

The Treasury

Budget 2014 Information Release

Release Document

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

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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
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- [6] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
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- [8] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [9] 9(2)(h) - to maintain legal professional privilege
- [10] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [11] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [12] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [13] Not in scope
- [14] 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.

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 [3] 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.

Budget 2014 Package: Vote Housing

On 14 April 2014, Cabinet:

- 1 **approved** the Budget initiatives for the above Vote for inclusion in the 2014 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)				
		2013/14	2014/15	2015/16	2016/17	2017/18 & Outyears
7957*	Productivity Partnership Initiatives	-	-	-	-	-
7988	Community Group Housing	-	3.000	-	-	-
7983	Queenstown Lakes Community Housing Trust Tax Liability	6.000	-	-	-	-
8426	Resolution Through Assessment of Canterbury Multi-units in Dispute	-	0.700	0.700	0.700	0.700
8213	Social Housing Fund	-	-	10.000	10.000	10.000 <i>2017/18 only</i>
7984	KiwiSaver Administration Increased Costs	(0.462)	-	-	0.462	-
8458	Reducing Import Barriers in Residential Construction Sector	(16.596)	(8.578)	(2.587)	-	-
8457	Additional Resource for Social Housing Work	(1.942)	(2.817)	-	-	-
N/A	Maori Housing Fund	-	4.000	4.000	4.000	4.000
Total Operating		(13.000)	(3.695)	12.113	15.162	14.700

**Initiative 7957 will continue to be funded through the Building Levy.*

Capital Initiatives (Impact on Debt)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2013/14	2014/15	2015/16	2016/17	2017/18 & Outyears
7988	Community Group Housing	-	(3.000)	-	-	-
Total Capital		-	(3.000)	-	-	-

- 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 and/or projected balances of net assets for 2013/14 above be included in the 2013/14 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 2013/14 Supplementary Estimates, the 2014/15 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 2014 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 Productivity Partnership will promote the increased use of Building Information Modelling and prefabrication and the completion of pilots of skills improvement initiatives;
- 10 **noted** that the costs of the policy in paragraph 9 above will be funded within the existing Building Regulation and Control appropriation;
- 11 **agreed** that the following initiative 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 the appropriate Cabinet committee with a business case for consideration at a later stage:

Capital Contingency

Initiative Name	\$m - increase/(decrease)				
	2013/14	2014/15	2015/16	2016/17	2017/18 & Outyears
Christchurch Housing Accord	-	75.000	-	-	-
Total Capital	-	75.000	-	-	-

- 12 **noted** that the primary objective of the Christchurch Housing Accord contingency is to increase the supply of temporary and affordable housing in Christchurch;
- 13 **noted** that the Christchurch Housing Accord contingency would be contestable, with priority given to initiatives that:
- 13.1 increase the supply of temporary or affordable housing without reducing the total supply of new housing;
 - 13.2 lead to more equitable outcomes for low income households;
 - 13.3 take effect quickly;
 - 13.4 minimise crowding out of the market;
 - 13.5 align with the government's wider goals around housing affordability, the Canterbury earthquake recovery, and fiscal responsibility.

Secretary of the Cabinet

Reference: CAB (14) 174

Initiative No: 7988

Vote: Housing

Title: Community Group Housing

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)				
	2013/14	2014/15	2015/16	2016/17	2017/18 & Outyears
Operating Balance Impact	-	3.000	-	-	-
Debt Impact	-	(3.000)	-	-	-
No Impact	-	-	-	-	-
Total	-	-	-	-	-

	\$m - increase/(decrease)				
	2013/14	2014/15	2015/16	2016/17	2017/18 & Outyears
Non-Departmental Other Expense:					
Housing New Zealand Corporation Housing Support Services	-	3.000	-	-	-
Non-Departmental Capital Expenditure:					
Acquisition and Improvement of Housing New Zealand Corporation State Houses	-	(3.000)	-	-	-
Total Operating	-	3.000	-	-	-
Total Capital	-	(3.000)	-	-	-

Additional recommendations

- 14 **noted** that in addition to \$3.000 million in Vote Housing, there will be an initiative in Vote Health to provide \$3.027 million to support Community Group Housing;
- 15 **noted** that the Ministry of Social Development will contribute up to an additional \$2.773 million for 2014/15 to Community Group Housing, to be funded through underspends in Vote Social Development and confirmed by the Minister of Finance and the Minister for Social Development in the 2014 October Baseline Update, once the 2013/14 final audited accounts are available;
- 16 **directed** the Ministry of Business, Innovation and Employment to report to the Minister of Housing, the Minister of Health, the Minister for Social Development and the Minister of Finance by October 2014 with:
- 16.1 options for the ongoing funding requirements for community group housing;
 - 16.2 the incidence of costs across the sectors to whom the community group providers are contracted to provide services;

Initiative No: 7984

Vote: Housing

Title: KiwiSaver Administration Increased Costs

Description: Provides for administration support provided by the Housing New Zealand Corporation to respond to increased demand for the KiwiSaver first-home deposit subsidy.

Appropriation Changes

	\$m - increase/(decrease)				
	2013/14	2014/15	2015/16	2016/17	2017/18 & Outyears
Departmental Output Expense:					
Weathertight Services (funded by revenue Crown)	(0.462)	(0.478)	(0.458)	-	(0.466)
Non-Departmental Output Expense:					
Housing New Zealand Corporation Housing Support Services	-	0.478	0.458	0.462	0.466
Total Operating	(0.462)	-	-	0.462	-
Total Capital	-	-	-	-	-

Initiative No: 7983

Vote: Housing

Title: Queenstown Lakes Community Housing Trust Tax Liability

Description: This is a one-off payment from Vote Housing to cover the Queenstown Lakes Community Housing Trust's tax.

Appropriation Changes

	\$m - increase/(decrease)				
	2013/14	2014/15	2015/16	2016/17	2017/18 & Outyears
Operating Balance Impact	6.000	-	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	6.000	-	-	-	-

	\$m - increase/(decrease)				
	2013/14	2014/15	2015/16	2016/17	2017/18 & Outyears
Non-Departmental Other Expense:					
Social Housing Fund (MYA)	6.000	-	-	-	-
Total Operating	6.000	-	-	-	-
Total Capital	-	-	-	-	-

Additional recommendations

- 17 **noted** the Multi-Year Appropriation "Social Housing Fund" is adjusted by \$6.000 million;
- 18 **noted** that the amounts shown in the appropriations changes table for the Multi-Year Appropriation: "Social Housing Fund" are the changes to the indicative annual spending profile;
- 19 **noted** that the tax liability has not been confirmed at this stage;
- 20 **agreed** that the residual between the funding increase above and the settlement of the tax liability with Queenstown Lakes Community Housing Trust be returned to the Crown at the end of the financial year;

Vote: Housing

Title: Resolution through Assessment of Canterbury Multi-units in Dispute

Description: This initiative supports multi-unit residential repair and rebuild through the provision of engineering advice and support to assist with the resolution of residential insurance claims, repairs and rebuilds.

New Appropriation Approval

Name	Period	Type	Category Name	Scope
Professional Engineering input toward the Resolution of Canterbury Residential Rebuild Design Uncertainty	Annual	Departmental Output Expenses	N/A	This appropriation is limited to the provision of professional engineering advice and support for either third parties or the general public to support the Canterbury residential rebuild.

Appropriation Changes

	\$m - increase/(decrease)				
	2013/14	2014/15	2015/16	2016/17	2017/18 & Outyears
Operating Balance Impact	-	0.700	0.700	0.700	0.700
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	0.700	0.700	0.700	0.700

	\$m - increase/(decrease)				
	2013/14	2014/15	2015/16	2016/17	2017/18 & Outyears
Departmental Output Expense:					
Professional Engineering Input toward the Resolution of Canterbury Residential Rebuild Design Uncertainty (funded by revenue Crown)	-	0.700	0.700	0.700	0.700
Total Operating	-	0.700	0.700	0.700	0.700
Total Capital	-	-	-	-	-

Initiative No: 8213

Vote: Housing

Title: Social Housing Fund

Description: This is an extension of the Social Housing Fund to provide continued support to grow third party providers of social and/or affordable housing.

New Appropriation Approval

Name	Period	Type	Category Name	Scope
Social Housing Provider Development	Annual	Non-Departmental Other Expenses	N/A	This appropriation is limited to providing support to third party providers of social and/or affordable housing services.

Appropriation Changes

	\$m - increase/(decrease)				
	2013/14	2014/15	2015/16	2016/17	2017/18 Only
Operating Balance Impact	-	-	10.000	10.000	10.000
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	-	10.000	10.000	10.000

	\$m - increase/(decrease)				
	2013/14	2014/15	2015/16	2016/17	2017/18 Only
Non-Departmental Other Expense:					
Social Housing Provider Development	-	-	10.000	10.000	10.000
Total Operating	-	-	10.000	10.000	10.000
Total Capital	-	-	-	-	-

Initiative No: 8457

Vote: Housing**Title:** Additional Resource for Social Housing Work**Description:** This initiative is to support further policy and commercial advice on social housing, in particular the growth of the social housing market.**Appropriation Changes**

	\$m - increase/(decrease)				
	2013/14	2014/15	2015/16	2016/17	2017/18 & Outyears
Operating Balance Impact	(1.942)	(2.817)	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	-	-	-	-

	\$m - increase/(decrease)				
	2013/14	2014/15	2015/16	2016/17	2017/18 & Outyears
Departmental Output Expenses:					
Weathertight Services (funded by revenue Crown)	(1.942)	(2.317)	-	-	-
Social Housing Unit (funded by revenue Crown)	-	(0.500)	-	-	-
Total Operating	(1.942)	(2.817)	-	-	-
Total Capital	-	-	-	-	-

Additional recommendation

- 21 **noted** that the reduction in the Vote Housing funding is being used to support the initiative in Vote Finance for additional resource for social housing work;

Vote: Housing

Title: Reducing Import Barriers in Residential Construction Sector

Description: This supports a Vote Customs initiative for the time-limited removal of tariffs and anti-dumping duties on imports of residential construction materials.

Appropriation Changes

	\$m - increase/(decrease)				
	2013/14	2014/15	2015/16	2016/17	2017/18 & Outyears
Operating Balance Impact	(16.596)	(8.578)	(2.587)	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	(16.596)	(8.578)	(2.587)	-	-

	\$m - increase/(decrease)				
	2013/14	2014/15	2015/16	2016/17	2017/18 & Outyears
Departmental Output Expense:					
Weathertight Services (funded by revenue Crown)	(12.596)	(5.587)	(2.587)	-	-
Non-Departmental Other Expense:					
Weathertight Services: Guarantee Fee Subsidy (MYA)	(4.000)	(2.991)	-	-	-
Total Operating	(16.596)	(8.578)	(2.587)	-	-
Total Capital	-	-	-	-	-

Additional recommendations

- 22 **noted** that the Multi-Year Appropriation "Weathertight Services: Guarantee Fee Subsidy" is adjusted by \$6.991 million;
- 24 **noted** that amounts shown in the appropriations changes table for the Multi-Year Appropriation "Weathertight Services: Guarantee Fee Subsidy" are the changes to the indicative annual spending profile;
- 24 **noted** that in March 2014, Cabinet agreed in principle to the temporary removal of tariffs and anti-dumping duties to support the residential construction sector, subject to Budget 2014 funding decisions [CAB Min (14) 11/3];
- 25 **noted** that the total \$27.761 million reduction in the Vote Housing baseline offsets the expected reduction in revenue in Vote Customs over the period to 2018/19.

No initiative number

Vote: Housing**Title:** Maori Housing Fund**Description:** Provides for a fund to support the repair of rural housing, Chatham Island housing, and Maori social housing providers through capability and capacity building and capital grants.**New Appropriation Approval**

Name	Period	Type	Category Name	Scope
Rural and Maori Housing	Annual	Non-Departmental Other Expenses	N/A	This appropriation is limited to the development of Maori social housing providers, the repair and rebuild of rural housing, and improving Chatham Islands housing.

Appropriation Changes

	\$m - increase/(decrease)				
	2013/14	2014/15	2015/16	2016/17	2017/18 & Outyears
Operating Balance Impact	-	4.000	4.000	4.000	4.000
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	4.000	4.000	4.000	4.000

Vote Housing	\$m - increase/(decrease)				
	2013/14	2014/15	2015/16	2016/17	2017/18 & Outyears
Non-Departmental Other Expenses:					
Rural and Māori Housing	-	4.000	4.000	4.000	4.000
Total Operating	-	4.000	4.000	4.000	4.000
Total Capital	-	-	-	-	-