

## Treasury Report: Bilateral Briefing for Votes Conservation and Housing

<b>Date:</b>	23 February 2007	<b>Treasury Priority:</b>	<b>High</b>
<b>Security Level:</b>		<b>Report No:</b>	T2007/213

### Action Sought

	<b>Action Sought</b>	<b>Deadline</b>
Minister of Finance (Hon Dr Michael Cullen)	<b>Read</b> the attached bilateral briefing prior to the bilateral meeting with Hon Carter	4.00pm Wednesday 28 February 2007
Associate Minister of Finance (Hon Trevor Mallard)	<b>Read</b> the attached bilateral briefing prior to the bilateral meeting with Hon Carter	4.00pm Wednesday 28 February 2007

### Contact for Telephone Discussion (if required)

<b>Name</b>	<b>Position</b>	<b>Telephone</b>	<b>1st Contact</b>
<i>[information deleted in order to protect the privacy of natural persons, including deceased people]</i>			
<i>[information deleted in order to protect the privacy of natural persons, including deceased people]</i>			
Mark Jacobs	Manager, Justice & Welfare	<i>[information deleted in order to protect the privacy of natural persons, including deceased people]</i>	<i>[information deleted in order to protect the privacy of natural persons, including deceased people]</i>

**Enclosure: Yes**

## Treasury Report: Bilateral Briefing for Votes Conservation and Housing

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Attached is a briefing for the bilateral between the Minister of Finance and Hon Chris Carter at 4.00 p.m. on Wednesday 28 February 2007 to discuss the budget initiatives for Votes Conservation and Housing.

The bilateral briefing is structured as follows:

<b>Conservation and Housing Savings Recommendations</b>	<b>p.3</b>
<b>Conservation</b>	
Recommendations	p. 4
Analysis by Vote	p. 12
One-page initiative summaries	
<b>Housing</b>	
Recommendations	p. 7
Analysis by Vote	p. 16
One-page initiative summaries	

We expect the key issues for discussion will be:

1. Use of savings for both Vote Conservation and Vote Housing. *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

### Recommended Action

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We recommend that you **read** the attached briefing and use it as the basis for making decisions in your bilateral with Hon Chris Carter at 4.00 p.m. on Wednesday 28 February 2007.

#### Mark Jacobs

Manager, Justice & Welfare  
for Secretary to the Treasury

#### Hon Dr Michael Cullen

Minister of Finance

## Vote Conservation and Vote Housing Recommendations

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### A. VOTE CONSERVATION AND VOTE HOUSING SAVINGS

analysis p.19

#### Either

Department of Conservation

- a **agree** that savings identified in Vote Conservation will be applied to Vote Conservation initiatives.

*Agree/disagree*

#### Or

Treasury

- b **agree** to apply Vote Conservation Savings to fund the *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]* initiative.

*Agree/disagree.*

#### Either

Department of Building and Housing

- c **agree** to apply Vote Housing savings across the operating expenses of Vote Housing Initiatives.

*Agree/disagree*

#### Or

Treasury

- d **agree** to apply Vote Housing savings to fund the Vote Housing *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]* initiative.

*Agree/disagree*

#### Either

Department of Building and Housing

- e **agree** that *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*.

*Agree/disagree*

#### Or

Treasury

- f **agree** *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*.

*Agree/disagree*

## Vote Conservation Recommendations

### B Infrastructure contribution at Cape Reinga spiritual pathway

analysis p. 12

- In 1999 a ministerial working party which included Ngati Kuri agreed that the existing infrastructure at Cape Reinga would be removed from the spiritual pathway and that the site would be restored.
- The department proposes to remove existing infrastructure and establish **new infrastructure at Cape Reinga** (toilet relocation and building of car parks) as part of an integrated initiative.
- This work is required given projected increases in visitor numbers following the sealing of the road by Transit NZ this financial year.
- A third-party provider has agreed to build a visitor centre at the site if the infrastructure contribution goes ahead.
- DOC considers that the new Visitor Centre has economic benefits for Northland and local iwi.
- Treasury considers this initiative **highly discretionary**.
- \$6.5 million for the proposed facilities appears excessive. No scaled options have been presented to Treasury.

		\$million - increase/(decrease)				
		2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
<i>Capital (GST excl)</i>						
Department	Gross	-	6.000	0.500	-	-
	Unneeded Capital	-	(6.000)	(0.500)		
	Net	-	-	-	-	-
Treasury	Gross	-	-	-	-	-
	Unneeded Capital	-	(6.000)	(0.500)	-	-
	Net		(6.000)	(0.500)	-	-

- g **note** that DOC are proposing to fund this new initiative with capital and depreciation funding provided to 'maintain the existing set of recreational opportunities'.
- h **note** that DOC was provided with twenty years of depreciation and capital funding totalling over \$840 million in 2002. Because of uncertain information available at that time, **more funding than DOC needs is being provided in the short term**. This unneeded funding does not represent 'savings' and has not resulted from any reprioritisation process.
- i **direct** DOC in consultation with Treasury to report back to Cabinet in June with an updated schedule of capital and depreciation funding requirements for visitor assets with any surplus re-phased to cover projected long-term deficits.

**DOC considers that:**

- this proposal is clearly visitor asset related and represents appropriate use of this funding in the short term;
- capital is not surplus and further appropriations will be required in the medium to long term when assets become due for replacement;
- the timing of DOC's visitor asset replacements is being continually reviewed based on age, condition and performance of existing and new assets constructed;
- the Cape Reinga assets are clearly no longer fit for purpose and therefore in need of replacement now.

**Treasury considers that:**

- the \$6.5m proposal goes far beyond 'replacement' of existing assets and should be considered as a new initiative;
- DOC does not have Cabinet authority to use this funding for new initiatives and this funding should be returned to the Crown unless this proposal is seen as a high priority use of capital funding overall.

**EITHER**

DOC

- j **agree** that DOC can fund this initiative from capital funding resulting from re-phasing of the visitor assets funding.

*Agree/disagree.*

**OR**

Treasury

- k **decline** DOC's request to use scheduled capital injections to fund the initiative 'Infrastructure contribution at Cape Reinga Spiritual Pathway';
- l **agree** that the capital funding that DOC are proposing to use to offset the cost of this initiative should be used to fund the *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*.

*Agree/disagree.*

**C Connecting NZers to "their place"**

**analysis p.13**

- The department is seeking capital funding to improve specific opportunities associated with Te Araroa Trail and camping opportunities around our coastline.
- DOC are currently working with Iwi and private landholders to develop **a new track that runs from Cape Reinga to The Bluff**. DOC seeks funding to complete the 35% of the track proposed over conservation land. DOC would install signs on 800km of existing DOC track. 300 km of new tramping track would be constructed.

*[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

- Completion of the Te Araroa track would be **dependent upon other parties** completing the components of the track that are not over conservation land. DOC is 'reasonably confident' that other parties would be able and willing to deliver.

*[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

	<i>\$million - increase/(decrease)</i>				
	<i>2006/07</i>	<i>2007/08</i>	<i>2008/09</i>	<i>2009/10</i>	<i>2010/11 &amp; Outyears</i>
<i>Capital (GST excl)</i>					
Department	-	<i>[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]</i>			
Treasury	-	-	-	-	-

## Vote Housing Recommendations

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**D**

*[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

## E Housing Innovation Fund

analysis p.17

- The Department proposes the Housing Innovation Fund (HIF) receives further funding so it can continue beyond 2007/08 and grow to support the expansion of the third sector and provide assistance to Auckland City Council initiatives.
- Treasury's view is the policy behind HIF has merit but the pressures in Budget 2007 mean that it should be deferred until a future Budget.
- The initiative is fully scalable.

	\$million - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
<i>Capital (GST excl)</i>					
Department	-	3.000	15.000	15.000	15.000
Treasury	-	-	-	-	-

### EITHER

DBH

m **agree** to continue the Housing Innovation Fund in outyears

*Agree/disagree.*

### OR

Treasury

n **defer** consideration of further funding for the Housing Innovation Fund to Budget 2008.

### AND

o **instruct** officials to evaluate the effect of the IFRS requirements on the Housing Innovation Fund and report back to Responsible Ministers to inform Budget 2008.

*Agree/disagree.*



**F. Healthy Housing**

**analysis p.17**

- The Department proposes continuing the current healthy housing programme and introducing it into the Hutt Valley.
- Treasury's view is the policy has merit but it is not a priority for Budget 2007. The initiative should be deferred for consideration in a future Budget.

	<i>\$million - increase/(decrease)</i>				
	<i>2006/07</i>	<i>2007/08</i>	<i>2008/09</i>	<i>2009/10</i>	<i>2010/11 &amp; Outyears</i>
<i>Capital (GST excl)</i>					
Department	-	10.320	10.640	10.960	11.200
Treasury	-	-	-	-	-

**EITHER**

DBH

p **agree** to continue the Healthy Housing programme in outyears.

*Agree/disagree.*

**OR**

Treasury

q **agree** to defer consideration of further funding for Healthy Housing to Budget 2008.

*Agree/disagree.*

**G.**

*[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

**H**

*[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

## Vote Conservation – Analysis

### Analysis of Initiatives

- Capital funding is being sought for Vote Conservation through this bilateral and operating funding through the National Identity and Economic Transformation Themes. This is summarised in the table below:

	<i>\$million - increase/(decrease)</i>				
<i>Funding sought for Vote Conservation in Budget 2007</i>	<i>2006/07</i>	<i>2007/08</i>	<i>2008/09</i>	<i>2009/10</i>	<i>2010/11 &amp; Outyears</i>
<i>Operating (GST excl)</i>					
At this bilateral	-	-	-	-	-
Through Theme National Identity	<i>[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]</i>				
Through Theme Economic Transformation					
<b>TOTAL OPERATING</b>					
<i>Capital (GST excl)</i>					
At this bilateral					
Through Theme National Identity					
<b>TOTAL CAPITAL</b>					

- Of the operating funding sought through theme National Identity, \$[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials] relates to capital initiatives being discussed in this bilateral.

### **Infrastructure contribution at Cape Reinga spiritual pathway (recommendation B)**

- DOC are seeking permission to use depreciation and capital funding that was provided to maintain the 'existing set of recreational opportunities' for new infrastructure work at Te Rerenga (Cape Reinga). This work would:
  - Replace existing toilet blocks and the carpark away from the spiritual pathway, thus providing healing to Maoridom.
  - Restore the spiritual pathway
  - Expand the car-park to cope with projected future usage following the sealing of the access road;
  - Provide groundwork for a visitor centre to be provided by a third-party;
- Treasury sees some merit in this initiative. DOC does not believe that any scaling of the initiative is possible, but Treasury considers proposed costs to be very high for the facilities delivered. The initiative is discretionary and low priority compared with other Budget pressures.

5. DOC wish to offset the costs of the 'Infrastructure contribution at Te Rerenga Wairua (Cape Reinga) spiritual pathway' initiative through the use of scheduled capital injections that were provided to 'maintain the existing set of recreational opportunities'. Treasury does not consider this an appropriate use of this capital funding.
6. In 2002, visitor assets on the Conservation Estate were recognised on DOC's balance sheet. DOC was provided with approximately \$840 million of capital and depreciation funding over twenty years for 'maintaining the existing set of visitor opportunities'. The actual profile of required capital expenditure since that time has differed from the initial modelling. DOC does not require all capital and depreciation funding to maintain the original visitor assets in the short-run. DOC considers that a shortage is likely to emerge in the longer term.
7. This capital funding does not constitute 'savings', as DOC have not undertaken any reprioritisation to free up this funding. The depreciated value of the existing Cape Reinga facilities is far lower than the proposed \$6.5 million replacement. DOC may need additional capital and depreciation funding in future years to fund the maintenance and replacement of visitor assets. Treasury supports the use of this capital funding if Ministers consider this initiative a high priority, but considers that **there are higher priority uses for capital funding**.
8. Treasury does not support this initiative. If you do not consider that this initiative represents a high priority for the Government, this **capital funding should be used to fund the** *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*. This approach is consistent with agreed National Identity TOBA Process and the Budget Strategy Cabinet paper, as funding reallocated from DOC does not constitute savings. No reprioritisation has taken place.

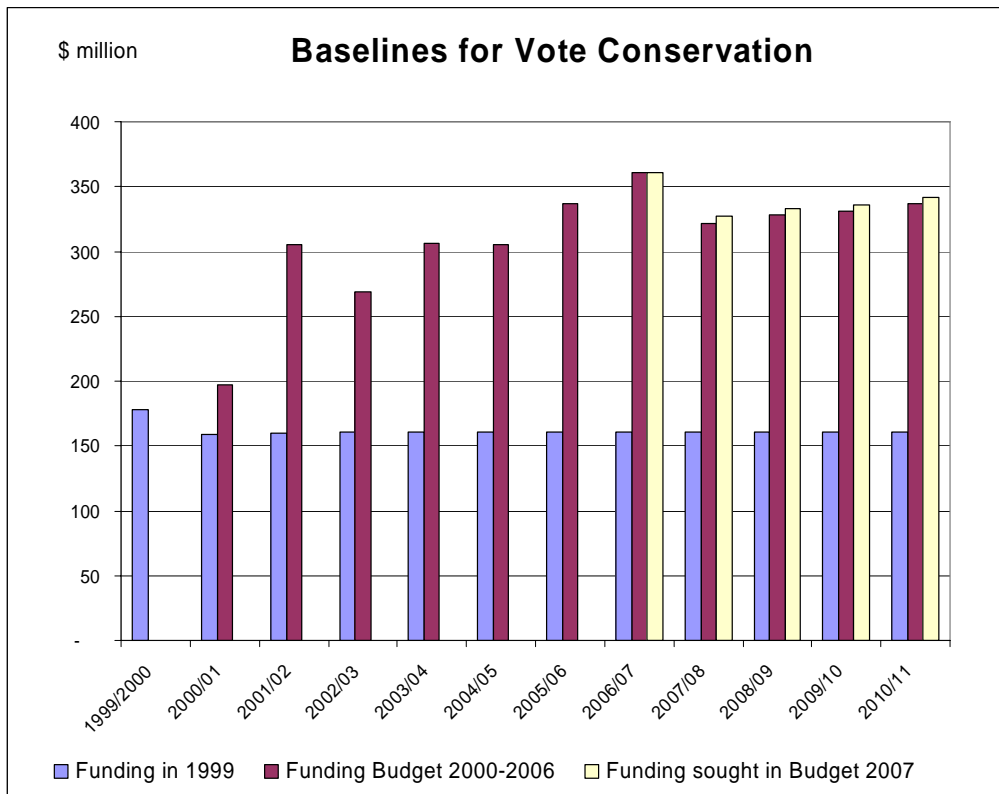
**Connecting NZers to 'their place' (recommendation C)**

9. The department seeks \$ *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]* million of capital funding to:
  - i. **construct track and provide signage on conservation land as part of a partnership project to create a track that runs from Cape Reinga to The Bluff.** 35% of the track is over conservation land. DOC would install signs on 800km of existing DOC track. 300 km of new tramping track would be constructed;
  - ii. *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*
10. Treasury considers that the **track component of this initiative has some merits**. However, there is some risk that incomplete work by third-parties would endanger the project. This proposal is discretionary and low priority.

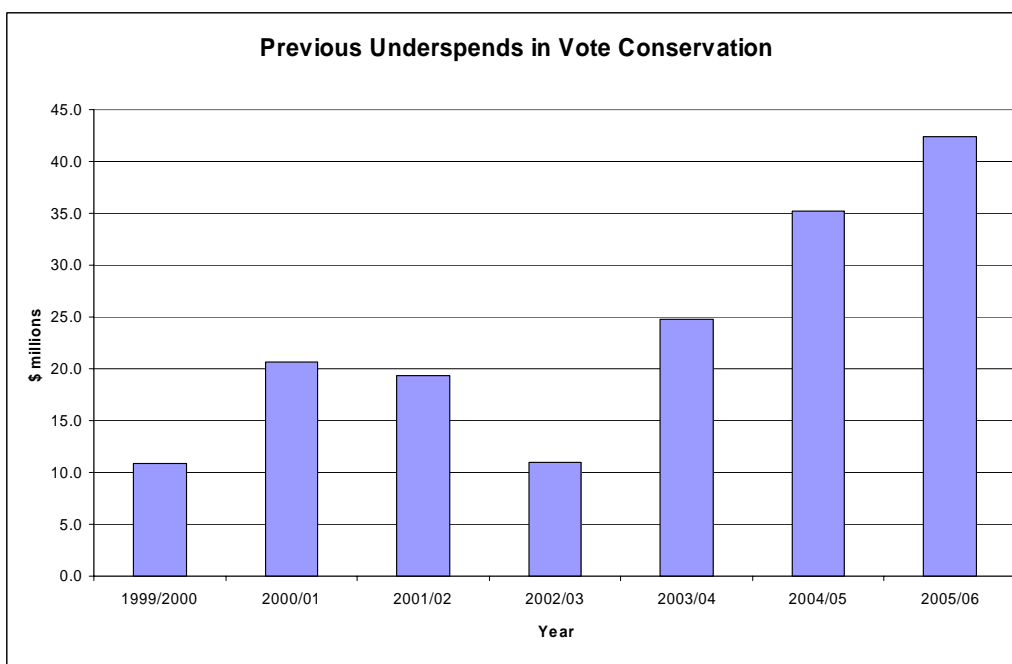
*[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

## Analysis of Vote

13. Vote Conservation baselines are currently \$310 million per annum.
14. The vote has received significant increases in the past six years due to the implementation of the Biodiversity Strategy (\$45 million per annum) and the recognition of visitor assets on the departmental balance sheet.



15. The following graph details the history of underspends in the vote.



16. There have been consistent underspends in the Vote. The majority of underspends occur in non-departmental output classes. This relates to commitments which are made for land purchases but for which the expense is not incurred in that year. Departmental underspends in the operating area have averaged 2% over the past five years.

17. During the TOBA process, DOC:

- i. identified \$2.4 million of savings (excluding unneeded depreciation funding) which is being used to offset the costs of a capability initiative; and
- ii. were directed to report back to Ministers by November 2006 with updated capital and depreciation funding requirements and any identified savings. This is yet to occur and it is recommended that you direct DOC to report back with potential savings by June 2007 (see recommendation A(c)).

## Vote Housing – Analysis

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### Analysis of Initiatives

18. Funding is being sought for Vote Housing through this bilateral and also through theme Families Young and Old. This is summarised in the table below:

	<i>\$million - increase/(decrease)</i>				
<i>Funding sought for Vote Housing in Budget 2007</i>	<i>2006/07</i>	<i>2007/08</i>	<i>2008/09</i>	<i>2009/10</i>	<i>2010/11 &amp; Outyears</i>
Vote Housing Savings – currently operating in FYO	<i>[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]</i>				
<i>Capital (GST excl)</i>					
At this bilateral					
Through Theme Families Young and Old					
<b>TOTAL CAPITAL</b>					

19. Of the operating funding sought through theme Families Young and Old, [information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials] relates to capital initiatives being discussed in this bilateral. The savings found in Vote Housing currently sit as operating in the Families Young and Old theme, but it is unlikely the housing initiatives will be a priority inside the FYO package. Treasury recommends the savings be used for capital.

*[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*



### ***Housing Innovation Fund (recommendation E)***

23. The Department seeks \$48 million of capital, with a corresponding \$17.976 million operating expense in FYO, to continue the Housing Innovation Fund (HIF) beyond 2007/08. The fund is a national programme that supports alternative providers of social housing, such as the third sector and local government. HIF provides some savings to the Crown by avoiding:

- direct provision of the social housing
- income-related rent subsidy
- maintenance of properties

24. The additional funding would continue loans at the current maintenance level without any real expansion or modification of the project and assist to build the third sector, which currently only plays a small role in social housing. Voluntary organisations directly provide houses for those in need and can also assist with housing affordability issues. Housing New Zealand Corporation is looking to work closely with the third sector in some of its upcoming property developments, such as Weymouth.

25. Treasury considers that this initiative is worthwhile but does not support it for Budget 2007 because it is not an immediate priority. If the initiative is deferred to Budget 2008 HIF could continue at its current level for one more year. In Budget 2005 HIF received \$444,000 for 2005/06 to expand, and in Budget 2006 it was allocated \$16.375 million for 2007/08.

26. Further work is required to assess the impact of the new International Financial Reporting Standards (IFRS) on the scheme. Suspensory loans form part of the assistance offered and under the “fair value” treatment they will need to be treated as operating expenses and potentially expensed fully in the first year. Treasury recommends Ministers instruct officials to investigate the impact of IFRS on the Housing Innovation Fund.

#### ***Departmental comment***

- The HIF initiative has been conservatively expanded on the request of Ministers.
- While it is acknowledged that it has taken much longer to build strong, stable third sector housing organisations (that were capable of taking on loans) than was first anticipated, there are a number of organisations that are now developed to the point where they are able to do so, with more coming on stream each year.
- There would be a high cost of re-work if the HIF programme had to be abandoned due to lack of funding to rebuild capacity at a later stage.

### ***Healthy Housing (recommendation F)***

27. The Department seeks \$43.12 million of capital, with a corresponding \$2.831 million operating expense, to continue Healthy Housing and introduce it in Hutt Valley. The

programme brings a whole of government approach to improving health outcomes for state house tenants by working with them to understand their specific needs and develop tailored interventions to reduce infectious diseases and over-crowding.

28. The programme also undertakes maintenance and modernisation work that reduces overcrowding and ensures that properties are better suited to the needs of the families occupying them. This maintenance and modernisation work is a “just in time” solution that assists in preventing the debt and damage incurred by these properties if they were not in the programme through timely multi-agency intervention.
29. The programme was recently evaluated and showed health benefits directly attributable to the interventions. There was a 37% reduction in avoidable hospitalisations and an increase in families accessing primary health care and taking responsibility for making improvements in their own health.
30. Treasury's view is that the initiative is value for money but consideration can be deferred to Budget 2008. The programme has funding to continue through 2007/08 but without new funding it will be discontinued after 2007/08. In Budget 2005 the programme received \$889,000 for each of 2005/06, 2006/07 and 2007/08 to assist its continuation.

***Departmental comment***

- The Department notes that while there would be a saving if this programme is not funded, the savings to the health sector will be lost.

*[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

**Savings** (*recommendation A*)

37. The Department has found significant operating savings which it proposes using to progress some of the housing initiatives which are not a priority in Budget 2007. The savings could be used to cover all of the operating expenses for the housing initiatives in 2007/08 and 2008/09.
38. Alternatively the savings could be [information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials].
39. If Ministers wish to support another housing initiative, Treasury recommends the savings be applied to a scaled Healthy Housing or the Housing Innovation Fund as these programmes are value for money and have proven positive outcomes, including advancing the government's sustainability objectives.

*[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

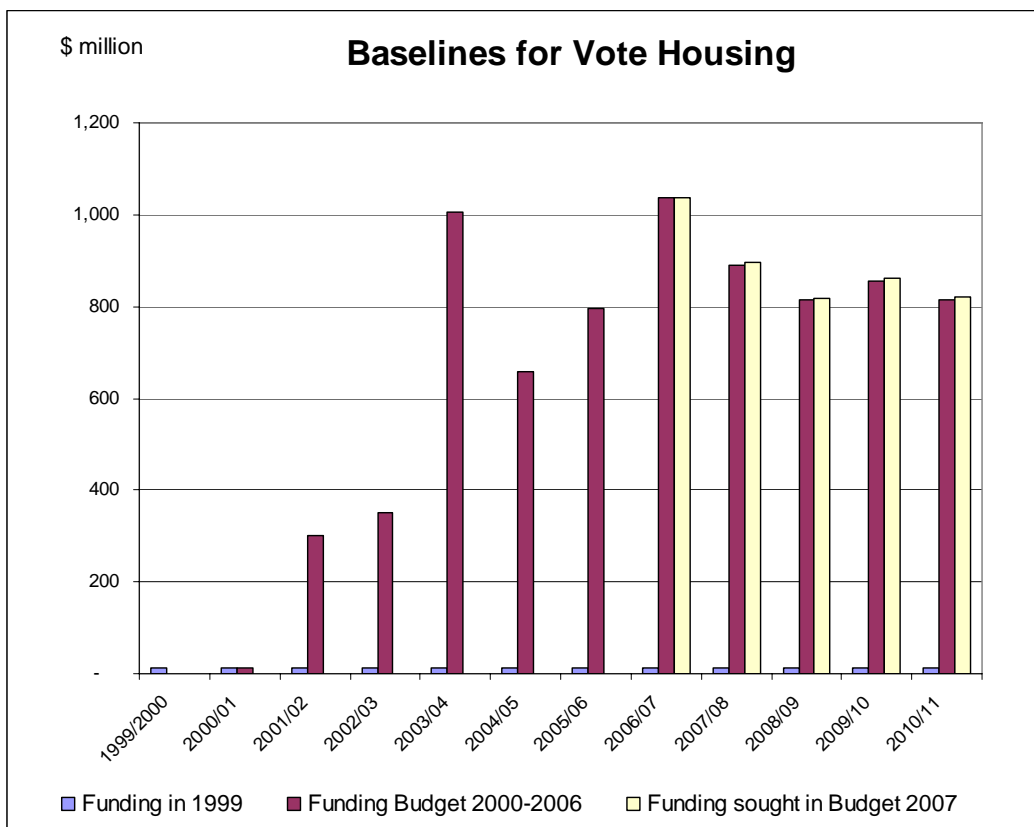
**Departmental comment**

- This paper does not discuss any of the associated risks and issues with operating bids or operating components of the capital bids contained in this Bilateral. Therefore, the Department does not support [information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]

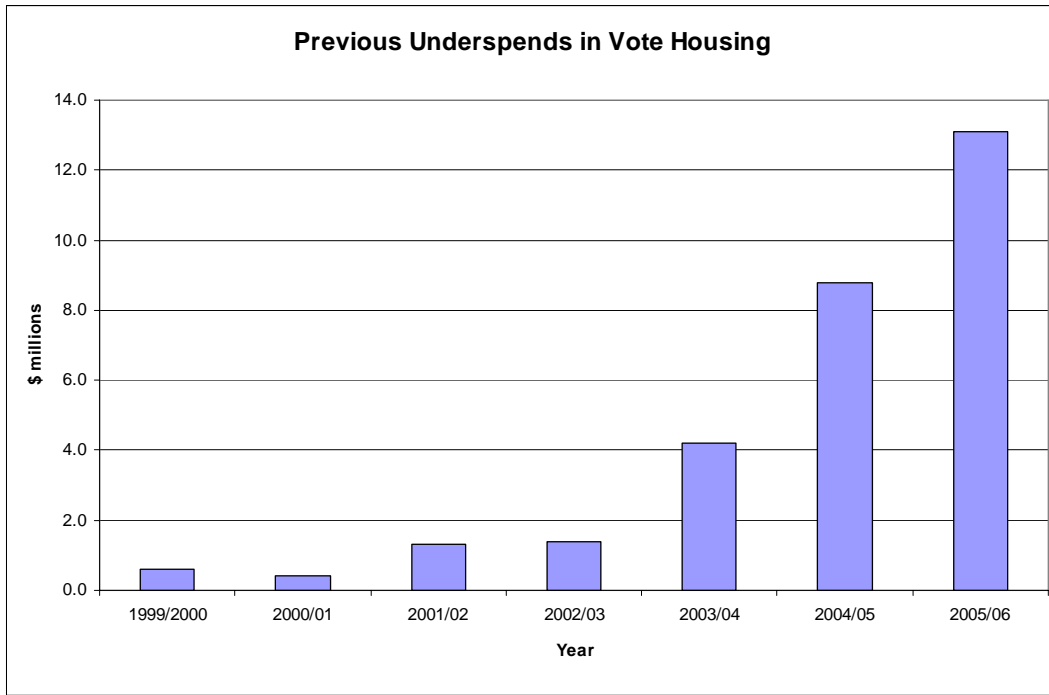
**Analysis of Vote**

41. Vote Housing baselines are currently \$1.037 billion

42. The vote has received significant increases in the past six years due to the introduction of income related rents. Previously housing assistance was only provided through Vote Social Development. The establishment of the Department of Building and Housing and a significant acquisitions programme have also contributed to the large increases.



43. The following graph details the history of underspends in the vote. Generally housing underspends are due to underperforming programmes and low demand for lending products.



*[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

## One-page Initiative Summaries for Votes Conservation and Housing

One-page summaries of the initiatives for discussion at this bilateral are attached on subsequent pages.

**Vote:** Conservation **Portfolio Minister:** Hon Chris Carter

**Title:** Infrastructure contribution at Te Rerenga Wairua (Cape Reinga) spiritual pathway

**Description:** DOC infrastructure contribution (toilet relocation and building of car parks) as part of an integrated initiative involving Transit NZ (sealing the access road), Enterprise Northland (new Visitor Interpretation Centre), Ngati Kuri, Te Aupori, and others.

**Purpose:** Current Policy - Increase in Quality **Ranking:** 5

**Theme:** National Identity **Theme Objective:** Recreation, conservation, environment

**Funding Sought:**

		2006/07	2007/08	2008/09	2009/10	2010/11
		\$000	\$000	\$000	\$000	\$000
Operating	Gross	0	0	65	130	130
	Saving	0	0	65	130	130
	Net	0	0	0	0	0
Capital	Gross	0	6000	500	0	0
	Saving	0	6000	500	0	0
	Net	0	0	0	0	0

**Performance Information:**

Either Option 1 - where performance/outputs can be expressed in a table

	Unit of Measurement	Performance Specification				
		2006/07	2007/08	2008/09	2009/10	2010/11
<b>Quantity</b>						
Carpark and Toilet Facilities completed	Number	0	2	0	0	0
<b>Quality</b>						
Carparks and toilet facilities are completed to all required specifications	Percentage	0	100	0	0	0
<b>Timeliness</b>						
Carparks and toilet facilities are completed within 12 months	Months	0	12	0	0	0

OR Option 2 - where performance/outputs are best expressed as text

**Problem Definition (provide evidence)**

The existing carpark is small and inadequate for present use and it will be inadequate to cope with expected increased traffic to Cape Reinga especially as Transit NZ will be sealing the road in 2007/08. The existing toilets and carpark are situated directly on the Spiritual Pathway for Maoridom and is culturally insensitive to Maori.

**How do we know this initiative will deliver the outcomes (intervention logic)?**

The completion of new carparks and new toilet facilities will be located away from the Spiritual Pathway, and this will provide healing to Maoridom on this iconic site. Improved car park facilities and toilet facilities will be in place to cope with the expected increase in tourism to Cape Reinga as a result of Transit NZ sealing the road. Current visitation is 200,000 people per annum.

**Evaluation of Initiative's contribution to Outcome**

The project meets the following National Identity objectives:

- . Protecting our places
- . Telling our stories; increasing our understanding and celebrating our unique past
- . Recreation, Conservation and the Environment
- . Reinforcing community

How could the initiative be scaled?

N/A. The new toilets and new carpark projects are required to be completed simultaneously.



**Vote:** Conservation **Portfolio Minister:** Hon Chris Carter

**Title:** Connecting NZers to "their place" - New opportunities for outdoor recreation

**Description:** *[information deleted – confidentiality of advice]*  
improving specific opportunities associated with Te Araroa Trail and camping opportunities around our coastline.

**Purpose:** *[information deleted – confidentiality of advice]* **Ranking:** 4

**Theme:** National Identity **Theme Objective:** Recreation, conservation, environment

**Funding Sought:**

*[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

**Performance Information:**

Either Option 1 - where performance/outputs can be expressed in a table

	Unit of Measurement	Performance Specification				
		2006/07	2007/08	2008/09	2009/10	2010/11
<b>Quantity</b>						
Length of existing track managed by DOC that becomes part of Te Araroa Trail (km)	Kilometres	0	20	40	70	100
No of new camping areas created	Number	0	0	3	3	3

*[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

**Problem Definition (provide evidence)**

*[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

**How do we know this initiative will deliver the outcomes (intervention logic)?**

*[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

**Evaluation of Initiative's contribution to Outcome**

*[information deleted – confidentiality of advice]*

We will measure and report annually on the number of new camping areas created and we will report on the length of track.

How could the initiative be scaled?

*[information deleted – confidentiality of advice]* The number of new campgrounds constructed per annum could be reduced. The installation of signs and the construction of new Te Araroa track on land managed by the Department could be done over a longer time period.

*[Information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

**Vote:** Housing **Portfolio Minister:** Hon Chris Carter

**Title:** Housing Innovation Fund (Scaled)

**Description:** Phase 2 of HIF actively promotes the growth of third sector partnerships to improve the supply of affordable, good quality social housing. It builds on the demonstrated success of the first 4 years by expanding the Fund to support local government and community based (non government) organisations

**Purpose:** Current Policy - Increase in Quantity **Ranking:** 4

**Theme:** Families - Young and Old **Theme Objective:** Affordable, quality housing

**Funding Sought:**

		2006/07	2007/08	2008/09	2009/10	2010/11
		\$000	\$000	\$000	\$000	\$000
Operating	Gross	0	1142	4178	5359	7288
	Saving	0	0	0	0	0
	Net	0	1142	4178	5359	7288
Capital	Gross	0	3000	15000	15000	15000
	Saving	0	0	0	0	0
	Net	0	3000	15000	15000	15000

**Performance Information:**

Either Option 1 - where performance/outputs can be expressed in a table

	Unit of Measurement	Performance Specification				
		2006/07	2007/08	2008/09	2009/10	2010/11
<b>Quantity</b>						
Number of modernised beds	No.	0	92	89	86	84
Number of modernised housing units	No.	0	92	89	86	84
CBO private sector borrowing	-	-	-	-	-	-
Number of new beds	No.	0	0	0	0	0
Number of new housing units	No.	0	20	0	0	0
Number of new beds	No.	0	81	78	76	74
Number of new housing units	No.	0	75	65	63	82
Community Based Organisations	-	-	-	-	-	-
Number of new beds	No.	0	115	99	97	94
Number of new housing units	No.	0	67	65	63	61
Territorial Local Authorities	-	-	-	-	-	-

OR Option 2 - where performance/outputs are best expressed as text

**Problem Definition (provide evidence)**

Many community based (non government) organisations now find it increasingly difficult to supply affordable, social housing due to land price increases. Councils are facing increasing challenges to bring their housing up to modern amenity standards or to expand existing stocks of social housing & look to the Corporation for support and assistance. The community housing sector lacks organisational expertise, housing knowledge and access to the necessary capital funding to meet unmet housing need.

**How do we know this initiative will deliver the outcomes (intervention logic)?**

The initiative encourages councils to retain a role in the provision of social housing, improve and modernise existing housing, build new housing, take a more strategic supply of housing role including partnerships with the Corporation, community housing providers, iwi & churches. It supports

community based organisations to develop new housing, enabling them to leverage additional private sector funding and encourage the development of larger more professional community housing organisations.

#### Evaluation of Initiative's contribution to Outcome

The first phase of an outcome evaluation has now been completed. The Fund has supported the construction of 272 new social housing units, 193 by community housing providers and 79 by local authorities. In addition 108 units have been modernised by local authorities with support from the Fund.

#### How could the initiative be scaled?

The scale of the initiative is dependent on the appropriation received from the Government and can be scaled accordingly to current levels.

*[Information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

**Vote:** Housing **Portfolio Minister:** Hon Chris Carter  
**Title:** Healthy Housing (Scaled)  
**Description:** Healthy Housing delivers improved health outcomes for families. Its core focus is on joint health and housing assessments of household need and to deliver housing improvements to support positive health behaviours  
**Purpose:** Current Policy - Increase in Quantity **Ranking:** 5  
**Theme:** Families - Young and Old **Theme Objective:** Affordable, quality housing  
**Funding Sought:**

		2006/07	2007/08	2008/09	2009/10	2010/11
		\$000	\$000	\$000	\$000	\$000
Operating	Gross	0	0	916	943	972
	Saving	0	0	0	0	0
	Net	0	0	916	943	972
Capital	Gross	0	10320	10640	10960	11200
	Saving	0	0	0	0	0
	Net	0	10320	10640	10960	11200

**Performance Information:**

Either Option 1 - where performance/outputs can be expressed in a table

	Unit of Measurement	Performance Specification				
		2006/07	2007/08	2008/09	2009/10	2010/11
<b>Quantity</b>						
Total number of households transferred to more appropriate homes	No. Household tfrs	0	60	60	60	60
Total number of interventions completed	No. Interventions	0	1180	1180	1180	1180
Total number of joint Healthy Housing assessments completed	No. Assessments	0	680	680	680	680

OR Option 2 - where performance/outputs are best expressed as text

Outputs of the Healthy Housing Programme from July 2007 – June 2011 are projected as:

- 2,720 households receive a joint health and housing assessment
- 4,720 supply solutions (this includes homes extended for larger families, design improvements and modifications, and healthy environments interventions)
- 240 households transferred to more appropriate homes.

Problem Definition (provide evidence)

Research and evaluation has shown that inadequate, unsafe housing has detrimental effects on physical, mental health for low income families. Crowding associated with poor health status, particularly respiratory, infectious and psychological stress. A lack of affordable and adequate housing for low income families contributes to persisting inequalities in health with an impact across the life course. Inadequate, unsafe housing has direct detrimental effects on physical and mental health.

How do we know this initiative will deliver the outcomes (intervention logic)?

Brings a whole of government approach to improving outcomes for low income tenants by working with them to understand their complex needs and develop health and housing interventions that will:

- reduce the risk of infectious disease, (meningococcal, tuberculosis, rheumatic fever),
- reduce housing (crowding) related hospitalisations, and improve participant health and well-being,
- reduce morbidity and mortality rates, contributing to participants re-engaging in employment and education.

#### Evaluation of Initiative's contribution to Outcome

The evaluation demonstrated a 37% reduction in avoidable hospitalisations and showed an increase in families accessing primary health care, taking responsibility for improvements in their own health. These trends are expected to continue over time thereby increasing the value of the initiative.

#### How could the initiative be scaled?

If funding is not made available, it will not be possible to introduce Healthy Housing in Hutt Valley, due to lead times required to establish a partnership project the area. A funding reduction impacts on staff resources, number of interventions and families able to assisted in the existing areas.



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