



Report of the
Ministry of Housing

for the year ended
30 June 2002

Presented to the House of Representatives pursuant to section 39 of the Public Finance Act 1989 and section 126 of the Residential Tenancies Act 1986.

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PART I: INTRODUCTION

DIRECTORY

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Audit New Zealand
WELLINGTON
On behalf of the Controller and Auditor-General

Bankers

WestpacTrust
NZ Government Branch
WELLINGTON

Insurer

NZI Insurance NZ Ltd
WELLINGTON

PURPOSE AND FUNCTIONS OF THE MINISTRY

VISION AND MISSION

The vision and mission were changed during the year as part of the development of the new strategic plan. The new vision and mission incorporate the monitoring function, which is new to the Ministry and recognises the Ministry's role in the wider housing sector.

Our Vision

The Ministry's vision is that all New Zealanders enjoy stable, quality housing in strong and viable communities.

Our Mission

The Ministry's mission is to maximise housing outcomes for all New Zealanders by providing outstanding education, advice and dispute resolution services and by facilitating positive relationships.

CORE FUNCTIONS

The Ministry has a number of core functions. The Ministry administers the Residential Tenancies Act 1986, which provides legal guidelines for the relationship between landlords and tenants. The Ministry is responsible for providing information, advice, a service to resolve disputes between tenants and landlords, and for administering residential tenancy bonds. The Ministry is also accountable for providing Ministers with monitoring and governance advice in relation to Housing New Zealand Corporation (HNZC), and for administering the State Housing Appeals Authority.

Prevention of disputes

One of the Ministry's main functions is to prevent disputes. It does this by providing public information, education programmes, and tenancy advice. The primary aim of these services is to prevent disputes and enable landlords and tenants to resolve their disputes without participating in a formal dispute resolution process. A key priority for the Ministry is to put more emphasis on its preventative role. This has involved it working collaboratively with other agencies and community groups to identify the problems that lead to disputes and to develop the most appropriate solutions. As a small agency with limited resources the Ministry's role is often facilitative, working with others to achieve its desired outcomes.

Dispute resolution

A significant area of the Ministry's work involves assisting landlords and tenants to resolve residential tenancy disputes where they have not been able to resolve it themselves. A key objective for the Ministry

is to ensure the majority of disputes between landlords and tenants are resolved out of court. It does this primarily through its dispute resolution service provided by 52 mediators located in 22 offices around New Zealand. To meet this objective and meet the needs of an increasingly diverse client base with changing expectations, the Ministry is broadening its thinking about dispute resolution so that it becomes wider than mediation, to include other ways of assisting clients that may be more efficient and effective. The Ministry also provides administration for the Tenancy Tribunal for those disputes that can not be resolved out of court.

Bond advice and processing

The Ministry is responsible for the administration of residential tenancy bonds. The Ministry receives tenancy bonds, holding them in trust for landlords and tenants across New Zealand. The Ministry refunds these bonds at the end of tenancies upon the instruction of landlords and tenants, or the Tenancy Tribunal. The Ministry also provides landlords and tenants with bond advice.

Monitoring

The Ministry of Housing is accountable for providing the Minister with monitoring, purchase and governance advice on Housing New Zealand Corporation (HNZC). The monitoring unit aims to provide excellent advice, facilitate positive relationships and provide leadership in best practice monitoring and accountability.

State Housing Appeals Authority

The State Housing Appeals Authority is an independent appeals authority that hears appeals in relation to HNZC decisions on income-related rent assessments and applicants' eligibility and need for HNZC housing. The Ministry is responsible for the ongoing provision of administrative support for the Appeals Authority.

CHIEF EXECUTIVE'S OVERVIEW

The 2001/02 year was a busy year for the Ministry of Housing with significant growth in the residential rental market resulting in increased demand for its services from an increasingly diverse client base and the establishment of a new unit to monitor the performance of Housing New Zealand Corporation (HNZC). In response to this environment, the Ministry developed and started to implement an outcome-focused strategic plan that seeks to prevent disputes and increase the proportion of disputes resolved out of court.

Strategic plan

During 2001/02, the Ministry completed a strategic planning process that involved all the Ministry's staff as well as a range of external stakeholders. Out of this process, the Ministry developed vision and mission statements, strategic outcomes and seven key strategies. These form the Ministry's strategic direction and will guide its activities during the coming years.

The seven key strategies in the strategic plan are for the Ministry to:

- Prevent and resolve disputes that affect the stability of housing;
- Develop services that respond to changing needs;
- Develop and implement effective partnership practices to reduce inequalities between Maori and other New Zealanders;
- Develop and implement strategies aimed at reducing inequalities between Pacific Peoples and other New Zealanders;
- Establish the monitoring service as an integral part of the whole housing model;
- Develop the capabilities, competencies and culture necessary to achieve the Ministry's outcomes; and
- Demonstrate effectiveness and efficiency in the provision of all services.

If the Ministry is successful in delivering these strategies:

1. The Ministry's customers will be highly satisfied with the quality of the services and advice it provides and it will be recognised by its stakeholders as a Centre of Excellence providing solutions and advice that work;
2. Tenants and landlords will enjoy positive relationships built on mutual knowledge of rights and obligations;
3. The Ministry will be recognised as making a positive contribution to reducing inequalities for Maori and Pacific Peoples;
4. The Ministry will be recognised as an organisation that works collaboratively with other government agencies and communities in order to assist the government achieve its objectives; and
5. The Government will achieve its housing outcomes using the best mix of programmes and services.

During 2001/02, the Ministry of Housing started to implement the new strategic direction by:

- Developing a new monitoring function to provide performance and governance advice on Housing New Zealand Corporation (HNZC) to Ministers;
- Making enhancements to services to meet customer needs; and
- Delivering new public education and information campaigns to target groups.

Development of a new monitoring function

One of the Ministry's strategies is to establish the monitoring service as an integral part of the whole housing model. The focus for the Monitoring Unit during its first year was on developing the required capability to perform the monitoring function. This was achieved by:

- Recruiting and developing a high performing team;
- Building relationships and networks with the Minister of Housing, HNZC, Treasury and other stakeholders;
- Developing systems and processes including monitoring, accountability and purchase frameworks; and
- Building a knowledge base of HNZC's business and processes, relevant legislation, Government processes, New Zealand and international housing policy and other social policy.

The Monitoring Unit met with the Minister's Office quarterly to clarify expectations and to discuss any issues. There has been positive feedback from the Minister's office about the performance of the Monitoring Unit meeting the expectations of the Minister.

Enhancements to services to meet changing customer needs

The Ministry is operating in a growing rental market that is populated by an increasingly diverse rental population and supplied by a myriad of small landlords. Customer service expectations are changing in the face of new technology and a 24 hour-a-day culture. To enable the Ministry to achieve its strategies it is important that it understands changing customer needs and develops services that respond to these needs.

Key initiatives implemented in 2001/02 include:

- Tenancy Services Offices in Wellington, Invercargill and Timaru were relocated to improve customer access;
- The Corporate Office was relocated to reduce costs and enable frontline staff to be increased in Auckland, Hamilton and Wellington;
- A fulltime mediation service was established in Porirua to meet increasing demand for dispute resolution services;

- The Residential Tenancies Amendment Bill is currently before the House to extend the coverage of the Residential Tenancies Act to long-term boarding house tenancies;
- An external Practice and Development Advisor (PDA) has been appointed to work with the senior management team and mediators to develop the capability and quality of the Ministry's dispute resolution service, and to investigate ways to resolve more disputes out of court; and
- A Memorandum of Understanding was negotiated between the Ministry and the Department for Courts that outlines the relationship and funding arrangements between the agencies and an agreed work programme for improving the services provided to clients. This work programme is based on the recommendations from the evaluation of the tribunal integration project.

Delivering public information and education to target groups

A key strand of the Ministry's strategy is to increase the knowledge of landlords and tenants about their rights and obligations and as a result increase their ability to resolve their own disputes. It does this by providing public information and education.

This year has seen the development of a framework to guide the Ministry's public information and education activities. This framework recognises that, as a small agency, the Ministry has limited ability to directly educate tenants and landlords. The approach taken places a greater emphasis on working with partner agencies and providing information as widely as possible to particular target audiences.

Work and Income (WINZ) has been identified as a partner agency that has contact with large numbers of tenants. During the year, the Ministry provided training to frontline staff in 45 WINZ offices in Auckland to enable them to assist tenants to resolve any tenancy issues with their landlords and to refer tenants to Tenancy Services for assistance if they are unable to resolve the dispute.

During the year, the Ministry's first tenant-specific publication, "What to do when you are renting – A Guide for Tenants" was launched. The development of this booklet included consultation with tenant groups. The intention is to distribute this information widely.

Other initiatives to raise the awareness of tenant target groups included:

- A radio campaign in Gisborne targeting tenants living in substandard housing;
- A print campaign in the "To Let" column in several cities; and
- Advertisements in Maori publications.

I would like to acknowledge the work of the staff and managers of the Ministry in achieving high quality performance and an excellent standard of outputs in 2001/02.

David Baguley
Acting Chief Executive

ADMINISTRATION OF THE RESIDENTIAL TENANCIES ACT

This report is prepared and submitted pursuant to Section 126 of the Residential Tenancies Act 1986.

The Ministry of Housing administers the Act through its Tenancy Services Division. The Division has 22 dispute resolution offices throughout New Zealand providing education, advice, mediation and referrals to the Tenancy Tribunal; and a Tenancy Services Centre (formerly the Bond Centre) that administers tenancy bonds and provides call centre services for tenancy advice. The Tenancy Services Centre is located in Porirua.

Highlights of dispute resolution performance in 2001/02 were;

- 43,563 applications were made to the Tenancy Tribunal, a 4.4% increase on the previous year.
- Of the applications received, 82.3% were referred to mediation. This is an increase from the previous year when 79.0% of applications were referred to mediation
- The percentage of applications that were resolved without recourse to the Tenancy Tribunal has increased from 46.0% (18,554) in 2000/01 to 49.1% (20,217) in 2001/02. This encouraging result was achieved in spite of the 4.4% increase in applications received during the year.

Approximately 92.8% of applications were from landlords and only 7.2% from tenants in 2001/02. The proportion of total applications that were for rent arrears increased slightly to 76.1% in 2001/02 from 75.8% in 2000/01. Applications for rent arrears include applications for the recovery of rent arrears, termination of the tenancy for rent arrears and for termination for rent arrears after a 10 working day letter has not been complied with. The balance of applications were mainly for compensation for damages, abandonment and bond- refund disputes.

Detailed statistics of applications to the Tenancy Tribunal are shown on pages 11 and 12 of this report.

The Ministry received 170,467 lodgements of bonds and made 161,284 bond refunds (including transfers) during the year. The value of the bondholders' funds held increased to \$129.468 million as at June 2002. The number of the bonds rose by over 6.6% during the year to June 2001 from 315,061, to 335,718 in the year to June 2002.

Bonds received under the provisions of the Act are lodged in the Residential Tenancies Trust Account. The audited accounts for the year to 30 June 2002 are given on pages 16 - 55 of this report.

APPLICATION STATISTICS:

	Applications received	
	2000/01	2001/02
Resolved after previous reporting period	1,198	86
On hand at beginning	3,247	3,159
Received	41,736	43,563
Resolved	41,732	42,743
On hand at end	3,245	3,948
*Unallocated	6	31
	Mediations	
	2000/01	2001/02
Resolved after previous reporting period	90	8
On hand at beginning	1,337	1,151
Received	32,971	35,871
Resolved	33,161	35,527
On hand at end	1,143	1,462
*Unallocated	4	33
	Mediation outcomes	
	2000/01	2001/02
Resolved at Mediation	13,157	14,016
Withdrawn	4,031	4,749
Referred to Tribunal	13,594	14,277
Transferred to another office or mediator	2,379	2,485
*Outcome Unallocated	0	0
	Hearings	
	2000/01	2001/02
Resolved after previous reporting period	1,181	63
On hand at beginning	1,302	1,525
Received	29,785	29,534
Resolved	29,491	29,176
On hand at end	1,588	1,879
*Unallocated	8	4
	Hearing outcomes	
	2000/01	2001/02
Resolved at Tribunal	23,061	22,210
Withdrawn	998	1,038
Adjourned	3,031	2,917
Transferred to Mediation	1,181	1,491
Rescheduled	1,220	1,519
*Outcome Unallocated	0	1
*Cannot be allocated owing to lack of details		

APPLICATION STATISTICS

Application Type	Total Received	
	2001/02	
Bond not lodged	214	
Bond refund	1732	
Compensation/damage	3293	
Disposal of goods	411	
Discrimination	1	
Exemplary damages	177	
Failure to allow entry	16	
Market rent	25	
Money owing (other than rent)	208	
Notice/general	36	
Other miscellaneous orders	412	
Outgoings inc. water rates	119	
Possession/general	552	
Possession/illegal tenancy	28	
Rent arrears	2374	
Rent Arrears vacated	6609	
Retaliatory Notice	68	
Recovery of overpaid rent	87	
Reduction of fixed-term tenancy	159	
Right of Audience	0	
Remedy of breach	66	
Abandonment	1497	
Assault	89	
Termination Breach - Arrears	4984	
Termination Breach - Other	845	
Termination for Rent Arrears	19194	
Substantial damage	31	
Unlawful entry	45	
Work order	291	
Unknown	0	
Total	43563	

	Bonds Held	
	2000/01	2001/02
Number of bonds at end of period	315,061	335,718

STATEMENT OF RESPONSIBILITY

In terms of sections 35 and 37 of the Public Finance Act 1989 and section 126 of the Residential Tenancies Act 1986, I am responsible, as Chief Executive of the Ministry of Housing, for the preparation of the Ministry's and the Residential Tenancies Trust Account's financial statements and the judgements made in the process of producing those statements.

I have the responsibility of establishing and maintaining, and I have established and maintained, a system of internal control procedures that provide reasonable assurance as to the integrity and reliability of financial reporting.

In my opinion these financial statements fairly reflect the financial position and operations of the Ministry and the Residential Tenancies Trust Account for the year ended 30 June 2002.

David Baguley
Acting Chief Executive

Countersigned by:

Ruth Jamieson
Financial Controller
27 September 2002

REPORT OF THE AUDITOR-GENERAL
TO THE READERS OF THE FINANCIAL STATEMENTS OF THE
MINISTRY OF HOUSING
FOR THE YEAR ENDED 30 JUNE 2002

We have audited the financial statements on pages 16 to 55. The financial statements provide information about the past financial and service performance of the Ministry of Housing and its financial position as at 30 June 2002. This information is stated in accordance with the accounting policies set out on pages 37 to 40.

Responsibilities of the Chief Executive

The Public Finance Act 1989 requires the Chief Executive to prepare financial statements in accordance with generally accepted accounting practice in New Zealand that fairly reflect the financial position of the Ministry of Housing as at 30 June 2002, the results of its operations and cash flows and service performance achievements for the year ended on that date.

Auditor's responsibilities

Section 15 of the Public Audit Act 2001 and Section 38(1) of the Public Finance Act 1989 require the Auditor-General to audit the financial statements presented by the Chief Executive. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and report that opinion to you.

The Auditor-General has appointed A J Shaw, of Audit New Zealand, to undertake the audit.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Chief Executive in the preparation of the financial statements; and
- whether the accounting policies are appropriate to the Ministry's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with the Auditing Standards published by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order

to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor acting on behalf of the Auditor-General, we have no relationship with or interests in the Ministry of Housing.

Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion the financial statements of the Ministry of Housing on pages 16 to 55:

- comply with generally accepted accounting practice; and
- fairly reflect:
 - the Ministry of Housing's financial position as at 30 June 2002;
 - the results of its operations and cash flows for the year ended on that date; and
 - its service performance achievements in relation to the performance targets and other measures set out in the forecast financial statements for the year ended on that date.

Our audit was completed on 27 September 2002 and our unqualified opinion is expressed as at that date.

A J Shaw
Audit New Zealand
On behalf of the Controller and Auditor-General
Wellington, New Zealand

PART II - PERFORMANCE

STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2002

OUTPUT CLASS I - ADMINISTRATION OF RESIDENTIAL TENANCIES BOND MONIES

Description

The Minister of Housing requires the efficient, effective and impartial administration of residential tenancies bond monies. This includes:

- ensuring bond monies are lodged with the Ministry as required under the Residential Tenancies Act 1986;
- managing, investing and repaying bond monies as required under the Act;
- providing information in relation to lodgements and refunds of bond monies;
- providing information on market rents to the Tenancy Tribunal and other interested parties.

Quantity, quality, timeliness and cost of administration of residential tenancies bond monies

(i) Lodgements

Service objective: Secure, accurate and efficient receipt and recording of all tenancy bonds.

Quantity: *It is estimated that approximately 164,000 lodgements will be made.*

	Estimated	Actual	% Variance	Last year
Lodgements	164,000	170,467	3.9	168,920

Timeliness: *All money to be banked on the day received. 90% of bonds to be receipted and verified within one working day of receipt within the Tenancy Services Centre and the remainder within two working days.*

The Tenancy Services Centre has continued to improve processes and achieve efficiency gains. The percentage of bonds lodged within one day has decreased from 96.9% in 2000/01 to 89.1% in 2001/02. The decrease is due to a greater emphasis on quality of data entry and a reduction in resources as a result of staff being involved with the new Tenancy System project. In the coming year, although all money will still be banked within one day, the performance measure has changed to all money being lodged within 5 days to make better use of resources and improve quality still further. This change will have no impact on customers. The enhanced Tenancy System bond database, due for implementation in August 2002, will enable tenancy addresses to be matched with property data from Statistics New Zealand. It is expected that this will also improve the quality of the data entry for bond lodgements.

Banking	\$	%
Banked on the same day	78,494,443	100
Not banked on the same day	0	0
Recording, verifying and acknowledging bonds:	Number	%
Completed within 1 working day	151,814	89.1
Completed within 2 working days	18,099	10.6
Not lodged in 2 working days	554	0.3

Quality: *All new bonds received will be accurately recorded on the system, based on information supplied by the tenant and/or landlord.*

Staff check random samples of their own work prior to verification.

A senior bond officer does a separate verification check based on the length of time staff have been employed and their knowledge levels.

Returned mail is checked and followed up on a daily basis.

Customer complaints are followed up and reported on.

(ii) Refunds

Service objective: Prompt and accurate refunds of bond money when lawfully due.

Quantity: It is expected that approximately 164,000 refunds will be made.

	Estimated	Actual	% Variance	Last Year
Refunds	164,000	161,284*	(1.7)	162,059*

*Includes transfers

Timeliness: Refunds applications will be processed within one working day of receipt at the Tenancy Services Centre.

Refunds	Number	%
Refunded the same day	146,519	97.8
Not refunded within 1 working day	3,241	2.2

This performance measure was not reached mainly because of a move to make payments by direct credit rather than cheque. When people request cheques, they are phoned for a bank account number which can delay payment in some cases. However, there has been a considerable decline in lost cheques as a result of the decision to move towards 100% direct credits. Of the 3,241 refunds not processed within 1 working day, all but 149 were processed within 2 working days. Over the next year it is expected that the "100% refunded the same day" target will again be achieved.

Quality: All bonds will be correctly refunded based on the information held at the time of the refund.

Random samples are checked by senior bond officers prior to verification based on staff skill levels and size of refunds.

Errors resulting in bond debts are followed up and reported on.

Complaints are followed up and reported on.

Returned mail is followed up on a daily basis.

(iii) Bond Enquiries

Service objective: Prompt, full, accurate and courteous responses to all enquiries from clients on bond issues.

Quantity: It is expected that the average number of telephone enquiries per day will be 800.

	Estimated	Actual	% Variance	Last Year
Number of Calls	800	814	1.8	825

Timeliness: 80% of enquiries on the Tenancy Services Centre's toll-free line will be answered within 20 seconds and the abandonment rate shall not exceed 2%. All oral and written enquiries will be responded to within four working days.

Bond enquiry numbers increased steadily throughout the 2001/02 financial year. During the first half of the year, the average number of calls per day to the Bond enquiry line was 727, however the average increased markedly during the January-June period which had a significant impact on the average over the year. The sharp increase in volume, combined with the training on the enhanced Tenancy System, has resulted in a decline in timeliness standards. 73.5% of calls to the Bond enquiry line were answered within 20 seconds compared with 89.4% last year. The abandonment rate also suffered as a result of the increase in volume, with 8.7% of callers hanging up without getting a response from staff.

Telephone enquiries (daily average)	Number	%
Answered within 20 seconds	598	73.5
Not answered within 20 secs (plus hang-ups)	216	26.5
Written enquiries	Number	%
Answered within 4 working days	119	99.2
Not answered within 4 working days	1	0.8

Quality: Replies to enquiries will be accurate and provide the information requested.

Regular training and section meetings verify staff knowledge.

Feedback on quality of service provided on a quarterly basis by Tenancy Services Customer Services Council.

(iv) Market rent information

Service objective: Provision of regular and useful information on market rents based on information provided from bond lodgements, subject to protection of the confidentiality of individual lodgement records.

Quantity: Information will be updated monthly. It is estimated that there will be 80 ad hoc requests for market information during the year.

	Estimated	Actual	% Variance	Last year
Reports produced	80	122	52.5	90

There were 15,160 visits to the market rent information section of the Ministry's website in the 2001/02 year. This continued to have a significant effect on the number of enquiries for general market rental information. However the Ministry continues to respond to complex requests for market information on an ad hoc basis where possible.

Timeliness: Database updates will be available for enquiry within one business day of update. Deadlines will be negotiated with customers on when specific enquiries will be dealt with.

Deadlines are negotiated with customers at the time the report is requested.

Quality: The statistical database will be accurately updated to allow market rent reports to be provided.

The deadlines that were negotiated with Critchlow Associates Ltd. (provider of street address information) were met, which enabled information to be provided to customers as required.

(v) Bond fund investment

Service Objective: Management of the tenancy bond fund to achieve the best return on funds invested, consistent with prudential and cash flow requirements.

Quantity: The average daily balance in the bond fund is expected to be \$112-116m, consisting of a predetermined daily float level and a portfolio of call deposits and securities.

The average daily balance was \$120.022m.

Timeliness: *Investments will be made promptly to maintain the desired balance of maturities.*

All trust money is kept in an interest bearing account or approved investment.

Quality: *All Investments will be correctly accounted for and will be made in terms of the criteria in the Ministry's Investment Strategy. All new investments will be within 0.25% of the prevailing daily rate.*

Investments exceeded the counterparty limits at times during the year to take advantage of better interest rates, but all were within 0.25% of the prevailing daily rate.

ADMINISTRATION OF RESIDENTIAL TENANCIES BOND MONIES**OUTPUT STATEMENT**

for the year ended 30 June 2002

Actual 2001 \$000		Actual 2002 \$000	Main Estimates 2002 \$000	Supp. Estimates 2002 \$000
	Revenue			
0	Crown	0	0	0
7,861	Other	7,627	6,000	7,000
<u>7,861</u>	Total Revenue	<u>7,627</u>	<u>6,000</u>	<u>7,000</u>
	Expenditure			
3,478	Total Expenses	3,426	3,551	3,451
<u><u>4,383</u></u>	Net surplus /(deficit)	<u><u>4,201</u></u>	<u><u>2,449</u></u>	<u><u>3,549</u></u>

OUTPUT CLASS II: RESIDENTIAL TENANCIES INFORMATION AND ADVICE AND DISPUTE RESOLUTION

Description

This output class involves the provision of information and advice primarily relating to the Residential Tenancies Act 1986, and the provision of mediation and dispute-resolution services to tenants and landlords about residential tenancies. In particular, this output class involves:

- responding to enquiries from both tenants and landlords about tenancy matters;
- providing a public education programme on the legal requirements of both tenants and landlords under a tenancy agreement between the two parties;
- investigating alleged breaches of the Residential Tenancies Act;
- providing information and advice on specific residential tenancy disputes and providing a mediation to assist landlords and tenants resolve their disputes; and
- administration of the Tenancy Tribunal.

Quantity, quality, timeliness and cost of residential tenancies information and advice and dispute resolution

(i) Education

Service objective: Provision of education which informs existing and prospective landlords and tenants of their rights and obligations under the Residential Tenancies Act.

Quantity: Education will be provided in accordance with the quarterly plan of educational activities.

	Number	Last Year
Educational Events	242	251

242 educational events were completed in accordance with the activities planned (251 in 2000/01). Landlord seminars continued to be run successfully throughout the year. Educational events targeting tenants were also conducted, however the focus of tenant education was the development of the Ministry's first tenant-specific publication, "What to do when you're renting – A Guide for Tenants".

The development of more targeted and effective education has been part of a co-ordinated public education strategy. In 2001/02, a national framework for public education was drafted, with a defining feature being the development of key targets and key messages. The framework underpins a programme that is structured around working with appropriate community and government agencies that work with the target audiences. As a small agency, we have a limited ability to directly educate tenants and landlords. The approach that we have taken places a greater emphasis on working with partner agencies and providing information as widely as possible to particular target audiences.

Timeliness: *Educational activities will be performed in accordance with the timetable in the plan.*

Educational activities were performed within the timetable of the plan.

Quality: *Education will be informative and accurate and meet the audience's needs. This will be assessed by audience surveys at selected educational events and evaluation by regional managers.*

Surveys were undertaken at selected events and feedback was generally positive.

(ii) Advice

Service objective: Advice will assist clients to meet their obligations and understand their rights under the Residential Tenancies Act.

Quantity: *It is expected that 1,050 general enquiries (phone and counter) will be answered each day.*

	Estimated	Actual	% Variance	Last Year
General enquiries	1,050	1054	0.4	1075

Timeliness: *80% of calls to the general enquiries line will be answered within 35 seconds.*

This year, the actual figure for general enquiries included telephone calls answered at the Tenancy Services offices, and those answered by the Tenancy Advice Officers at the Tenancy Services Centre (TSC). If calls cannot be answered within 15 seconds at the Dispute Resolution offices, they automatically overflow to the TSC. This process will change in the next financial year with all calls being answered at the TSC in the first instance. As the following table shows, the target of 80% of calls answered within 35 seconds was not quite met. This was due in part to the combination of internal

pressures and increasing volume, which will be addressed by the planned changes in process.

Overflow enquiries answered in call centre	Daily average	%
<i>Answered within 20 seconds at Call Centre</i>	558	75.1
<i>Not answered within 20 seconds (plus hang ups)</i>	186	24.9

Quality: Advice will be relevant and accurate.

Training on advice giving and the Residential Tenancies Act is provided to all dispute-resolution and call-centre staff.

Feedback on quality of service is provided quarterly by the Tenancy Services Customer Services Council.

There continues to be regular assessments for Call Centre staff on the quality of customer service and advice provided.

(iii) Monitoring of compliance

Service objective: Compliance by landlords and tenants with the Residential Tenancies Act.

Quantity: It is expected 20 reports of non-compliance of lodging specific bonds will be investigated annually. Other reports of non-compliance with the Residential Tenancies Act are expected to number 10 per year.

	Estimated	Actual	Variance	Last Year
Non-compliance-Bond	20	37	85%	12
Non-compliance – RTA	10	30	200%	15

Timeliness: First steps taken to investigate specific non-compliance complaints will be taken within five working days of receipt of complaint.

Non-compliance complaints	Number	%
First steps within 5 days	67	100
Not within 5 days	0	0

Quality: All specific non-compliance complaints will receive a preliminary investigation.

All non-compliance complaints received were investigated.

(iv) Mediation

Service objective: Mediations will assist the parties to resolve their disputes and be perceived as fair and useful by both parties.

Quantity: This output is based on an assumed 45,000 applications to the Tenancy Tribunal, of which about 33,750 (75%) are expected to proceed to mediation.

	Estimated	Actual	% Variance	Last Year
Applications to the Tenancy Tribunal	45,000	43,563	(3.2)	41,736

There were 43,563 applications made to the Tenancy Tribunal which represents an increase of 4.4% over the actual volume reported for the last financial year. 19.6% (8,538) of total applications were for Housing New Zealand Corporation tenancies. This is a slight increase from the 19.25% received in 2000/01. Of the total applications in this financial year, 92.8% (40,410) were from landlords and 7.2% (3,153) were from tenants. There were 63 applications made to the Tenancy Tribunal by HNZN tenants in 2001/02, compared with 71 the previous year. This represents 2% of all tenants applications. Of the total applications received, 35,871 or 82.3% were assigned to mediation.

Timeliness: 90% of contacts to arrange mediation with the other party will be made within two working days of each application being received and the remaining 10% within 5 days.

Contacts initiated	Number	%
In 2 days	27,936	89.3
In 3-5 days	2,762	8.8
More than 5 days	582	1.9

Quality: A sample of mediations will be subject to peer review and client assessment.

An external practice and development manager was appointed to develop the capability and quality of the Ministry's dispute resolution service.

Feedback on quality of service was provided on a quarterly basis by Tenancy Services Customer Services Council.

Each mediator was required to provide client reviews and peer assessments during the financial year.

(v) Tenancy Tribunal administration

Service objective: Administration will assist the parties and the Tribunal to achieve timely and efficient resolution of disputes.

Quantity: This output is based on an assumed 27,500 Tribunal hearings scheduled nationally.

	Estimated	Actual	% Variance	Last year
Tribunal hearings scheduled	27,500	29,535	7.4	29,785

Timeliness: 75% of applications proceeding to the Tribunal will have a hearing date scheduled within two working days of receipt or mediation outcome and the remainder within 4 working days.

Scheduled direct to Tribunal	Number*	%
Within 2 days	8,765	90.1
Within 3 - 4 days	563	5.8
Not within 4 days	395	4.1
Scheduled via mediation		
Within 2 days	12,469	89.4
Within 3 - 4 days	836	6.0
Not within 4 days	649	4.6

*Excludes rehearings and adjournments

Tribunal applications will be heard within 10 or 15 days of receipt or mediation outcome (depending on location).

Tribunal Applications	Number	%
10 day court:		
Applications direct to Tribunal:		
Heard within 10 days	2,349	67.7
Not heard within 10 days	1,121	32.3
Applications via Mediation:		
Heard within 10 days	4,931	73.1
Heard within 15 days	1,813	26.9
15 day court:		
Applications direct to Tribunal:	Number	%
Heard within 15 days	5,235	82.6
Not heard within 15 days	1,102	17.4
Applications via Mediation:		
Heard within 15 days	5,292	73.0
Not heard within 15 days	1,953	27.0

Quality: *Scheduling of the Tribunal hearings will meet the requirements of the Principal Tenancy Adjudicator.*

Timeliness for applications being heard in the Tribunal has decreased slightly this year. An influx of applications in the third quarter had a significant impact on the timeliness of Tribunal hearings whether direct or via mediation, particularly in the larger courts.

Scheduling of the Tribunal hearings met the requirements of the Principal Tenancy Adjudicator.

Hearings continue to be scheduled according to priorities given to various types of cases.

**RESIDENTIAL TENANCIES INFORMATION AND
ADVICE AND DISPUTE RESOLUTION**

OUTPUT STATEMENT
for the year ended 30 June 2002

Actual 2001 \$000		Actual 2002 \$000	Main Estimates 2002 \$000	Supp. Estimates 2002 \$000
	Revenue			
5,166	Crown	5,357	6,216	5,357
756	Other	782	747	747
<u>5,922</u>	Total Revenue	<u>6,139</u>	<u>6,963</u>	<u>6,104</u>
	Expenditure			
9,155	Total Expenses	9,649	9,412	9,653
<u>(3,233)</u>	Net surplus /(deficit)	<u>(3,510)</u>	<u>(2,449)</u>	<u>(3,549)</u>

OUTPUT CLASS III: STATE HOUSING APPEALS AUTHORITY

Description

The State Housing Appeals Authority is an external appeals authority established to hear appeals against Housing New Zealand Corporation's decisions on the assessment of income-related rents, and applicants' eligibility and need for state housing. The Ministry of Housing provides administrative support for the Appeals Authority.

Service Objective: Administration will assist the Appeals Authority to achieve timely and efficient completion of appeals.

Quantity: *This output is based on an estimated 50 appeals against HNZA decisions on income-related rent assessments and 200 appeals against decisions on the applicants' need for state housing.*

	Estimated	Actual
Appeal against rent assessments	50	5
Appeal against decisions on need	200	2

Although the number of applications to SHAA were small, there were 443 enquiries received on the SHAA toll free 0800 number.

Timeliness: *An appeal hearing will be scheduled and the appellant notified within five working days of receipt of application. The hearing will be held within 20 working days of receipt of application. The appellant will be notified of the decision of the Authority within 10 working days of the hearing.*

All timeliness standards were met.

Quality: *Administrative support and scheduling of appeals will meet the requirements of the Principal Member of the Authority.*

All requirements were met.

OUTPUT STATEMENT
for the year ended 30 June 2002

Actual 2000 \$000		Actual 2002 \$000	Main Estimates 2002 \$000	Supp. Estimates 2002 \$000
	Revenue			
382	Crown	127	268	127
0	Other	0	0	0
<hr/> 382	Total Revenue	<hr/> 127	<hr/> 268	<hr/> 127
	Expenditure			
<hr/> 246	Total Expenses	<hr/> 49	<hr/> 268	<hr/> 127
<hr/> 136	Net surplus /(deficit)	<hr/> 78	<hr/> 0	<hr/> 0

OUTPUT CLASS IV: HOUSING AGENCY MONITORING**Description**

This output class involves the provision of governance and monitoring advice to the Ministers of Housing and Finance regarding Housing New Zealand Corporation (HNZC). The full set of responsibilities is:

- assisting Ministers with board appointments;
- assisting Ministers with the negotiation of accountability documents;
- advising the Minister of Housing on the purchase of outputs;
- administration of the Crown's agreement with HNZC providing for the reimbursement to the entity of the cost of providing income-related rents to qualifying tenants;
- monitoring the agency's performance in giving effect to the Crown's social objectives in a businesslike manner; and
- providing oversight of the Crown's ownership interest.

The Ministry can engage CCMAU to assist with board appointments and ownership monitoring.

Note: This is a new function and hence figures for the previous year are not shown.

Quantity, quality, timeliness and cost of housing agency purchase and monitoring.

Note: this is a new function and hence figures for the previous year are not shown.

Service Objective:

Ministers are adequately advised in managing their relationships with HNZN and the entity's accountability documents comply with statutory requirements and reflect the priorities laid down by Ministers.

Activity	Expectation			Performance
	Quantity	Timeliness	Quality	
Statement of Intent	The Ministry will assist with the negotiation of a Statement of Intent for HNZN.	The Statement of Intent for HNZN will be drafted and a final draft submitted to Ministers according to statutory deadlines.	The Statement of Intent will comply with statutory requirements, the requirements of the Minister and Budget decisions.	HNZN delivered the Statement of Intent for 2002-2005 by 30 June 2002. It complied with statutory requirements, met the Minister's needs and included outputs agreed in Budget 2002.
Purchase Agreement	The Ministry will assist with the negotiation of a Purchase Agreement with the Minister of Housing.	Purchase Agreement(s) will be signed by 30 June 2002.	The Purchase Agreement will comply with statutory requirements, the requirements of the Minister and Budget decisions.	The Purchase Agreement and annual work programme were agreed by 30 June 2002. It complied with statutory requirements, met the Minister's needs and included evaluation of the Northland, East Coast and Eastern Bay of Plenty programme as agreed in Budget 2002.
Quarterly performance reports	The Ministry will prepare four quarterly performance reports.	Performance reports will be provided to the Minister within ten working days from the receipt of performance information from HNZN.	The performance reports will be subject to the Ministry's quality assurance process to ensure compliance with its standards.	Quarterly performance reports have been provided to the Minister within 10 working days from receipt of performance information from HNZN.

Income-related rent audit	An audit will be carried out of the process for reimbursing HNZN for the cost of providing income-related rents.	An audit of the income-related rents process will be completed in accordance with the timeliness specified in the Agreement between the Minister and HNZN.		An audit of the income-related rents process was completed by 30 June 2002. The Ministry worked with HNZN to ensure that the recommendations from the previous year's audit were implemented.
Provision of purchase advice	Purchase advice will be provided by the Ministry during the 2002 Budget round.	Purchase advice will be provided to the Minister in accordance with the Treasury timetable for Budget processes.		The Ministry provided independent advice on the housing sector budget bids. Advice was provided within agreed timeframes to enable budget bids to meet Treasury deadlines.
Provision of governance advice	Advice on Board appointments will be provided as required.	Ministers will be advised three months in advance of the scheduled review dates of Board appointments.		There were no Board appointments in 2001/02. The Ministry developed an accountability framework for HNZN that considers the role of Ministers, the board and advisers in relation to HNZN. The Ministry provided the HNZN chair with forms and information for reviewing the performance of the board. Board fees were reviewed and implemented by end of June 2002.
Ministerial feedback			<p>The Chief Advisor, Monitoring will meet staff of the Minister's office quarterly to discuss any problems with the Ministry's monitoring advice and take appropriate action.</p> <p>The Ministry will invite the Minister to assess the overall quality of the Ministry's monitoring services each six months.</p>	<p>Monitoring staff met with the staff in the Minister of Housing's office on a quarterly basis to discuss any issues relating to the Ministry's monitoring role.</p> <p>The Minister was provided with a satisfaction form to enable him to provide feedback on the monitoring services provided. The Minister gave ratings between 7 and 9 for all aspects of the monitoring services. The scale ranges from 0 to 10, where 0 is totally dissatisfied and 10 is totally satisfied.</p>

OUTPUT STATEMENT
for the year ended 30 June 2002

Actual 2001 \$000		Actual 2002 \$000	Main Estimates 2002 \$000	Supp. Estimates 2002 \$000
	Revenue			
141	Crown	400	400	400
0	Other	0	0	0
<hr/> 141	Total Revenue	<hr/> 400	<hr/> 400	<hr/> 400
	Expenditure			
<hr/> 118	Total Expenses	<hr/> 398	<hr/> 400	<hr/> 400
<hr/> 23	Net surplus /(deficit)	<hr/> 2	<hr/> 0	<hr/> 0

MINISTERIAL SERVICES

As well as its formal outputs, the Ministry provides Ministerial services which relate to its residential tenancies outputs. Performance of these services is assessed below.

Description

Ministerial services include the provision of advice to the Minister, draft responses to Parliamentary Questions and Ministerial correspondence and replies to Official Information Act requests.

Service Objective:

The Minister is able to discharge his executive and parliamentary duties effectively; and Parliament is able to effectively review draft housing legislation, the proposed expenditure of public money through Vote Housing, and the performance of the Ministry.

Quantity:

For this financial year an estimated 60 reports to the Minister, 25 draft answers to Parliamentary Questions and 60 draft replies to ministerial correspondence will be prepared. Information will be supplied in response to 10 Official Information Act or Privacy Act requests.

	Year ending 30 June 2002		
	Estimated	Actual	% completed
Parliamentary Questions	25	64	256%
Ministerials	60	114	190%
Official Information Act	10	22	220%
Reports to Minister	60	67	112%

Timeliness:

All answers to written Parliamentary Questions to be provided within deadlines agreed with Minister. Answers to Questions of the Day to be provided before 11.30am on the day the question is to be answered. All draft replies to correspondence to be completed within 10 working days of receipt (3 working days for correspondence from MPs). Other specific requests will be delivered within deadlines negotiated with the Minister. OIA and Privacy Act requests to be met within statutory deadlines.

Two Ministerials were late as further information was required for them to be completed.

Quality:

Less than 5% of Ministerial or PQ drafts are returned as inadequate or inappropriate. Responses to OIA requests or Privacy Act requests comply with the legislation.

Fifteen Ministerials (8%) were returned for minor amendment for the year ended 30 June 2002.

FINANCIAL INFORMATION

STATEMENT OF ACCOUNTING POLICIES

for the year ended 30 June 2002

Reporting Entity

The Ministry of Housing is a government department as defined by section 2 of the Public Finance Act 1989.

The financial statements of the Ministry of Housing have been prepared in accordance with section 35 of the Public Finance Act 1989 and comply with generally accepted accounting practice.

In addition, the Ministry has reported the Crown activities and trust monies which it administers.

Measurement System

The general accounting systems recognised as appropriate for the measurement and reporting of results and financial position on an historical cost basis have been followed.

Accounting Policies

- **Budget Figures**

The Budget figures are those presented in the Budget Night Main Estimates, and those amended by the Supplementary Estimates and any transfer made by Order in Council under section 5 of the Public Finance Act 1989.

- **Commitments**

Future expenses and liabilities to be incurred on contracts that have been entered into at balance date are disclosed as commitments to the extent that they are equally unperformed obligations. Commitments relating to employment contracts are not disclosed.

- **Contingent Liabilities**

Contingent liabilities are disclosed at the point at which the contingency is evident.

- **Cost Allocation**

The Ministry has determined the cost of outputs using a cost allocation system which is outlined below.

Cost Allocation Policy

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on cost drivers and related activity/usage information.

Criteria for Direct and Indirect Costs

“Direct costs” are those costs directly attributable to an output.

“Indirect costs” are those costs that cannot be identified, in an economically feasible manner, with a specific output.

Assignment of Costs to Outputs

Direct costs are charged directly to outputs. Indirect costs are assigned to outputs on a number of cost drivers. Depreciation and capital charge are charged on the basis of asset utilisation. Personnel costs are charged on the basis of actual time incurred. Property and other premises’ costs, such as maintenance, are charged on the basis of floor area occupied for the production of each output. Remaining indirect costs are assigned on the proportion of direct costs for each output

- **Debtors and Receivables**

Receivables are stated at their expected realisable value.

- **Depreciation**

Depreciation of fixed assets is calculated on a straight-line basis to allocate the cost of the asset over its economic life.

The depreciation rates applied are:

Office equipment	20%
Office renovations	10-20%
Furniture and fittings	10%
Computer hardware	25%
Software development/licence	33%
Communications equipment	25%
Motor Vehicles	10-16%

The cost of leasehold improvements is capitalised and amortised over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is shorter. The depreciation rate for motor vehicles is based on rates which will write down the cost of vehicles to their estimated residual value (40% of retail value at time of purchase) over three years.

- **Employee entitlements**

Liabilities for annual leave are recognised as they accrue to employees. Provision is also made for payments of long-service leave, retiring leave and resigning leave obligations to employees. Annual leave provisions, retiring leave and resigning leave have been calculated on an actual entitlement basis at current rates of pay. Long-service leave is calculated on a present value basis.

- **Financial instruments**

The Ministry is party to financial instruments as part of its normal operations. These financial instruments include accounts payable and receivable, cash and short-term deposits.
Revenues and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance.
- **Fixed assets**

Fixed assets costing more than \$2,000 are capitalised and recorded at historical cost. No revaluations have been performed on any class of fixed assets.
- **Foreign Currency**

Foreign currency transactions are recorded at the date of settlement of the transaction.
- **Goods and Services Tax (GST)**

The Statements of Departmental and Non-Departmental Expenditure and Appropriations are inclusive of GST. All other statements are GST-exclusive. The Statement of Financial Position is also exclusive of GST, except for Creditors and Payables and Debtors and Receivables, which are stated inclusive of GST.
- **Leases**

The Ministry leases office premises and office equipment. These leases are operating leases and the costs are expensed in the period in which they are incurred.
- **Revenue**

The Ministry derives revenue through the provision of outputs to the Crown, for services to third parties and interest from the Residential Tenancies Trust Account. Revenue is recognised when earned and is reported in the financial period to which it relates.

Residential Tenancies Trust Account
In accordance with the Residential Tenancies Act 1986, the Ministry administers a trust account for tenancy bond investments. Interest is payable to the Ministry and interest income is recognised on an accrual basis.
- **Statement of Cash Flows**

Cash means cash balances on hand, held in bank accounts, and deposits with the New Zealand Debt Management Office.
Operating activities include cash received from all income sources of the Ministry and record the cash payments for the supply of goods and services.
Investing activities are those activities relating to the acquisition and disposal of non-current assets.
Financing activities comprise capital injections by, or repayment of capital to, the Crown.

- **Taxation**

Government departments are exempt from the payment of income tax in terms of the Income Tax Act 1994. Accordingly, no charge for income tax has been provided for.

- **Taxpayers' Funds**

This is the Crown's net investment in the Ministry.

Changes in accounting policies

There were no changes in accounting policies, including cost allocation accounting policies, since the date of the last audited financial statements.

All policies have been applied on a basis consistent with other years.

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2002

30/6/01 Actual \$000		Note	30/6/02 Actual \$000	30/6/02 Main Estimates \$000	30/6/02 Supp. Estimates \$000
Revenue					
5,689	Revenue-Crown	2	5,884	6,884	5,884
8,617	Revenue-other	3	8,409	6,747	7,747
<u>14,306</u>	Total operating revenue		<u>14,293</u>	<u>13,631</u>	<u>13,631</u>
Expenses					
6,335	Personnel costs	4	6,893	6,944	6,944
5,674	Operating costs	5	5,649	5,639	5,639
651	Depreciation	6	660	780	780
298	Capital charge	7	268	268	268
39	Net loss/(gain) on the sale of fixed assets		52	0	0
<u>12,997</u>	Total expenses		<u>13,522</u>	<u>13,631</u>	<u>13,631</u>
<u>1,309</u>	Net surplus from Operations		<u>771</u>	<u>0</u>	<u>0</u>

This statement is to be read in conjunction with the statement of accounting policies on pages 37-40 and notes to the financial statements on pages 49-55.

STATEMENT OF MOVEMENTS IN TAXPAYERS' FUNDS
for the year ended 30 June 2002

30/6/01 Actual \$000		30/6/02 Actual \$000	30/6/02 Main Estimates \$000	30/6/02 Supp. Estimates \$000
2,981	Taxpayers' funds as at 1 July 2001	2,981	2,981	2,981
1,309	Add Net surplus/deficit	771	0	0
1,309	<i>Total recognised revenues and expenses for the year</i>	771	0	0
	<i>Adjustment for flows to and from the Crown:</i>			
	(Deduct)			
(1,309)	Provision for payment of surplus to the Crown	(771)	0	0
2,981	Taxpayers' funds as at 30 June 2002	2,981	2,981	2,981

This statement is to be read in conjunction with the statement of accounting policies on pages 37-40 and notes to the financial statements on pages 49-55.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2002

30/6/01 Actual \$000		Notes	30/6/02 Actual \$000	30/6/02 Main Estimates \$000	30/6/02 Supp. Estimates \$000
	Taxpayers' funds				
2,981	General funds		2,981	2,981	2,981
<u>2,981</u>	Total taxpayers' funds		<u>2,981</u>	<u>2,981</u>	<u>2,981</u>
	Current assets				
244	Cash		347	402	402
33	Prepayments		103	35	35
3,762	Debtors and receivables	8	2,783	2,339	2,339
<u>4,039</u>	Total current assets		<u>3,233</u>	<u>2,776</u>	<u>2,776</u>
	Non-current assets				
1,859	Fixed assets	9	1,981	1,534	1,534
<u>1,859</u>	Total non-current assets		<u>1,981</u>	<u>1,534</u>	<u>1,534</u>
<u>5,898</u>	Total assets		<u>5,214</u>	<u>4,310</u>	<u>4,310</u>
	Current liabilities				
1,170	Creditors and payables	10	1,005	939	939
1,309	Provision for repayment of surplus to the Crown		771	0	0
342	Employee entitlements	11	353	297	297
<u>2,821</u>	Total current liabilities		<u>2,129</u>	<u>1,236</u>	<u>1,236</u>
	Non-Current Liabilities				
<u>96</u>	Employee Entitlements	11	<u>104</u>	<u>93</u>	<u>93</u>
<u>2,917</u>	Total Liabilities		<u>2,233</u>	<u>1,329</u>	<u>1,329</u>
<u>2,981</u>	Net assets		<u>2,981</u>	<u>2,981</u>	<u>2,981</u>

This statement is to be read in conjunction with the statement of accounting policies on pages 37-40 and notes to the financial statements on pages 49-55.

STATEMENT OF CASH FLOWS
for the year ended 30 June 2002

30/6/01 Actual \$000		30/6/02 Actual \$000	30/6/02 Main Estimates \$000	30/6/02 Supp. Estimates \$000
	Cash flows from operating activities			
	Cash was provided from:			
	Supply of outputs to			
5,638	- Crown	5,915	7,700	6,890
8,592	- Customers	9,207	7,747	8,022
0	Interest	0	0	0
	Cash was applied to:			
(11,870)	- Output expenses	(12,608)	(13,444)	(12,722)
(298)	- Capital charge	(268)	(268)	(268)
0	- Other Expenses	0	0	0
2,062	Net cash inflow/ (outflow) from operating activities	2,246	1,735	1,922
	Cash flows from investing activities			
	Cash was provided from:			
10	Sale of fixed assets	43	0	0
	Cash was disbursed for:			
(875)	Purchase of fixed assets	(877)	(800)	(455)
(865)	Net cash inflow/(outflow) from investing activities	(834)	(800)	(455)
	Cash flows from financing activities			
	Cash was disbursed for:			
(1,048)	Repayment of surplus	(1,309)	(608)	(1,309)
(1,048)	Net cash flows from financing activities	(1,309)	(608)	(1,309)
	Net increase in cash held			
149		103	327	158
95	Opening cash and deposits	244	75	244
244	Closing cash and deposits	347	402	402
	Cash and deposits comprises:			
244	Cash	347	402	402
0	Short-term deposits	0	0	0
244		347	402	402

This statement is to be read in conjunction with the statement of accounting policies on pages 37-40 and notes to the financial statements on pages 49-55.

**RECONCILIATION OF NET SURPLUS TO NET CASH FLOW FROM
OPERATING ACTIVITIES**

for the year ended 30 June 2002

30/6/01 Actual \$000		30/6/02 Actual \$000	30/6/02 Main Estimates \$000	30/6/02 Supp. Estimates \$000
1,309	Net surplus/(deficit)from operations	771	0	0
	Add/(less) non-cash items			
651	Depreciation	660	780	780
	Add/(less) movements in working capital items			
(165)	(Increase)/decrease in debtors and receivables	878	1,000	1,415
(51)	(Increase)/decrease in Debtor Crown	31	(45)	6
279	Increase/(decrease) in other payables	(146)	0	(279)
	Add/(less) investing activity items			
39	Net loss/(gain) on sale of fixed assets	52	0	0
2,062	Net cash flows from operating activities	2,246	1,735	1,922

This statement is to be read in conjunction with the statement of accounting policies on pages 37-40 and notes to the financial statements on pages 49-55.

STATEMENT OF COMMITMENTS*as at 30 June 2002*

The Ministry has long-term leases on its offices situated throughout New Zealand. The annual lease payments are subject to reviews on a range of terms. The amounts disclosed below as future commitments are based on current rental rates.

Operating leases include lease payments for premises and photocopiers.

	30/6/02 Actual \$000	30/6/01 Actual \$000
Operating commitments		
Leases		
Less than one year	751	565
One to two years	584	376
Two to five years	951	530
Over five years	206	151
Total operating commitments	2,492	1,622
Capital Commitments	239	167
Total commitments	2,731	1,789

The Ministry has entered into two non-cancellable contracts for computer software projects. Work not executed by balance date totalled \$68,000.

(Non-cancellable contracts totalled \$167,000 as at 30 June 2001)

STATEMENT OF CONTINGENT LIABILITIES*as at 30 June 2002*

The Ministry had no contingent liabilities as at 30 June 2002.

(The Ministry had no contingent liabilities as at 30 June 2001.)

STATEMENT OF UNAPPROPRIATED EXPENDITURE*as at 30 June 2002*

There was no unappropriated expenditure for the year ended 30 June 2002 (2001: \$NIL).

STATEMENT OF DEPARTMENTAL APPROPRIATIONS AND EXPENDITURE

for the year ended 30 June 2002

30/6/01 Expenditure Actual \$000		30/6/02 Expenditure Actual \$000	30/6/02 Appropriation Voted* \$000
Appropriations for outputs to be supplied by the Ministry (mode B gross)			
	1. Administration of residential tenancies		
3,478	bond monies*	3,426	3,451
0	GST	0	0
3,478		3,426	3,451
	2. Residential tenancies information and advice and dispute resolution*		
9,155		9,649	9,653
740	GST	767	763
9,895		10,416	10,416
	3. State House Appeals Authority		
246		49	127
48	GST	16	16
294		65	143
	4. Housing Agency Monitoring		
118		398	400
18	GST	50	50
136		448	450
12,997	Total (GST exclusive)	13,522	13,631
806	GST	833	829
13,803	Total (GST inclusive)	14,355	14,460

* This includes adjustments made in the Supplementary Estimates and transfers under section 5 of the Public Finance Act.

This statement is to be read in conjunction with the statement of accounting policies on pages 37-40 and notes to the financial statements on pages 49-55.

STATEMENT OF NON-DEPARTMENTAL APPROPRIATIONS AND EXPENDITURE

for the year ended 30 June 2002

30/6/01 Expenditure Actual \$000		30/6/02 Expenditure Actual \$000	30/6/02 Appropriation Voted* \$000
	Benefits and Other Unrequited Expenses		
0	Housing Assistance	4,680	4,789
	Income Related Rents Subsidy	274,464	275,547
	Non-Departmental Outputs Classes		
0	Housing Policy Advice	1,215	1,215
	Non-Departmental Other Expense		
0	Community Housing Rent Relief Programme	4,500	4,500
0	Total	284,859	286,051

* This includes adjustments made in the Supplementary Estimates.
This statement is to be read in conjunction with the statement of accounting policies on pages 37-40 and notes to the financial statements on pages 49-55.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002**

Note 1: Budget Composition

	30/6/02 Main Estimates \$000	30/6/02 Supplementary Estimates Changes* \$000	30/6/02 Supp. Estimates \$000
REVENUE			
Crown	6,884	(1,000)	5,884
Other	6,747	1,000	7,747
Interest	0	0	0
Total Revenue	<u>13,631</u>	<u>0</u>	<u>13,631</u>
EXPENDITURE			
Personnel Costs	6,944	0	6,944
Operating Costs	5,639	0	5,639
Depreciation	780	0	780
Capital Charge	268	0	268
Other Expenses	0	0	0
Total Expenses	<u>13,631</u>	<u>0</u>	<u>13,631</u>
Net Operating Surplus/(deficit)	<u>0</u>	<u>0</u>	<u>0</u>

*This includes transfers made under Section 5 of the Public Finance Act.

Note 2: Major budget variations

Statement of Financial Performance

Explanations for major variations from the initial Budget Night Estimates were outlined in the Supplementary Estimates. They were:

Output D1 - Administration of Residential Tenancies Bond Monies.

The appropriation for this Output Class was decreased by \$100,000 reflecting a fiscally neutral transfer to output D2 to reflect the transfer of call centre tenancy advice services.

Output D2 - Residential Tenancies Information and Advice and Dispute Resolution.

The increase of \$133,000 in this appropriation reflects a fiscally neutral transfer from Outputs Classes D1 and D3, and a reduction in GST as the share of Revenue Crown funding is less than anticipated. The increase reflects the change in call centre tenancy advice services and enhances the provision of dispute resolution services and early intervention initiatives.

Output D3 - State Housing Appeals Authority.

The decrease in appropriation reflects a fiscally neutral transfer to Output Class D2. Surplus funding was available due to fewer appeals than anticipated.

Output D4 – Housing Agency Purchase and Monitoring

There are no variation in this Output Class.

Revenue Crown

Revenue Crown decreased due to an increase in Revenue other as a result of higher than expected interest income from the Residential Tenancies Trust Account.

Note 3: Revenue - other

30/6/01 Actual \$000		30/6/02 Actual \$000	30/6/02 Main Estimates \$000	30/6/02 Supp. Estimates \$000
7,861	Interest from tenancy bonds	7,627	6,000	7,000
734	Tenancy Tribunal fees	764	747	747
22	Other	18	0	0
<u>8,617</u>	Total	<u>8,409</u>	<u>6,747</u>	<u>7,747</u>

Note 4: Personnel costs

30/6/01 Actual \$000		30/6/02 Actual \$000	30/6/02 Main Estimates \$000	30/6/02 Supp. Estimates
5,499	Salaries and wages	6,126	6,113	6,113
836	Other	767	831	831
<u>6,335</u>	Total	<u>6,893</u>	<u>6,944</u>	<u>6,944</u>

Note 5: Operating Costs

30/6/01 Actual \$000		30/6/02 Actual \$000	30/6/02 Main Estimates \$000	30/6/02 Supp. Estimates \$000
1,292	Administration	1,305	1,297	1,297
561	Communications	617	600	600
670	Computer costs	618	714	714
956	Lease costs	1,017	978	978
43	Fees for audit of financial statements	33	40	40
1459	Tenancy Tribunal	1,434	1,435	1,470
693	Other	625	575	540
<u>5,674</u>	Total	<u>5,649</u>	<u>5,639</u>	<u>5,639</u>

Note 6: Depreciation

30/6/01 Actual \$000		30/6/02 Actual \$000	30/6/02 Main Estimates \$000	30/6/02 Supp. Estimates \$000
31	Office equipment	29	30	30
203	Office renovations	207	205	205
14	Furniture and fittings	14	14	14
314	Computer hardware	282	405	405
52	Software	28	89	89
37	Vehicles	100	37	37
<u>651</u>	Total	<u>660</u>	<u>780</u>	<u>780</u>

Note 7: Capital Charge

The Ministry operates under the capital charge regime which requires payment of a capital charge to the Crown based on the taxpayers' funds held by the Ministry as at 30 June and 31 December each year. The capital charge rate for 2002 was 9% (2001: 10%).

Note 8: Debtors and Receivables

30/6/01 Actual \$000		30/6/02 Actual \$000
3,473	Tenancy bond current account	2,670
40	Trade and other debtors	6
160	GST receivable	49
89	Debtor Crown	58
<u>3,762</u>	Total	<u>2,783</u>

Note 9: Fixed Assets

	Cost 30/6/02 \$000	Accumulated Depreciation 30/6/02 \$000	Net book Value 30/6/02 \$000	Net book value 30/6/01 \$000
Office equipment	239	(189)	50	76
Office renovations	873	(590)	283	401
Furniture and fittings	142	(110)	32	47
Computer hardware	1,883	(1,401)	482	453
Software	368	(323)	45	39
Vehicles	349	(184)	165	258
Work-in-progress	924		924	585
Total *	<u>4,778</u>	<u>(2,797)</u>	<u>1,981</u>	<u>1,859</u>

*Work-in-progress includes:

Office renovations	\$159,000
Computer Hardware	\$9,000
Software	\$756,000

Note 10: Creditors and Payables

	30/6/02 Actual \$000	30/6/01 Actual \$000
Trade creditors and accrued expenses	803	909
GST payable	48	113
Miscellaneous	154	148
Total	<u>1,005</u>	<u>1,170</u>

Note 11: Employee Entitlement

	30/6/02	30/6/01
	\$000	\$000
Current:		
Annual leave	322	312
Resigning Leave	31	30
Non-Current:		
Retirement Leave	32	30
Long-service leave	72	66
Total Employee Entitlements	<u>457</u>	<u>438</u>

Note 12: Related party transactions

The Ministry of Housing is a wholly-owned entity of the Crown. The Government significantly influences the roles of the Ministry as well as being its major source of revenue.

The Ministry enters into numerous transactions with other government departments, crown agencies and state-owned enterprises on an arm's length basis. These transactions are not considered to be related party transactions.

Note 13: Financial instruments

The Ministry is party to financial instruments as part of its normal operations. These include bank balances, investments, accounts receivable and payable.

Credit Risk

Credit risk is the risk that a third party will default on its obligations to the Ministry, causing the Ministry to incur a loss. In the normal course of its business, the Ministry incurs credit risk from trade debtors, and transactions with financial institutions and the New Zealand Debt Management Office.

The Ministry does not require any security to support financial instruments with financial institutions that the Ministry deals with, or with the NZDMO, as these entities have high credit ratings.

	30/6/02 Actual \$000	30/6/01 Actual \$000
Cash on hand	4	4
Cash held with WestpacTrust	343	240
Accounts receivable	2,783	3,762
Total	<u>3,130</u>	<u>4,006</u>

There are no significant concentrations of credit risk with respect to accounts receivable.

Fair Value

The fair value of all financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position.

Currency Risk

Currency risk is the risk that the value of debtors and creditors due in foreign currency will fluctuate because of changes in foreign exchange rates.

The Ministry has no currency risk with regard to cash and accounts receivable, as the financial instruments it deals with are in New Zealand dollars. The Ministry has no significant exposure to currency risk on accounts payable.

Interest Rate Risk

Interest rate risk is the risk that the Ministry's return on the funds it has invested will fluctuate owing to changes in market interest rates. The Ministry had no interest rate risk as no money was invested in this financial year.

Note 14: Contingencies

The Ministry does not have any contingent assets as at 30 June 2002 (2001: \$NIL). Contingent liabilities are separately disclosed in the Statement of Contingent Liabilities.

Note 15: Non Departmental Information**Schedule of Non Departmental Assets and Liabilities for the
Period Ended 30 June 2002**

Non-Departmental Assets and Liabilities are administered by Ministry of Housing on behalf of the Crown.

As these assets and liabilities are neither controlled by Ministry of Housing nor used in the production of the Ministry's outputs, they are not reported in the Ministry of Housing's statement of financial position.

	2002 Actual \$000	2002 Budget \$000
Administered on behalf of the Minister of Housing		
Assets:		
Crown Bank Account	579	-
Receivables and Advances	184	-
Liabilities:		
Payable and Provisions	1,784	110
Closing Crown Balance	(1021)	(110)

*Receivables and Advances – Income Related Rent Subsidies debt at net realisable value - \$794,000 less provision for non-recovery of \$610,000.

*Payable and Provisions – Income Related Rent Subsidies and Housing Assistance accruals at net realisable value

REPORT OF THE AUDITOR-GENERAL

TO THE READERS OF THE FINANCIAL STATEMENTS OF THE RESIDENTIAL TENANCIES TRUST ACCOUNT FOR THE YEAR ENDED 30 JUNE 2002

We have audited the financial statements on pages 58 to 65. The financial statements provide information about the past financial and service performance of the Residential Tenancies Trust Account and its financial position as at 30 June 2002. This information is stated in accordance with the accounting policies set out on pages 61 to 62.

Responsibilities of the Chief Executive

The Public Finance Act 1989 requires the Chief Executive of the Ministry of Housing to prepare financial statements in accordance with generally accepted accounting practice in New Zealand that fairly reflect the financial position of the Residential Tenancies Trust Account as at 30 June 2002, and the results of its operations and cash flows for the year ended on that date.

Auditor's responsibilities

Section 15 of the Public Audit Act and section 128 of the Residential Tenancies Act 1986 requires the Auditor-General to audit the financial statements presented by the Chief Executive. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and report that opinion to you.

The Auditor-General has appointed A J Shaw, of Audit New Zealand, to undertake the audit.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Chief Executive in the preparation of the financial statements; and
- whether the accounting policies are appropriate to the Residential Tenancies Trust Account's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with the Auditing Standards published by the Auditor-General, which incorporate the auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor acting on behalf of the Auditor-General, we have no relationship with or interests in the Residential Tenancies Trust Account.

Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion the financial statements of the Residential Tenancies Trust Account on pages 58 to 65:

- comply with generally accepted accounting practice; and
- fairly reflect:
 - Residential Tenancies Trust Account's financial position as at 30 June 2002;
 - the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 27 September 2002 and our unqualified opinion is expressed as at that date.

A J Shaw
Audit New Zealand
On behalf of the Controller and Auditor-General
Wellington, New Zealand
RESIDENTIAL TENANCIES TRUST ACCOUNT

STATEMENT OF FINANCIAL POSITION
as at 30 June 2002

2001 \$000		Notes	2002 \$000
	Assets		
	Current assets		
6,091	Bank		2,539
66,838	Investments	1	77,984
2,833	Receivables		2,229
<u>75,762</u>			<u>82,752</u>
	Non-current assets		
43,353	Investments	1	49,413
<u>119,115</u>	Total assets		<u>132,165</u>
	Less current liabilities		
3,473	Payable to Ministry of Housing		2,670
21	Other		27
<u>3,494</u>			<u>2,697</u>
<u>115,621</u>	Net assets		<u>129,468</u>
	Bondholders' funds		
108,017	Opening balance		115,621
7,604	Net increase		13,847
<u>115,621</u>	Closing balance		<u>129,468</u>
	On behalf of the Ministry of Housing		

Acting Chief Executive

Financial Controller

This statement is to be read in conjunction with the statement of accounting policies and notes to the financial statements on pages 61-65.

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2002

2001		2002
\$000		\$000
	Revenue	
1,564	Interest earned from stock	1,091
6,297	Interest earned from bank deposits	6,536
<u>7,861</u>		<u>7,627</u>
	Expenditure	
7,861	Interest to Ministry of Housing	7,627
<u>0</u>	Operating surplus	<u>0</u>

RECONCILIATION OF MOVEMENTS IN BONDHOLDERS' FUNDS

for the year ended 30 June 2002

2001		2002
\$000		\$000
<u>108,017</u>	Bondholders' funds brought forward 1 July	<u>115,621</u>
	Total recognised revenues and expenses	
0	for the year	0
70,834	Bonds lodged	78,474
(63,230)	Bonds refunded	(64,627)
<u>115,621</u>	Bondholders' funds as at 30 June	<u>129,468</u>

This statement is to be read in conjunction with the statement of accounting policies and notes to the financial statements on pages 61-65.

STATEMENT OF CASH FLOWS
for the year ended 30 June 2002

2001		Notes	2002
\$000			\$000
	Cash flows from operating activities		
8,029	Cash provided from interest received		8,242
(7,819)	Cash disbursed to interest payments to Ministry of Housing		(8,430)
210	Net cash flows from operating activities	2	(188)
	Cash flows from investing activities		
158,067	Cash provided from proceeds from maturity of investments		130,731
(161,479)	Cash disbursed to purchase of investments		(147,942)
(3,412)	Net cash flows from investing activities		(17,211)
	Cash flows from financing activities		
70,834	Cash provided from lodgement of bonds		78,474
(63,230)	Cash disbursed to refund of bonds		(64,627)
7,604	Net cash flows from financing activities		13,847
4,402	Net increase/(decrease) in cash held		(3,552)
1,689	Opening total cash balances		6,091
6,091	Closing total cash balances at 30 June		2,539

This statement is to be read in conjunction with the statement of accounting policies and notes to the financial statements on pages 61 - 65.

STATEMENT OF ACCOUNTING POLICIES

Reporting entity

- The Ministry of Housing manages the Residential Tenancies Trust Account pursuant to the Public Finance Act 1989 and the Residential Tenancies Act 1986.
- The Ministry took over direct management of the Residential Tenancies Trust Account on 18 August 1992.
- All interest arising from any investment in the Residential Tenancies Trust Account belongs to the Crown and is treated as department revenue to the Ministry of Housing.
- Investments are held in approved securities under section 68 of the Public Finance Act 1989.
- Costs associated with the management of the Residential Tenancies Trust Account are paid by the Ministry of Housing as departmental expenses.

Measurement System

These financial statements have been prepared on the basis of modified historical cost except for certain items with specific accounting policies outlined below.

Accounting policies

- **Accounts receivable**
Accounts receivable are stated at their expected realisable value.
- **Taxation**
The Residential Tenancies Trust Account is not liable for income tax.
- **Investments**
Investments are not generally traded but held to maturity. Investments in bonds are valued at cost with premiums and discounts on investments accounted for on a yield to maturity basis. Investments in bank deposits are valued at cost.
- **Cash**
Cash is defined as coins, notes and demand deposits in the Trust bank account and other deposits held on call.
- **Revenue**
The Trust derives revenue from interest on investments. Interest on investments is accrued on a monthly basis.

- **Financial instruments**

The Residential Tenancies Trust Account is party to financial instruments as part of its everyday operations, which have been recognised in these financial reports. These financial instruments include accounts payable and receivable, cash, deposits and investments.

Revenues and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance.

- **Fair value**

Fair values of the Trust's financial assets and liabilities at 30 June 2002 approximates with the carrying amounts reflected in these financial statements.

- **Changes in accounting policies**

There have been no changes in accounting policies.

All policies have been applied on a basis consistent with other years.

NOTES TO THE FINANCIAL STATEMENTS**1 Investments by counterparty**

Investments are undertaken in line with the Ministry's investment strategy. Investments were held with the following counterparties at 30 June.

(Investments valued at book value)

	30 June 2002 \$000	30 June 2001 \$000
(a) CURRENT		
WestpacTrust	27,780	16,218
National Bank	16,000	21,618
ANZ	27,370	5,855
BNZ	6,834	8,658
Government Stock	-	5,104
Electricorp Stock	-	9,385
	<u>77,984</u>	<u>66,838</u>
(b) NON-CURRENT		
WestpacTrust	6,000	-
ANZ	6,992	23,654
National Bank	3,000	3,000
BNZ	23,180	13,690
Government Stock	10,241	3,009
	<u>49,413</u>	<u>43,353</u>

(c) INTEREST RATES

The weighted-average effective interest rates on investments (current and non-current) at 30 June, were:

	30 June 2002	30 June 2001
Short-term deposits	5.77%	6.12%
Term deposits	6.37%	6.86%
Government stock	6.86%	7.63%
Electricorp stock	-	10.36%

2 Reconciliation of operating surplus to net cash flows from operating activities

	30 June 2002 \$000	30 June 2001 \$000
Operating surplus	0	0
Add movements in working capital items		
Increase/(Decrease) in interest payable	(803)	42
Decrease in interest receivable	<u>615</u>	<u>168</u>
Net cash from operating activities	<u>(188)</u>	<u>210</u>

3 Book value of investments

	30 June 2002 \$000	30 June 2001 \$000
Bank deposits	78,904	63,837
Bank bonds	38,252	28,856
Government (and Electricorp Stock – 2001)	<u>10,241</u>	<u>17,498</u>
	<u>127,397</u>	<u>110,191</u>

4 Fair Value

The fair value of all financial instruments approximates the carrying amount disclosed in the Statement of Financial Position, apart from the investment in Government (and Electricorp stock –2001), the fair value of which is the market value of \$10,347,314 (2001: \$18,193,626); and bank bonds, the fair value of which is \$38,320,837 (2001: \$34,258,594).

5 Financial instruments

Financial instruments which are potentially subject to credit risk principally consist of cash on hand, bank balances, accounts receivable, short term deposits and investments.

The maximum exposures to credit risk at balance date are:

	30 June 2002 \$000	30 June 2001 \$000
Cash held	2,539	6,091
Accounts receivable	2,229	2,833
Investments	<u>127,397</u>	<u>110,191</u>
Total	<u>132,165</u>	<u>119,115</u>

There are no major concentrations of credit risk with respect to accounts receivable.

The Residential Tenancies Trust Account has no currency risk, given that any financial instruments it deals with are in New Zealand dollars.

The Residential Tenancies Trust Account has no interest rate risk, as all investments are held to maturity. Deposits are held with authorised New Zealand Banks.

6 Commitments and contingencies

The Residential Tenancies Trust Account has no commitments or contingent liabilities at balance date.

PART III - MANAGEMENT

MANAGEMENT OF THE MINISTRY

HUMAN RESOURCES

Industrial relations

The current collective contract covers 53% of non-management staff, who are members of the PSA. Negotiations for a new collective employment agreement with the PSA were started in February 2002. The new Collective Employment Agreement is now awaiting ratification.

Staff on individual employment agreements who were also PSA members, were updated during the year to ensure compliance with the Employment Relations Act 2000. Fixed term and casual employment agreements were also monitored.

Remuneration policy and performance management

An extensive review of the Ministry's Performance Management System was undertaken by a project team between February and June 2002. This led to the introduction of the Development and Performance System (DPS) with a greater focus on development and transparency. This has led to the introduction of interim core competencies and update to performance measures. Market reviews and changes to all Ministry salary ranges will now be completed on an annual basis.

Human Resource Management Information System (HRMS)

Decision Group Limited (MANTRACK) provide an integrated payroll and human resource management system (HRMS) to the Ministry. Management information is produced regularly for managers on training, payroll, EEO, Health and Safety, recruitment, leave and staffing costs. Employees also receive updates on leave and pay information.

Recruitment and Selection

A robust and transparent recruitment and selection process has been achieved through the linking of job descriptions, self-assessments, interview questions and reference checks using competencies that form the basis of selection criteria.

The vacancy web page on the Ministry's internet, which continues to be used widely, can be accessed by internal and external applicants.

Training and personal development

All group-based training is linked to the Ministry's strategic objectives, and the Development and Performance System. Personal development needs for individual staff members are discussed formally during the annual and progress performance reviews. These needs are summarised in the Annual Development Plan.

Health and Safety

The Ministry did not participate in an ACC audit this year but one is scheduled for November 2002. Through heightened awareness of Health and Safety issues, by regular updates to staff, particularly on OOS, the Ministry has developed a practice of early intervention which has led to a significant reduction in the number of OOS related problems being reported by staff. A stress management policy, in preparation for amendment to the Health and Safety in Employment Act and a security review are two major health and safety initiatives for the year.

Equal Employment Opportunities

EEO initiatives continue to be integrated into the Strategic Planning process for the Ministry. These are:

- The development of a response to the NZ Disability Strategy and implementation plan;
- The inclusion of cultural considerations in interim core competencies; and
- Business plans and budgets were developed for the Kaiwhakahaere Whakatapu (Partnership Development Manager) who manages issues concerning the Ministry's relationship with Tangata Whenua and its own Maori staff; and the Pasifika Developments Coordinator who deals with similar issues for the Pacific Island staff and community.

The Ministry of Housing's staff profile as at 30 June 2002 is shown in the tables following:

Ministry of Housing Staffing							
		2000/01		2001/02		Growth in FTE	
Service Units	Actual	FTE			No	Percent	
Executive Management	1	1.0	1	1.0	0	0	
Corporate Services	14	12.9	13	11.9	-1	-7.75	
Finance	3	3.0	4	4.0	1	33.33	
Monitoring	1	1	3	3.0	2	200.0	
Tenancy Services Corporate Office	4	3.8	5	4.0	0.2	5.79	
Bond Centre	35	33.24	37	35.44	2.2	6.62	
Northern Region	31	29.8	31	28.56	-1.24	-4.16	
Central Region	27	25.3	26	24.45	-0.85	-3.36	
Southern Region	20	16.79	20	16.66	-0.13	-0.77	
TOTAL	136	126.83	140	129.01	2.18	1.72	

GENDER	NUMBER 2002	PERCENTAGE 2002	NUMBER 2001	PERCENTAGE 2001
Female	89	63.5	88	64.7%
Male	51	36.5	48	35.3%
Total	140	100%	136	100%

**PRIMARY
ETHNICITY**

NZ Maori	29	20.7	30	22.1%
NZ European	82	58.6	76	55.9%
Non NZ European	11	7.8	16	11.7%
Pacific Islander	10	7.1	10	7.4%
Other	5	3.6	1	0.7%
Asian	3	2.2	3	2.2%
Total	140	100%	136	100%

REMUNERATION BY GENDER	MALE 30/06/02	FEMALE 30/06/02	MALE 30/06/01	FEMALE 30/06/01
<i>Salary Level (\$) #</i>				
0-20,000	0	0	0	0
20,001-30,000	3	11	3	11
30,001-40,000	13	33	17	38
40,001-50,000	25	36	22	33
50,001-60,000	3	4	1	2
60,001 +	7	5	5	4
Total	51	89	48	88

STAFF BY DISABILITIES	NUMBER 2002	PERCENTAGE 2002	NUMBER 2001	PERCENTAGE 2001
No	121	86.5	122	89.7%
Yes	19	13.5	14	10.3%
Total	140	100%	136	100%

INFORMATION TECHNOLOGY

Every year the Ministry undertakes a number of projects that will improve the productivity and effectiveness of Ministry staff, increase the security or reliability of Ministry operations, reduce ongoing costs or provide tenants and landlords with additional online services. These are all based on requirements identified through the Ministry's strategic planning process.

Enhancements to the systems over the last twelve months include:

- Substantial development and testing of a replacement Client Server System for Tenancy Services. The upgrade provides the Ministry with a much improved system all round with the ability to support new and improved functionality to tenants and landlords. It will also provide the platform on which future e-government services can be based. This project has continued throughout the year and successfully went "live" on 26 August 2002;
- Upgrade of Corporate and Tenancy Office file servers;
- Upgrade of Internet Firewall and our virus protection software to provide increased security;
- Ongoing improvements to both the external and internal Internet sites to enhance communications with both customers and staff. Work in this area is being based on the requirements of the e-government strategy;
- A number of moves and additions to the Wide Area Network to support Tenancy Offices relocations;
- Ongoing development and testing of a replacement Client Server System for Tenancy Services;
- Upgrade of all workstations to 17 inch monitors as standard; and
- Upgrade of the library system to "InMagic" software.

PROPERTY ADMINISTRATION

The Ministry leases all its office accommodation. In line with its new strategic direction to 2006, the Ministry began to implement a programme of re-locating and upgrading its tenancy services offices around the country to accommodate additional front line staff, make each site easier for the public to access, and making the office environment more welcoming for customers. This has meant moving some sites to ground floor accommodation, where this has been

affordable. The first offices to be re-located under this programme were Wellington, Timaru and Invercargill. Other offices will be selectively upgraded and re-located where necessary through to the end of 2006/07.

The table below shows the location and size of every office, its annual rental, staff numbers and associated costs as at 30 June 2002. During the reporting period there has been a 3.46% increase in floor area occupied by the Ministry, but also a 2.62% reduction in base rental costs. The increase in occupied space was due to the need to increase the size of the Tenancy Services Centre (formerly the Bond Centre) at Porirua and the establishment of a new Wellington office. Changes in rentals were due to the fact that the Ministry relocated its Corporate Office to more efficient space resulting in a gross rental saving of \$120,000 per annum. This was partially offset by rental for the new Wellington office and increases in rental costs for the Tenancy Services Centre and at the Manukau office.

A strategic property management plan for the period 2002 – 2006 is in place and is updated twice a year.

The Ministry has no unoccupied accommodation.

Location	No of Seats	Office Area (Sq Mtrs)	Rental	Office area per Employee (Sq Mtrs)	Cost per Sq Metre	Cost per Employee
Whangarei	3	90.00	\$16,000	30.00	\$178	\$5,573
Takapuna	4	182.32	\$35,836	45.58	\$197	\$8,959
Henderson	4	178.13	\$25,294	44.53	\$142	\$6,324
Auckland	10	356.01	\$64,081	35.60	\$180	\$6,408
Manukau	11	305.21	\$45,781	27.75	\$150	\$4,351
Hamilton	5	166.28	\$31,240	33.26	\$188	\$6,935
Tauranga	3	100.54	\$15,100	33.51	\$150	\$5,033
Gisborne	1	30.39	\$3,190	30.39	\$105	\$6,500
Napier	2	40.00	\$9,923	20.00	\$248	\$4,962
Rotorua	2	98.40	\$12,000	49.20	\$122	\$7,788
Palmerston North	4	136.46	\$22,872	34.12	\$168	\$5,913
New Plymouth	3	85.41	\$11,700	28.47	\$137	\$4,488
Lower Hutt	4	158.03	\$20,500	39.51	\$130	\$7,073
Wellington	5	171.75	\$41,200	34.35	\$240	\$8,240
Corporate Office	23	462.00	\$80,860	20.09	\$175	\$3,617
Porirua	44	1273.60	\$153,407	28.95	\$120	\$3,487
Nelson	2	98.00	\$12,500	49.00	\$128	\$6,250
Blenheim	1	25.10	\$4,500	25.10	\$179	\$4,500
Christchurch	10	324.91	\$43,620	32.49	\$134	\$4,621
Timaru	1	40.13	\$7,200	40.13	\$179	\$7,200
Dunedin	4	173.35	\$18,000	43.34	\$104	\$4,500
Greymouth	1	35.00	\$6,000	35.00	\$171	\$6,221
Invercargill	1	57.80	\$12,000	57.80	\$208	\$12,000
TOTALS:	148	4588.82	\$692,804			

Ministry of Housing Management Structure

