

The Treasury

Budget 2020 Information Release

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Cabinet Document Details

Title: **Cabinet Minute CAB-20-MIN-0155.18: 2020 Budget Package: Vote Housing and Urban Development**

Date: **6 April 2020**

Creator: Cabinet Office

Information Withheld

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act).

Where this is the case, the relevant sections of the Act that would apply have been identified.

Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Key to sections of the Act under which information may have been withheld:

- [1] 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government
- [2] 6(b)(i) - to avoid prejudice the entrusting of information to the Government of New Zealand on a basis of confidence by the Government of any other country or any agency of such a Government
- [4] 6(c) - to avoid prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial
- [11] 6(e)(vi) - to prevent serious damage to 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
- [23] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [25] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [26] 9(2)(ba)(i) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied
- [27] 9(2)(ba)(ii) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest

- [29] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [31] 9(2)(f)(ii) - to maintain the current constitutional conventions protecting collective and individual ministerial responsibility
- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [36] 9(2)(h) - to maintain legal professional privilege
- [37] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [40] not in scope
- [41] 18(c)(i) - that the making available of the information requested would be contrary to the provisions of a specified enactment
- [42] 18(d) - information is already publicly available or will be publicly available soon.

Where information has been withheld, a numbered reference to the applicable section of the Act has been made, as listed above. For example, a [23] appearing where information has been withheld in a release document refers to section 9(2)(a).

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Cabinet

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.

2020 Budget Package: Vote Housing and Urban Development

On 6 April 2020, Cabinet:

- 1 **approved** the Budget initiatives for the above Vote for inclusion in the 2020 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)				
		2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
11927	Operating Funding for the Ministry of Housing and Urban Development	-	25.450	24.800	24.950	25.200
12363	Progressive Home Ownership Implementation: Delivering On The Government Build Programme	-	32.891	56.782	84.173	114.049
Total Operating		-	58.341	81.582	109.123	139.249

- 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 the administering department 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 capital injections for 2019/20 above be included in the 2019/20 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
- 6 **authorised** the Minister of Finance and the Appropriation Minister to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2019/20 Supplementary Estimates, the 2020/21 Estimates and the fiscal forecasts;

- 7 **noted** that all communications relating to the 2020 Budget are co-ordinated by a Budget communications committee, and that any requests for early announcement must have the written approval of the Minister of Finance and the Office of the Prime Minister;
- 8 **agreed** that the initiatives in the following table be set aside as contingency items, and that corresponding funding for them be charged against the Budget 2020 operating allowance:

Operating Contingency

Initiative Name	\$m - increase/(decrease)					
	2019/20	2020/21	2021/22	2022/23	2023/24s	2024/25 & Outyears
[33]						
Total Operating						

- 9 **authorised** the Minister of Housing and the Minister of Finance jointly to draw down the tagged operating contingency funding for the initiative [33] (establishing any new appropriations as necessary), subject to them being satisfied with a report outlining [33]
- 10 **authorised** the Minister of Housing and the Minister of Finance jointly to draw down the tagged operating contingency funding for the initiative [33] (establishing any new appropriations as necessary), subject to them being satisfied with a report outlining [33]
- 11 **agreed** that the expiry date for both the contingencies will be 30 June 2021.

Michael Webster
 Secretary of the Cabinet

Initiative No: 11927

- Vote:** Housing and Urban Development
- Title:** Operating Funding for the Ministry of Housing and Urban Development
- Description:** This initiative provides funding to the Ministry of Housing and Urban Development to successfully deliver programmes that address the government's housing and urban development priorities.

Appropriation changes

	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Operating Balance Impact	-	25.450	24.800	24.950	25.200
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	25.450	24.800	24.950	25.200

	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Departmental Output Expenses:					
Community Housing Regulatory Authority (funded by revenue Crown)	-	1.527	1.488	1.497	1.512
Management of Housing Places, Providers and Services (funded by revenue Crown)	-	8.144	7.936	7.984	8.064
Multi-Category Expenses and Capital Expenditure:					
Policy Advice and Related Outputs (MCA)					
<i>Departmental Output Expenses:</i>					
Crown Monitoring Advice (funded by revenue Crown)	-	0.051	0.050	0.050	0.050
Policy Advice (funded by revenue Crown)	-	11.656	11.358	11.427	11.542
Related Services to Ministers (funded by revenue Crown)	-	4.072	3.968	3.992	4.032
Total Multi-Category Expenses and Capital Expenditure: Policy Advice and Related Outputs (MCA)	-	15.779	15.376	15.469	15.624
Total Operating	-	25.450	24.800	24.950	25.200
Total Capital	-	-	-	-	-

Vote: Housing and Urban Development

Title: Progressive Home Ownership Implementation: Delivering on the Government Build Programme

Description: This initiative is to fund the operation of the Progressive Home Ownership scheme that will provide access to homeownership to improve the wellbeing of target households in terms of meeting their housing needs, and will have flow-on benefits such as improved security of housing tenure, access to building household wealth and housing related health and social outcomes.

The scheme will incorporate targeted programmes focused on Māori outcomes including but not limited to a whānau Māori pilot programme, supported by a partnership approach with Māori housing services providers to build urban papakāinga on general title land to complement Te Ara Mauwhare trials on Māori land.

New appropriation approval

Name	Period	Type	Category Name	Scope
Write down and write off of Progressive Home Ownership Loans (MYA)	Multi-year	Non-Departmental Other Expenditure	N/A	This appropriation is limited to the expense incurred in the fair-value write down of interest-free loans to suppliers of Progressive Home Ownership schemes and write-off of any potential bad debts associated with such loans.

Appropriation changes

	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Operating Balance Impact	-	32.891	56.782	84.173	114.049
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	32.891	56.782	84.173	114.049

	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Non-Departmental Output Expenses:					
Support Services to increase home ownership	-	0.500	1.000	4.000	7.000
Non-Departmental Other Expenses:					
Fair value write down and bad debt write off of Progressive Home Ownership Loans (MYA)	-	25.391	50.782	75.173	104.049
Multi-Category Expenses and Capital Expenditure:					
Managing the Housing and Urban Development Portfolio (MCA)					
<i>Departmental Output Expenses:</i>					
Policy Advice and Ministerial Servicing (funded by revenue Crown)	-	7.000	5.000	5.000	3.000
Total Multi-Category Expenses and Capital Expenditure: Managing the Housing and Urban Development Portfolio (MCA)	-	7.000	5.000	5.000	3.000
Total Operating	-	32.891	56.782	84.173	114.049
Total Capital	-	-	-	-	-

Additional recommendations

- 12 **noted** that the interest concession provided for in the Fair value write down and bad debt write off of Progressive Home Ownership Loans Multi-Year Appropriation is calculated in accordance with New Zealand Public Benefit Entity International Public Sector Accounting Standards 29 Financial Instruments: Recognition and Measurement, and the appropriation impact is different to the impact on the Budget 2020 Operating Allowance;
- 13 **agreed** that the Multi Year Appropriation: "Fair value write down and bad debt write off of Progressive Home Ownership Loans" is adjusted by \$255.395 million;
- 14 **noted** that the amounts shown in the appropriations changes table for the Multi-Year Appropriation: "Fair value write down and bad debt write off of Progressive Home Ownership Loans" is the change to the indicative annual spending profile;
- 15 **approved** the following fiscally neutral adjustment to provide for Progressive Home Ownership Loans from 1 July 2020:

	\$m – increase/(decrease)	
	2020/21 to 2023/24	2024/25 and outyears
Vote Housing and Urban Development Minister of Housing		
Non-Departmental Capital Expenditure Progressive Home Ownership	355.000	-
	2018/19 to 2021/22	2022/23 and outyears
Non-Departmental Output Expense KiwiBuild Housing	(355.000)	-

16 **noted** that the indicative spending profile for the Progressive Home Ownership MYA is as follows:

Indicative annual spending profile	\$m – increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24
Non-Departmental Capital Expenditure Progressive Home Ownership	-	35.000	70.000	105.000	145.000