			

- 5 **agree** that the proposed changes to appropriations for 2014/15 above be included in the 2014/15 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;
- 6 **note** that HNZC's budget bid for 2015/16 will be adjusted down accordingly;
- 7 **note** that, separately, HNZC is seeking more funding to process the additional applications expected as a result of KiwiSaver HomeStart and will continue to seek that funding as part of its budget bid.

Hon Dr Nick Smith
Minister for Building and Housing

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