

B.12 FR (97)

**DEPARTMENTAL FORECAST  
REPORT**

**1997**



**Ministry of Housing**

ISSN 1173-4663

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<b>STATEMENT OF RESPONSIBILITY</b>
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*The forecast financial statements for the Ministry of Housing for the year ending 30 June 1998 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 1998 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 1998 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 1998 that are being laid before the House of Representatives under section 9 of the Public Finance Act 1989.*

*Signed*

*Countersigned*

*Chief Executive  
xx May 1997*

*Financial Controller  
xx May 1997*

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

### **MISSION STATEMENT**

To provide the Government with high quality and timely advice on housing policy, and to provide landlords and tenants with efficient and effective tenancy bond and dispute resolution services

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

- develop and implement the Government's strategic priorities for housing, based on the principles of:
  - targeting of resources to areas of highest priority; and
  - fairness, both among those who receive government assistance and between taxpayers and beneficiaries.
- protect the rights of landlords and tenants through the provisions of the Residential Tenancies Act 1986.

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 as part of the Government's housing reforms, providing independent advice on housing policy for the first time, and taking over the administration of the Residential Tenancies Act 1986, which had previously been a function of the Housing Corporation of New Zealand.

The Ministry's principal functions are to provide a policy advice service and other ministerial support for the Minister of Housing; to receive and invest residential tenancies bond monies and refund them when lawfully due; and to provide information, advice and a dispute-resolution service for tenants and landlords.

Under the name Tenancy Services, the Ministry has staff in 21 offices from Invercargill to Whangarei. The service provides advice and information to tenants and landlords, including mediation and dispute resolution through the Office of the Tenancy Tribunal.

Administration of bond processing was centralised by the Ministry, and the Bond Centre has been operating in Porirua since August 1992.

<b>STRATEGIC OVERVIEW</b>
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**Influences on housing policy**

- Housing policy must respond to a changing economic, social and political environment, and this in turn leads to changing requirements for advice on housing policy.

**Priorities for housing policy advice**

The key policy questions on which the Ministry's work programme is currently based include:

- income adequacy, in particular the role of accommodation assistance in income support;
- housing supply issues;
- institutional structures of the Crown's ownership interest in housing;
- structures and funding for provision of community housing.

**The Bond Centre**

The three basic determinants of Bond Centre activity are:

- the number of residential tenancies;
- landlords' attitudes to demanding bonds on their tenancies and depositing them with the Bond Centre;
- average duration of a tenancy: if the average duration of a tenancy changes, it influences the time between lodgement and eventual refund of a bond for each tenancy and thus impacts upon workflows in the Bond Centre.

Returns on investing the bond fund are determined by:

- the size of the bond fund: a function of the number of bonds held;
- average value of bonds: a function of landlords' policies on bonds as a multiple of weekly rent (up to the allowed maximum of four weeks), and average rents payable;
- the market yield curve: for bank deposits and government or equivalent quality bonds;
- the achievable mix of maturities in the Ministry's investment policy: this depends on the ability to manage investments actively to fit them better to yield curve opportunities within the liquidity requirements.

**Dispute Resolution**

The main influences on demand for the Tenancy Services dispute resolution service of the Ministry are:

- the Ministry's statutory role: the Ministry has a statutory monopoly with respect to mediation and some services for the Tenancy Tribunal;
- the number of residential tenancies;
- the incomes and housing circumstances of tenants: 60% of applications to the Tribunal are with respect to rent arrears;
- customer attitudes to, and understanding of, existing tenancy law: new landlords and tenants may have limited knowledge of tenancy laws;
- customer awareness of dispute-resolution services: as customers use the services and find them satisfactory, they are likely to use them again in the future and thus increase demand;
- service rationing: resource constraints coupled with increased demand may result in longer waits for mediations and Tribunal hearings. This could result in self-rationing by clients and an increase in customer dissatisfaction.

<p style="text-align: center;"><b>SUMMARY OF REVENUE AND EXPENDITURE MANAGED BY THE MINISTRY OF HOUSING 1997/98</b></p>
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The Ministry expects:

- to earn \$5.5m from interest on the Residential Tenancies Trust Account;
- to earn \$8.656m for the sale of outputs to the Crown;
- to spend \$14.156m on the production of outputs for the three output classes detailed in the Service Performance Objectives.

The Ministry administers payments under the appropriation for Housing Assistance of \$2.249 million.

<b>PART B - FORECAST FINANCIAL STATEMENTS</b>
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**STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDING 30 JUNE 1998**

	1996/97		1997/98
	Budgeted <sup>1</sup> \$000	Estimated actual \$000	Budget \$000
<b>Revenue</b>			
Crown	7,781	7,581	8,656
Other	6,300	6,500	5,500
Interest	95	95	70
<b>Total revenue</b>	<b>14,176</b>	<b>14,176</b>	<b>14,226</b>
<b>Expenses</b>			
<i>Output expenses:</i>			
Personnel	7,077	7,077	7,238
Operating	5,840	5,492	5,717
Depreciation	753	953	806
Capital charge	408	408	390
Loss on sales of assets	3	3	5
<b>Total output expenses</b>	<b>14,081</b>	<b>13,933</b>	<b>14,156</b>
Surplus/(deficit) from operations	95	243	70
<b>Net surplus/(deficit)</b>	<b>95</b>	<b>243</b>	<b>70</b>

This statement should be read in conjunction with the statement of significant underlying assumptions and statement of significant accounting policies on pages 16 to 17.

<sup>1</sup>This column incorporates both Main Estimates and Supplementary Estimates appropriations for 1996/97.

**STATEMENT OF ESTIMATED FINANCIAL POSITION  
AS AT 30 JUNE 1997  
AND FORECAST FINANCIAL POSITION  
AS AT 30 JUNE 1998**

	Actual financial position as at 30 June 1996 \$000	Estimated financial position as at 30 June 1997 \$000	Budget position as at 30 June 1998 \$000
<b>Assets</b>			
<i>Current assets</i>			
Cash and bank balances	1,335	504	401
Prepayments	70	70	70
Receivable and advances	1,798	1,781	1,731
Debtor - Crown	856	1,253	855
<i>Total current assets</i>	4,059	3,608	3,057
<i>Non-current assets</i>			
Fixed assets	1,904	1,949	2,327
<i>Total non-current assets</i>	1,904	1,949	2,327
<b>Total assets</b>	<b>5,963</b>	<b>5,557</b>	<b>5,384</b>
<b>Liabilities</b>			
<i>Current liabilities</i>			
Payables and provisions	1,456	1,399	1,399
Provision for payment surplus	630	243	70
Provision for employee entitlements	332	370	370
<i>Total current liabilities</i>	2,418	2,012	1,839
<b>Total liabilities</b>	<b>2,418</b>	<b>2,012</b>	<b>1,839</b>
<b>Taxpayers' funds</b>			
General funds	3,545	3,545	3,545
<b>Total taxpayers' funds</b>	<b>3,545</b>	<b>3,545</b>	<b>3,545</b>
<b>Total liabilities and taxpayers' funds</b>	<b>5,963</b>	<b>5,557</b>	<b>5,384</b>

This statement should be read in conjunction with the statement of significant underlying assumptions and statement of significant accounting policies on pages 16 to 17.

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDING  
30 JUNE 1998**

	1996/97		1997/98
	Budgeted \$000	Estimated actual \$000	Budget \$000
<b>Cash flows from operating activities</b>			
Cash provided from:			
supply of outputs to:			
Crown	8,032	7,184	8,671
other	6,208	6,408	5,500
interest	96	96	70
Cash disbursed to:			
cost of producing outputs	(13,068)	(12,420)	(12,884)
output expenses capital charge	(408)	(408)	(390)
<b>Net cash flows from operating activities</b>	<b>860</b>	<b>860</b>	<b>967</b>
<b>Cash flows from investing activities</b>			
Cash disbursed to:			
purchase of physical assets	(1,061)	(1,061)	(1,000)
<b>Net cash flows from investing activities</b>	<b>(1,061)</b>	<b>(1,061)</b>	<b>(1,000)</b>
<b>Cash flows from financing activities</b>			
Cash disbursed to:			
payment of surplus to the Crown	(630)	(630)	(70)
<b>Net cash flows from financing activities</b>	<b>(630)</b>	<b>(630)</b>	<b>(70)</b>
<b>Net increase/(decrease) in cash held</b>	<b>(831)</b>	<b>(831)</b>	<b>(103)</b>
Opening total cash balances at 1 July			
effect of exchange rate changes	1,335	1,335	504
<b>Closing total cash balances at 30 June projected</b>	<b>504</b>	<b>504</b>	<b>401</b>

This statement should be read in conjunction with the statement of significant underlying assumptions and statement of significant accounting policies on pages 16 to 17.

**RECONCILIATION OF NET CASH FLOWS FROM OPERATING  
ACTIVITIES TO NET SURPLUS/(DEFICIT) IN THE OPERATING  
STATEMENT FOR THE YEAR ENDING 30 JUNE 1998**

	1996/97		1997/98
	Budgeted \$000	Estimated actual \$000	Budget \$000
<b>Operating surplus/(deficit)</b>	95	243	70
<i>Add/(deduct) non-cash expenses/ (revenues) from Operating Statement</i>			
Depreciation and amortisation	753	953	806
<i>Add/(deduct) non-cash working capital reductions/(increases) from balance sheet</i>			
(Increase)/decrease in receivables and advances	(17)	(17)	(0)
(Increase)/decrease in Debtor Crown	251	397	86
(Increase)/decrease in payables and provisions	230	(70)	0
Increase/(decrease) in other accrued liabilities	29	29	0
<i>Items classified as investing activities</i>			
Net (gain)/loss on sale of physical assets	3	3	5
<b>Net cash flows from operating activities</b>	<b>860</b>	<b>860</b>	<b>967</b>

**STATEMENT OF MOVEMENTS IN TAXPAYERS' FUNDS (EQUITY)  
AS AT 30 JUNE 1998**

	Estimated position as at 30 June 1997	Projected position as at 30 June 1998
	\$000	\$000
<b>Taxpayers' funds at start of period</b>	3,545	3,545
<i>Movement during the year (other than flows to and from the Crown)</i>		
Add net surplus	243	70
<i>Total recognised revenues and expenses for the period</i>	243	70
<i>Adjustment for flows to and from the Crown</i>		
(Deduct) Provision for payment of surplus to the Crown	(243)	(70)
<i>Total adjustments for flows to and from the Crown</i>	(243)	(70)
<b>Taxpayers' funds at the end of the period</b>	<b>3,545</b>	<b>3,545</b>

**FORECAST DETAILS OF FIXED ASSETS BY CATEGORY**

	30 June 1997	30 June 1998 projected position		
	Estimated actual position	Cost	Accumulated depreciation	Net book value
	\$000	\$000	\$000	\$000
Motor Vehicles	32	41	(29)	12
Office equipment	109	359	(224)	135
Office renovations	606	1,195	(440)	755
Furniture and fittings	316	717	(249)	468
Computer hardware	706	3,790	(2,936)	854
Computer software	174	1,405	(1,302)	103
Communications	6	30	(30)	0
<b>Total</b>	<b>1,949</b>	<b>7,537</b>	<b>(5,210)</b>	<b>2,327</b>

**STATEMENT OF OBJECTIVES SPECIFYING THE FINANCIAL  
PERFORMANCE ESTIMATED TO 30 JUNE 1997 AND FORECAST  
FOR THE MINISTRY FOR THE YEAR ENDING 30 JUNE 1998**

	Unit	1996/97		1997/98
		Budgeted	Estimated actual	Budget
<b>Operating Expenses</b>				
Revenue: other	\$000	6,300	6,500	5,500
Revenue: interest	\$000	95	95	70
Output expenses	\$000	14,081	13,933	14,085
Operating surplus before capital charge	\$000	503	651	460
Net surplus	\$000	95	243	70
<b>Working capital</b>				
Net current assets	\$000	1,641	1,596	1,218
<b>Resource utilisation</b>				
Physical assets: Total physical assets at year-end	\$000	1,949	1,949	2,327
Taxpayers' funds: Level at year-end	\$000	3,545	3,545	3,545
<b>Forecast net cash flows</b>				
Surplus/(deficit) operating activities	\$000	860	860	967
Surplus/(deficit) investing activities	\$000	(1061)	(1,061)	(1,000)
Surplus/(deficit) financing activities	\$000	(630)	(630)	(70)
Net increase/ (decrease) in cash held	\$000	(831)	(831)	(103)

<b>STATEMENT OF OBJECTIVES - OUTPUT PERFORMANCE</b>
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The Ministry of Housing is committed to provide outputs in 1996/97 which meet the requirements of the Minister of Housing and various purchasers in terms of their nature, timeliness, quality and quantity specifications, 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 Policy Advice

Provision of policy advice on equitable access to housing markets, efficient operation of housing markets and the direct supply of housing and finance.

Revenue: Crown \$000	Revenue: other \$000	Total expenses \$000 <sup>2</sup>	Surplus/ (deficit) \$000
2,008	0	2,008	0

#### D2 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: Crown \$000	Revenue: other \$000	Total expenses \$000 <sup>2</sup>	Surplus/ (deficit) \$000
0	5,500	3,647	1,853

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<sup>2</sup>Exclusive of GST

### D3 Residential tenancies information, 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: Crown \$000	Revenue: other \$000	Total expenses \$000 <sup>3</sup>	Surplus/ (deficit) \$000
6,648	0	8,501	(1,853)

### RECONCILIATION OF APPROPRIATION AND OPERATING EXPENSES TO 30 JUNE 1998

	Appropriation \$000	Less GST \$000	Expenses \$000
<b>Output Class</b>			
D1 Policy Advice	2,259	(251)	2,008
D2 Administration of Residential Tenancies bond monies	3,647	(0)	3,647
D3 Residential Tenancies information, advice and dispute resolution	9,332	(831)	8,501
<b>Total</b>	<b>15,238</b>	<b>(1,082)</b>	<b>14,156</b>

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<sup>3</sup>Exclusive of GST

### 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 department has derived the costs of outputs shown in these statements using a cost allocation system which is expected to directly charge 69% of annual costs and indirectly allocate the balance.

Cost drivers employed to assign direct costs to outputs are direct charging and sampling of time recording. Those employed to allocate indirect costs to outputs are:

- time consumption for indirect human resource costs and overheads; and
- resource usage analysis where available.

##### **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, other equipment over 3 - 5 years, and office renovations over 6-10 years.

**Leases**

Office accommodation and motor vehicles are leased. The value of lease commitments at 30 June 1998 is estimated to be \$910,321.

**CHANGES IN ACCOUNTING POLICIES**

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

<p style="text-align: center;"><b>SERVICE PERFORMANCE OBJECTIVES SPECIFYING THE PERFORMANCE SPECIFIED FOR EACH CLASS OF OUTPUTS FOR THE YEAR ENDING 30 JUNE 1998</b></p>
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**OUTPUT CLASS D1 - POLICY ADVICE****Description**

This output class involves the provision of housing policy advice to the Minister of Housing. It also includes the provision of draft replies to ministerial letters, speech notes, briefings and draft responses to Parliamentary Questions for the Minister of Housing.

Policy advice will be provided on:

- broadening the options available to low-income New Zealanders to meet their accommodation needs;
- the provision of housing in areas where housing needs are not being met by the private sector;
- specific housing problems such as rural Maori housing;
- appropriate institutional structures for the Crown's ownership interest in housing;
- appropriate community-based accommodation to maximise the options of individuals with mental-health and disability-support needs.

The Ministry is also responsible for administering payments under the Housing Assistance appropriation.

**Quantity, quality, timeliness and cost of policy advice****(i) Advice**

**Service objective:** A comprehensive policy advice service for the Minister which supports a high quality of government decision-making on housing policy issues.

**Quantity:** As specified from time to time during the year.

**Timeliness:** Services meet deadlines specified.

**Quality:** All major policy papers will be subject to the quality assurance process. Quality standards are included in Part C. The Minister will expect to be invited to assess quarterly the advice given.

**(ii) Ministerials**

**Service objective:** Relevant, well-researched and well-written drafts of material for personal delivery by the Minister.

**Quantity:** An estimated 155 draft answers will be made to Parliamentary Questions, 840 draft replies to ministerial correspondence, and 85 replies to Official Information Act requests. Information will also be supplied in response to an anticipated 190 work requests from the Minister and an estimated 300 ministerial reports will be prepared.

**Timeliness:** All answers to written Parliamentary Questions to be provided within specified deadlines. Answers to Questions of the Day to be provided before 11.30 am on the day the question is to be answered. All draft replies to ministerial correspondence to be completed within three weeks of request. Other specific requests will be delivered within deadlines negotiated with the Minister.

**Quality:** Less than 2% of Ministerial or Parliamentary Question drafts will be rejected as failing to meet the quality standards. The Minister will expect to be invited to assess quarterly the advice given.

*Outputs in this class will be provided for the appropriated sum of \$2,008,000 exclusive of GST.*

**OUTPUT CLASS D2 - 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 148,000 lodgements will be made.

**Timeliness:** All money to be banked on the day received. Bonds to be receipted and verified within two working days of receipt within the Bond Centre.

**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 expected that approximately 148,000 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 expected that the average number of telephone enquiries per day will be 750.

**Timeliness:** 80% of the Bond Centre toll-free line enquiries will be answered within 36 seconds. 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 400 *ad hoc* requests for market rent information during the year.

**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 database will be accurately updated as agreed with Statistics New Zealand 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 \$83-\$88m, 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 \$3,647,000. This output class is exclusive of GST.

**OUTPUT CLASS D3 - 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 tenants and landlords 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 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.

**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.

**(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 500,000 enquiries will be answered.

**Timeliness:** 90% of information and advice requests will be responded to within four working days, the remaining 10% will be responded to within ten working days.

**Quality:** Advice will be informative and accurate. Accuracy of advice on specific topics will be assessed by a special survey.

**(iii) Monitoring of compliance**

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

**Quantity:** It is expected 50 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. One project to ascertain the level of non-compliance with bond lodgements will be undertaken.

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

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

**(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 47,000 applications to the Tenancy Tribunal, of which about 70% are expected to proceed to mediation.

**Timeliness:** Initiations of contact to arrange mediations with the other party will be made within five working days of each application being received.

**Quality:** Mediations will be undertaken in accordance with the standards set by the Principal Tenancy Mediator. A sample of mediations will be subject to peer review.

**(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 30,000 Tribunal hearings scheduled nationally.

**Timeliness:** Applications proceeding to the Tribunal will have a hearing date scheduled within four working days of receipt of a mediation outcome. Tribunal applications will be heard within 10 or 15 days of the 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 \$9,332,000 inclusive of GST. The GST-exclusive amount of \$8,501,000 will be partially funded by revenue Crown of \$6,648,000; the remaining \$1,853,000 will be funded by third-party revenue from the Residential Tenancies Trust Account.

## PART C - ADDITIONAL INFORMATION

### POLICY ADVICE - PRODUCT QUALITY

#### QUALITY STANDARDS ASSESSMENT

**Quantity:** Completion of projects as specified. Assessed by comparison against stated requirements.

**Coverage:** Provision of a comprehensive service: the capacity to react urgently, the regular evaluation of government policy impacts on outcomes, timely and relevant briefings on significant issues, and support for the Minister as required in Cabinet Committees, Select Committees and in the House.

**Quality:** Supply of individual products of a high quality, as defined by the Product Quality Characteristics.

**Timeliness:** Specified reporting deadlines will be met. Assessed by comparison with stated requirements.

**Cost:** The out-turn will be within budget. Assessed by comparison of out-turn with Estimates.

#### PRODUCT QUALITY CHARACTERISTICS

**Purpose:** The aim of the advice is clearly stated and answers the questions set.

**Logic:** The assumptions behind the advice are clear and the argument follows logically from the assumptions.

**Accuracy:** The argument is supported by the facts, which are clearly and accurately stated.

**Options:** An adequate range of options is presented with the benefits, costs and consequences of each option spelled out.

**Consultation:** The Ministry has consulted properly with other government agencies and other affected parties.

**Practicality:** The feasibility, timing and consistency of recommended actions have been considered.

**Presentation:** The format meets Cabinet Office and ministerial requirements, is concisely and clearly presented, has short sentences in plain English and is free of spelling, grammatical or numerical errors.

**Quality management:** Product quality will be supported by a quality management process including:

- external review of the scope and methodology for major analytical work;
- circulation of drafts for critiquing by other government agencies;
- internal peer review and checking procedures, and sign-off of reports by senior managers

#### **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 is considered Departmental Revenue for the Ministry of Housing.

