

Ministry of Housing

B.12 FR (01)

**DEPARTMENTAL FORECAST  
REPORT**

**2001**



**Ministry of Housing**

ISSN 1173-4663

**CONTENTS**

|  | Page      |
|--|-----------|
| <b>Statement of responsibility .....</b>   | <b>3</b>  |
| <b>PART A – INTRODUCTION AND HIGHLIGHTS .....</b>  | <b>4</b>  |
| Tenancy Services: Bond Centre .....  | 5         |
| Tenancy Services: Dispute Resolution .....   | 5         |
| State Housing Appeals Authority.....   | 5         |
| Monitoring Advice.....   | 6         |
| Financial Highlights .....   | 6         |
| <b>PART B – FORECAST FINANCIAL STATEMENT .....</b>                                       | <b>7</b>  |
| <b>Statement of objectives : output performance.....</b>                                 | <b>14</b> |
| D1 Administration of residential tenancies bond monies .....                             | 14        |
| D2 Residential tenancies information, advice and dispute resolution.....                 | 14        |
| D3 State Housing Appeals Authority .....   | 15        |
| D4 Housing Agency Purchase and Monitoring.....   | 15        |
| <b>Statement of significant underlying assumptions.....</b>                              | <b>17</b> |
| <b>Statement of significant accounting policies.....</b>                                 | <b>17</b> |
| <b>Service performance objectives .....</b>  | <b>19</b> |
| Output class D1 – Administration of residential tenancies bond monies.....               | 19        |
| Output class D2 – Residential tenancies information, advice and dispute resolution ..... | 21        |
| Output class D3 – State Housing Appeals Authority .....                                  | 23        |
| Output class D4 – Housing Agency Purchase and Monitoring.....                            | 23        |
| <b>PART C – ADDITIONAL INFORMATION.....</b>  | <b>25</b> |
| <b>Residential Tenancies Trust Account .....</b>   | <b>25</b> |
| <b>Management Structure .....</b>  | <b>25</b> |

**STATEMENT OF RESPONSIBILITY**

*The forecast financial statements for the Ministry of Housing for the year ending 30 June 2002 contained in this report have been prepared in accordance with section 34A of the Public Finance Act 1989.*

*The Chief Executive of the Ministry of Housing acknowledges, in signing this statement, that he is responsible for the forecast financial statements contained in this report.*

*The financial performance forecast to be achieved by the department for the year ending 30 June 2002 that is specified in the statement of objectives is as agreed with the Minister of Housing, who is the Minister responsible for the financial performance of the Ministry of Housing.*

*The performance for each class of outputs forecast to be achieved by the Ministry for the year ending 30 June 2002 that is specified in the statement of objectives is as agreed with the Minister of Housing, who is responsible for the Vote administered by the Ministry.*

*We certify that the information contained in this report is consistent with the appropriations contained in the Estimates for the year ending 30 June 2002 that are being laid before the House of Representatives under section 9 of the Public Finance Act 1989.*

*Signed*

*Countersigned*

*Chief Executive  
23 April 2001*

*Financial Controller  
23 April 2001*

## **PART A - INTRODUCTION AND HIGHLIGHTS**

The Ministry of Housing/Te Whare Ahuru helps the Government to:

- protect the rights of landlords and tenants by administering the Residential Tenancies Act 1986; and
- assist in ensuring New Zealanders have access to affordable, high quality housing by advising on the governance and monitoring of the proposed Housing New Zealand Corporation including its subsidiaries Housing New Zealand Limited and Community Housing Ltd (HNZC).

### **Contributions to Government's Key Goals**

Administration of Residential Tenancies Bond Monies and Residential Tenancies Information and Advice and Dispute Resolution contributes directly to the outcome of the efficient and equitable protection of the rights of landlords and tenants.

Administration of the State Housing Appeals Authority contributes directly to the outcome of the efficient and equitable protection of the rights of tenants of the proposed HNZC and applicants for state housing.

Provision of high quality advice on the governance and monitoring of the proposed HNZC, the Crown's principal housing agency, contributes to the outcome of improving access to affordable accommodation.

Through delivering services to protect the rights of landlords and tenants equitably and efficiently, and improving access to affordable accommodation, the Ministry will contribute to the government goals of:

- Restoring trust in government and providing strong social services;
- Reducing inequalities in health, education, employment and housing.

### **The Ministry of Housing**

The Ministry was set up by an Executive Order in Council under section 27(2) of the State Sector Act 1988. It began operation on 1 July 1992.

The Ministry's principal functions are:

- to receive and invest residential tenancies bond monies and refund them when lawfully due;

- to provide information, advice and a dispute-resolution service for tenants and landlords;
- To administer the appeal authority which hears appeals against decisions of Housing New Zealand on income-related rents and housing allocations;
- to provide governance and monitoring advice to the Ministers of Housing and Finance on the proposed Housing New Zealand Corporation. This is a new function. The equivalent role for the previous housing agencies was the responsibility of CCMAU and the Ministry of Social Policy. The Ministry took on some transitional responsibilities from 1 February 2001.

The Ministry's corporate office (including the Tenancy Services national office and the HNZC monitoring unit) is in Wellington, and as at 30 April 2001 employs 21 staff. The Ministry has 78 staff in 21 offices from Invercargill to Whangarei who provide mediation and dispute resolution services through the Offices of the Tenancy Tribunal. The processing of tenancy bonds has been centralised to Porirua since 1992; 35 staff are employed at the Bond Centre. Advice and information to tenants and landlords are provided through both the Bond Centre and the district offices.

#### **Tenancy Services: Bond Centre**

The Bond Centre has been required to deal with an increased volume of business in recent years. Further growth is forecast and, as in the past, largely will be met by the application of innovative communication and processing technology.

#### **Tenancy Services: Dispute Resolution**

The introduction of income-related rents for Housing New Zealand tenancies in December 2000 has decreased the demand for dispute resolution services for Housing New Zealand tenancies. This has reduced the overall rate of growth in 2000/01 from the high level experienced in previous years, although there is still a steady increase in the number of applications from the private sector.

#### **State Housing Appeals Authority**

The Ministry established the State Housing Appeals Authority in December 2000 to hear appeals against Housing New Zealand decisions on income-related rent assessments and applicants eligibility and need for Housing New Zealand housing. The Ministry is responsible for the ongoing administrative support for the Appeals Authority.

**Monitoring Advice**

This new function will meet the challenge of implementing a governance and monitoring framework for the proposed HNZC. HNZC will combine the operations of Housing New Zealand Limited, the Housing Corporation of New Zealand and the housing policy advice function of the Ministry of Social Policy. Significant objectives will be:

- Ensuring the agency operates in accordance with the Government priorities set down in its accountability documents;
- Establishing effective working relationships;
- Ensuring Ministers and the Ministry receive an adequate flow of performance information;
- Advising Ministers on purchases from the agency of services to be funded or partly funded by the Crown.

**Financial Highlights**

There are now four output classes delivered by the Ministry as two new output classes were added during 2000/01.

The Ministry expects in the 2001/02 year:

- to earn \$6 million (GST not applicable) from interest on the Residential Tenancies Trust Account;
- to earn \$0.747 million (GST exclusive) from fees for applications to the Tenancy Tribunal;
- to earn \$6.884 million (GST exclusive) for the sale of outputs to the Crown;
- to spend \$13.631 million (GST exclusive) on the production of outputs for the four output classes detailed in the Service Performance Objectives.

The Ministry will also administer payments under the appropriation as follows:

- Non-departmental output class paid to the proposed HNZC for Policy Advice of \$1.215 million;
- Benefits and unrequited expenses for income-related rental subsidy paid to HNZC of \$273.760 million;
- Benefits and unrequited expenses for Housing Assistance payments of \$3.766 million;
- Non-departmental Other expense paid to HNZC for community housing rent relief programme of \$4.500 million.

Details of how the non-departmental appropriations will be applied appear in parts C2, D1 and D3 of Vote Housing in the 2001/02 Estimates of Appropriations for the Government of New Zealand.

|   |
|---|
| <b>PART B – FORECAST FINANCIAL STATEMENTS</b> |
|---|

**STATEMENTS OF FINANCIAL PERFORMANCE  
FOR THE YEARS ENDING 30 JUNE 2001 AND 2002**

|                                   | 2000/01                        |                              | 2001/02         |
|-----------------------------------|--------------------------------|------------------------------|-----------------|
|                                   | Budgeted <sup>1</sup><br>\$000 | Estimated<br>actual<br>\$000 | Budget<br>\$000 |
| <b>Revenue</b>                    |                                |                              |                 |
| Crown                             | 5,689                          | 5,689                        | 6,884           |
| Other                             | 7,747                          | 7,997                        | 6,747           |
| <b>Total revenue</b>              | <b>13,436</b>                  | <b>13,686</b>                | <b>13,631</b>   |
| <b>Expenses</b>                   |                                |                              |                 |
| <i>Output expenses:</i>           |                                |                              |                 |
| Personnel                         | 6,655                          | 6,427                        | 6,944           |
| Operating                         | 5,731                          | 5,633                        | 5,639           |
| Depreciation                      | 753                            | 720                          | 780             |
| Capital charge                    | 298                            | 298                          | 268             |
| Loss on sales of assets           | (1)                            | 0                            | 0               |
| <b>Total output expenses</b>      | <b>13,436</b>                  | <b>13,078</b>                | <b>13,631</b>   |
| Surplus/(deficit) from operations | 0                              | 608                          | 0               |
| <b>Net surplus/(deficit)</b>      | <b>0</b>                       | <b>608</b>                   | <b>0</b>        |

This statement should be read in conjunction with the statement of significant underlying assumptions and statement of significant accounting policies on pages 17 to 18.

<sup>1</sup>This column incorporates both Main Estimates and Supplementary Estimates appropriations for 2000/01.

**STATEMENT OF ESTIMATED FINANCIAL POSITION  
AS AT 30 JUNE 2001  
AND FORECAST FINANCIAL POSITION  
AS AT 30 JUNE 2002**

|   | Actual<br>Financial<br>position as<br>at 30 June<br>2000<br>\$000 | Estimated<br>Financial<br>position as<br>at 30 June<br>2001<br>\$000 | Budgeted<br>position<br>as at 30<br>June<br>2002<br>\$000 |
|---|---|--|---|
| <b>Assets</b>                                     |   |  |   |
| <i>Current assets</i>                             |   |  |   |
| Cash and bank balances                            | 95  | 75   | 402   |
| Prepayments                                       | 35  | 35   | 35  |
| Receivable and<br>Advances                        | 3,506   | 3,256  | 2,256   |
| Debtor - Crown                                    | 38  | 38   | 83  |
| <i>Total current assets</i>                       | 3,674   | 3,404  | 2,776   |
| <i>Non-current assets</i>                         |   |  |   |
| Fixed assets                                      | 1,684   | 1,514  | 1,534   |
| <i>Total non-current assets</i>                   | 1,684   | 1,514  | 1,534   |
| <b>Total assets</b>                               | <b>5,358</b>  | <b>4,918</b>   | <b>4,310</b>  |
| <b>Liabilities</b>                                |   |  |   |
| <i>Current liabilities</i>                        |   |  |   |
| Payables and provisions                           | 939   | 939  | 939   |
| Provision for payment of<br>surplus               | 1,048   | 608  | 0   |
| Employee entitlements                             | 297   | 297  | 297   |
| <i>Total current liabilities</i>                  | 2,284   | 1,844  | 1,236   |
| <i>Non-Current liabilities</i>                    |   |  |   |
| Employee entitlements                             | 93  | 93   | 93  |
| <b>Total liabilities</b>                          | <b>2,377</b>  | <b>1,937</b>   | <b>1,329</b>  |
| <b>Taxpayers' funds</b>                           |   |  |   |
| General funds                                     | 2,981   | 2,981  | 2,981   |
| <b>Total taxpayers' funds</b>                     | <b>2,981</b>  | <b>2,981</b>   | <b>2,981</b>  |
| <b>Total liabilities and<br/>taxpayers' funds</b> | <b>5,358</b>  | <b>4,918</b>   | <b>4,310</b>  |

This statement should be read in conjunction with the statement of significant underlying assumptions and statement of significant accounting policies on pages 17 to 18.

**STATEMENT OF CASH FLOWS FOR THE YEARS ENDING  
30 JUNE 2001 AND 2002**

|   | 2000/01           |                              | 2001/02         |
|---|-------------------|------------------------------|-----------------|
|   | Budgeted<br>\$000 | Estimated<br>actual<br>\$000 | Budget<br>\$000 |
| <b>Cash flows from operating activities</b>                 |                   |                              |                 |
| Cash provided from:   |                   |                              |                 |
| supply of outputs to:                                       |                   |                              |                 |
| Crown   | 6,409             | 6,400                        | 7,700           |
| Other   | 8,414             | 8,247                        | 7,747           |
| Cash disbursed to:  |                   |                              |                 |
| cost of producing outputs                                   | (12,942)          | (12,771)                     | (13,444)        |
| output expenses – capital charge                            | (298)             | (298)                        | (268)           |
| <b>Net cash flows from<br/>Operating activities</b>         | <b>1,583</b>      | <b>1,578</b>                 | <b>1,735</b>    |
| <b>Cash flows from investing activities</b>                 |                   |                              |                 |
| Cash provided from:   |                   |                              |                 |
| Sale of physical assets                                     | 0                 | 0                            | 0               |
| Cash disbursed to:  |                   |                              |                 |
| Purchase of physical assets                                 | (560)             | (550)                        | (800)           |
| <b>Net cash flows from investing<br/>activities</b>         | <b>(560)</b>      | <b>(550)</b>                 | <b>(800)</b>    |
| <b>Cash flows from financing activities</b>                 |                   |                              |                 |
| Cash disbursed to:  |                   |                              |                 |
| payment of surplus to the Crown                             | (1,048)           | (1,048)                      | (608)           |
| <b>Net cash flows from financing<br/>activities</b>         | <b>(1,048)</b>    | <b>(1,048)</b>               | <b>(608)</b>    |
| <b>Net increase/(decrease) in cash held</b>                 | <b>(25)</b>       | <b>(20)</b>                  | <b>327</b>      |
| Opening total cash balances at 1 July                       | 95                | 95                           | 75              |
| <b>Closing total cash balances at 30 June<br/>projected</b> | <b>70</b>         | <b>75</b>                    | <b>402</b>      |

This statement should be read in conjunction with the statement of significant underlying assumptions and statement of significant accounting policies on pages 17 to 18.

**RECONCILIATION OF NET CASH FLOWS FROM OPERATING  
ACTIVITIES TO NET SURPLUS/(DEFICIT) IN THE OPERATING  
STATEMENT FOR THE YEARS ENDING 30 JUNE 2001 AND 2002**

|  | 2000/01           |                              | 2001/02         |
|--|-------------------|------------------------------|-----------------|
|  | Budgeted<br>\$000 | Estimated<br>actual<br>\$000 | Budget<br>\$000 |
| <b>Net surplus from operations</b>   | 0                 | 608                          | 0               |
| <i>Add/(deduct) non-cash<br/>expenses/ (revenues) from<br/>Operating Statement</i>             |                   |                              |                 |
| Depreciation and amortisation  | 763               | 720                          | 780             |
| <i>Add/(deduct) non-cash working<br/>capital reductions/(increases)<br/>from balance sheet</i> |                   |                              |                 |
| (Increase)/decrease in<br>receivables and advances   | 1,031             | 250                          | 1,000           |
| (Increase)/decrease in Debtor<br>Crown   | 9                 | 0                            | (45)            |
| Increase/(decrease) in<br>payables and provisions  | (220)             |                              | 0               |
| Increase/(decrease) in other<br>accrued liabilities  | 0                 | 0                            | 0               |
| <i>Items classified as investing<br/>activities</i>  |                   |                              |                 |
| Net (gain)/loss on sale of<br>physical assets  | 0                 | 0                            | 0               |
| <b>Net cash flows from<br/>operating activities</b>  | <b>1,583</b>      | <b>1,578</b>                 | <b>1,735</b>    |

**STATEMENT OF MOVEMENTS IN TAXPAYERS' FUNDS (EQUITY)  
AS AT 30 JUNE 2001 AND 2002**

|  | Estimated<br>position as at<br>30 June 2001<br><br>\$000 | Projected<br>position as at<br>30 June 2002<br><br>\$000 |
|--|--|--|
| <b>Taxpayers' funds at start of period</b>                                   | 2,981  | 2,981  |
| <i>Movement during the year (other than<br/>flows to and from the Crown)</i> |  |  |
| Add net surplus  | 608  | 0  |
| <i>Total recognised revenues and<br/>expenses for the period</i>             | 0  | 0  |
| <i>Adjustment for flows to and from the<br/>Crown</i>                        |  |  |
| (Deduct)<br>Provision for payment of surplus to the<br>Crown                 | (608)  | 0  |
| <i>Total adjustments for flows to and from<br/>the Crown</i>                 | 0  | 0  |
| <b>Taxpayers' funds at the end of the<br/>period</b>                         | <b>2,981</b>   | <b>2,981</b>   |

**FORECAST DETAILS OF FIXED ASSETS BY CATEGORY**

|                        | 30 June 2001                    | 30 June 2002 projected position |                             |                   |
|------------------------|---------------------------------|---------------------------------|-----------------------------|-------------------|
|                        | Estimated<br>Actual<br>position | Cost                            | Accumulated<br>Depreciation | Net book<br>value |
|                        | \$000                           | \$000                           | \$000                       | \$000             |
| Office equipment       | 76                              | 236                             | (190)                       | 46                |
| Office renovations     | 445                             | 1,346                           | (1151)                      | 195               |
| Furniture and fittings | 50                              | 145                             | (107)                       | 38                |
| Computer hardware      | 440                             | 2,718                           | (2,253)                     | 465               |
| Computer software      | 267                             | 963                             | (373)                       | 590               |
| Motor Vehicles         | 236                             | 334                             | (134)                       | 200               |
| Communications         | 0                               | 6                               | (6)                         | 0                 |
| <b>Total</b>           | <b>1,514</b>                    | <b>5,748</b>                    | <b>(4,214)</b>              | <b>1,534</b>      |

**STATEMENT OF OBJECTIVES SPECIFYING THE ESTIMATED  
FINANCIAL PERFORMANCE TO 30 JUNE 2001 AND FORECAST  
FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE  
2002**

|   | Unit  | 2000/01  |                  | 2001/02 |
|---|-------|----------|------------------|---------|
|   |       | Budgeted | Estimated actual | Budget  |
| <b>Operating Expenses</b>               |       |          |                  |         |
| Revenue: other                          | \$000 | 7,747    | 7,997            | 6,747   |
| Output expenses                         | \$000 | 13,436   | 13,078           | 13,631  |
| Operating surplus before capital charge | \$000 | 298      | 906              | 268     |
| Surplus from operations                 | \$000 | 0        | 608              | 0       |
| <b>Working capital</b>                  |       |          |                  |         |
| Net current assets                      | \$000 | 1,593    | 1,560            | 1,540   |
| <b>Resource utilisation</b>             |       |          |                  |         |
| Physical assets:                        |       |          |                  |         |
| Total physical assets at year end       | \$000 | 1,481    | 1,514            | 1,534   |
| Taxpayers' funds:                       |       |          |                  |         |
| Level at year-end                       | \$000 | 2,981    | 2,981            | 2,981   |
| <b>Forecast net cash flows</b>          |       |          |                  |         |
| Surplus/(deficit) operating activities  | \$000 | 1,583    | 1,578            | 1,735   |
| Surplus/(deficit) investing activities  | \$000 | (560)    | (550)            | (800)   |
| Surplus/(deficit) financing activities  | \$000 | (1,048)  | (1,048)          | (608)   |
| Net increase/ (decrease) in cash held   | \$000 | (25)     | (20)             | 327     |

**STATEMENT OF OBJECTIVES - OUTPUT PERFORMANCE**

The Ministry of Housing is committed to provide outputs in 2001/02 which meet the specifications of the Minister of Housing and various purchasers in terms of their nature, timeliness, quality, quantity and cost.

**SUMMARY OF DEPARTMENTAL OUTPUT CLASSES**

Departmental output classes to be delivered by the Ministry, and their associated revenue, expenses and surplus or deficit are summarised below:

**D1 Administration of Residential Tenancies Bond Monies**

Administration of residential tenancies bond monies including collecting and repaying bond monies as required by the Residential Tenancies Act 1986 and managing and investing bond monies.

| Revenue:<br>Crown<br>\$000 | Revenue:<br>other<br>\$000 | Total<br>Expenses<br>\$000 <sup>2</sup> | Surplus/<br>(deficit)<br>\$000 |
|----------------------------|----------------------------|---|--------------------------------|
| 0                          | 6,000                      | 3,551                                   | 2,449                          |

**D2 Residential Tenancies Information and Advice and Dispute Resolution**

Provision of information and advice and the provision of mediation and dispute resolution services to tenants and landlords in relation to residential tenancies.

| Revenue:<br>Crown<br>\$000 | Revenue:<br>other<br>\$000 | Total<br>Expenses<br>\$000 <sup>3</sup> | Surplus/<br>(deficit)<br>\$000 |
|----------------------------|----------------------------|---|--------------------------------|
| 6,216                      | 747                        | 9,412                                   | (2,449)                        |

---

<sup>2</sup>Exclusive of GST

<sup>3</sup>Exclusive of GST

**D3 State Housing Appeal Services**

Provision of support to the State Housing Appeals Authority dealing with appeals from HNZA tenants against determinations of rights for income-related rents.

| Revenue:<br>Crown<br>\$000 | Revenue:<br>other<br>\$000 | Total<br>expenses<br>\$000 <sup>4</sup> | Surplus/<br>(deficit)<br>\$000 |
|----------------------------|----------------------------|---|--------------------------------|
| 268                        | 0                          | 268                                     | 0                              |

**D4 Housing Agency Purchase and Monitoring**

Assisting Ministers with board appointments, the negotiation of accountability documents and the purchase of outputs, administering reimbursement of the cost of providing income-related rents, monitoring entity performance and providing oversight of the Crown's ownership interest in HNZA.

| Revenue:<br>Crown<br>\$000 | Revenue:<br>other<br>\$000 | Total<br>expenses<br>\$000 <sup>5</sup> | Surplus/<br>(deficit)<br>\$000 |
|----------------------------|----------------------------|---|--------------------------------|
| 400                        | 0                          | 400                                     | 0                              |

---

<sup>4</sup>Exclusive of GST

<sup>5</sup>Exclusive of GST

**RECONCILIATION OF APPROPRIATION  
AND OPERATING EXPENSES TO 30 JUNE 2002**

|   | Appropriation<br>\$000 | Less<br>GST<br>\$000 | Expenses<br>\$000 |
|---|------------------------|----------------------|-------------------|
| <b>Output Class</b>   |                        |                      |                   |
| D1 Administration of Residential Tenancies bond monies              | 3,551                  | 0                    | 3,551             |
| D2 Residential Tenancies information, advice and dispute resolution | 10,283                 | (871)                | 9,412             |
| D3 State Housing Appeal Services                                    | 301                    | (33)                 | 268               |
| D4 Housing agency purchase and monitoring                           | 450                    | (50)                 | 400               |
| <b>Total</b>  | <b>14,585</b>          | <b>(954)</b>         | <b>13,631</b>     |

### **STATEMENT OF SIGNIFICANT UNDERLYING ASSUMPTIONS**

These statements have been compiled on the basis of government policies at the time the statements were finalised.

These forecast financial statements comply with generally accepted accounting practice and the Public Finance Act 1989.

The measurement base applied is historical cost.

The accrual basis of accounting has been used for the preparation of these financial statements.

These statements have been prepared on a going-concern basis.

### **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

#### **SPECIFIC ACCOUNTING POLICIES**

##### **Fixed assets**

Fixed assets are stated at acquisition cost less accumulated depreciation.

##### **Cost allocation**

The Ministry has derived the costs of outputs shown in these statements using a cost allocation system which is expected to directly charge 58% of annual costs and indirectly allocate the balance.

Cost drivers employed to assign indirect costs to outputs are resource usage, where available, based on floor space, staff numbers and fixed asset values.

##### **Accounts receivable**

Accounts receivable are recorded at the amounts expected to be ultimately collected.

**Goods and Services Tax**

Income, expenditure, assets and liabilities are recorded exclusive of GST, with the exception of accounts payable and receivable, which are recorded inclusive of GST.

**Depreciation rates**

Depreciation is accrued monthly using the straight-line method for all categories of assets. Depreciation is based on the expected life of the assets. The amount to be depreciated is the historic cost.

Furniture and fittings are depreciated over 10 years, the bond database system over 8 years, other software over 3 years, other equipment over 3 - 5 years, and office renovations over 6-10 years. Vehicles are written down to residual value over 3 years.

**Commitments**

Office accommodation and most photocopiers are leased. The value of contractual lease commitments at 30 June 2001 is estimated to be \$1,580,200.

The Ministry has contracted to update software systems. The estimated value of work still to be completed at 30 June 2001 is \$120,000.

**CHANGES IN ACCOUNTING POLICIES**

It is not expected that there will be any changes in accounting policies.

|   |
|---|
| <b>SERVICE PERFORMANCE OBJECTIVES SPECIFYING THE PERFORMANCE FOR EACH CLASS OF OUTPUTS FOR THE YEAR ENDING 30 JUNE 2002</b> |
|---|

**OUTPUT CLASS D1 - ADMINISTRATION OF RESIDENTIAL TENANCIES BOND MONIES****Description**

This output class involves 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 (164,000) lodgements will be made.

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

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

**(ii) Refunds**

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

**Quantity:** It is estimated that approximately 164,000 (164,000) refunds will be made.

**Timeliness:** Refund applications will be processed within one working day of receipt at the Bond Centre.

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

**(iii) Bond Enquiries**

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

**Quantity:** It is estimated that the average number of telephone enquiries per day will be 800 (800).

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

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

**(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 (700) *ad hoc* requests for market rent information during the year. The introduction of general market rent information on the Ministry's website in April 2000 has significantly reduced the demand for individual requests.

**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.

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

**(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 million-\$116 million (\$101 million-\$105 million), consisting of a predetermined daily float level and a portfolio of call deposits and securities.

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

**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.

*Outputs in this class will be provided for the appropriated sum of \$3,551,000. This output class is funded from interest on the Bond Fund investments and is exclusive of GST.*

**OUTPUT CLASS D2 - 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 in relation to 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 tenant and landlord in relation to a tenancy agreement;
- investigating alleged breaches of the Residential Tenancies Act;
- providing information and advice on specific residential tenancy disputes and mediation between the parties;
- 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 that 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.

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

**(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 (1,000) general enquiries (phone and counter) will be answered each day.

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

**Quality:** Advice will be relevant and accurate.

---

Bracketed figures are the 2000/01 quantity, quality or timeliness measures from the 2000/01 Main Estimates.

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

**Quantity:** It is expected 20 (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 (20) per year. A campaign to target illegal tenancy agreements in 1999/00 has reduced the number of other reports of non-compliance requiring investigation.

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

**Quality:** All specific non-compliance complaints will be 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 (45,000) applications to the Tenancy Tribunal. 33,750 (75%) of the estimated 45,000 (45,000) are expected to proceed 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.

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

**(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 (27,500) Tribunal hearings scheduled nationally.

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

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

*Outputs in this class will be provided within the appropriated sum of \$10,283,000 inclusive of GST. The GST-exclusive amount of \$9,412,000 will be partially funded by Revenue Crown of \$6,216,000 and Revenue Other of \$747,000; the remaining \$2,449,000 will be funded by third-party revenue from the Residential Tenancies Trust Account.*

---

Bracketed figures are the 2000/01 quantity, quality or timeliness measures from the 2000/01 Main Estimates.

**OUTPUT CLASS D3 – STATE HOUSING APPEAL SERVICES****Description**

The State Housing Appeals Authority is an external appeals authority established to hear appeals against HNZC decisions on the assessment of income-related rents, and applicants' eligibility and need for housing. The Ministry of Housing will provide 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 HNZC decisions on income-related rent assessments and 200 appeals against decisions on the applicants' need for housing.

**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 twenty working days of receipt of application. The appellant will be notified of the decision of the Authority within ten working days of the hearing.

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

*Outputs in this class will be provided for the appropriated sum of \$301,000 inclusive of GST. The GST exclusive amount of \$268,000 will be funded by Revenue Crown.*

**OUTPUT CLASS D4 – HOUSING AGENCY PURCHASE AND MONITORING****Description**

This output class involves the provision of governance and monitoring advice to the Ministers of Housing and Finance regarding the proposed Housing New Zealand Corporation (HNZC) following its establishment on passage of the Housing Corporation Amendment Bill 2000. 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;
- providing oversight of the Crown's ownership interest.

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

**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 HNZC and the entity's accountability documents comply with statutory requirements and reflect the priorities laid down by Ministers.

**Quantity:** The Ministry will assist with the negotiation of a Statement of Intent for the proposed HNZC and a Purchase Agreement with the Minister of Housing. The Ministry will prepare four quarterly performance reports. An audit will be carried out of the process for reimbursing HNZC for the cost of providing income-related rents. Purchase advice will be provided by the Ministry during the 2002 Budget round. Advice on Board appointments will be provided as required.

**Timeliness:** The Statement of Intent for HNZC will be drafted and a final draft submitted to Ministers according to statutory deadlines.

Purchase Agreement(s) will be signed by 30 June 2002.

Performance reports will be provided to the Minister within ten working days from the receipt of performance information from HNZC.

An audit of the income-related rents process will be completed in accordance with the timeliness specified in the Agreement between the Minister and HNZC.

Purchase advice will be provided to the Minister in accordance with the Treasury timetable for Budget processes.

Ministers will be advised three months in advance of the scheduled review dates of Board appointments.

**Quality:** The Statement of Intent and Purchase Agreement of the proposed HNZC will comply with statutory requirements, the requirements of the Minister and Budget decisions.

The performance reports will be subject to the Ministry's quality assurance process to ensure compliance with its standards.

The Chief Adviser, Monitoring will meet the staff of the Minister's office quarterly to discuss any problems with the Ministry's monitoring advice and take appropriate action.

The Ministry will invite the Minister to assess the overall quality of the Ministry's monitoring services each six months.

*Outputs in this class will be provided for the appropriated sum of \$450,000 inclusive of GST. The GST exclusive amount of \$400,000 will be funded by Revenue Crown.*

**PART C - ADDITIONAL INFORMATION**

**RESIDENTIAL TENANCIES TRUST ACCOUNT**

The Ministry manages the Residential Tenancies Trust Account pursuant to the Public Finance Act 1989 and the Residential Tenancies Act 1986.

Under the Residential Tenancies Act, interest from the Trust Account, and fees charged for Tenancy Tribunal applications, are considered Departmental Revenue for the Ministry of Housing.

**MANAGEMENT STRUCTURE**

