



19 January 2021

DOIA20/21110494

s 9(2)(a)

Dear s 9(2)(a)

Thank you for your email of 2 November 2020 requesting information on sensitive expenditure for 2018, 2019 and the 2020 year to 2 November.

Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development (the Ministry) was established on 1 October 2018 to lead New Zealand's housing and urban development work programme. It brought together functions from the Ministry of Business, Innovation and Employment and Ministry of Social Development, along with the monitoring of Kāinga Ora – Homes and Communities and Tāmaki Redevelopment Company function from The Treasury.

The Ministry reports on its expenses at the end of each financial year as part of our annual report, which summarises the Ministry's performance and financial statements for that financial year. The Ministry's annual reports for the 2018/2019 and 2019/2020 financial years are published on our website, and can be found at [www.hud.govt.nz/news-and-resources/publications/](http://www.hud.govt.nz/news-and-resources/publications/).

All government agencies are also subject to an annual review by Parliament. The relevant Select Committee reviews agencies performance in the previous financial year, and assesses what has been achieved with the funding agencies administer. The annual review process begins once agencies have presented their annual report to the House, along with financial statements that have been audited by the Controller and Auditor-General.

As part of the annual review process, Select Committees send a list of detailed questions for each agency to answer in writing and requests the presence of Chief Executives for questioning. These questions may seek details of expenses incurred by the agencies in the previous financial year. You can learn about the annual review process at [www.parliament.nz/en/visit-and-learn/how-parliament-works/fact-sheets/annual-reviews-explained/](http://www.parliament.nz/en/visit-and-learn/how-parliament-works/fact-sheets/annual-reviews-explained/).

The Ministry also annually discloses the Chief Executive's expenses, gifts and hospitality as part of its commitment to transparency and accountability, and in line with Public Service Commission requirements. You can find these expenses at [www.hud.govt.nz/about-hud/corporate-publications/](http://www.hud.govt.nz/about-hud/corporate-publications/).

Each of your questions is addressed below:

*Gifts and koha (both given and received, including offered and turned down): Please provide information on the amounts spent, the gifts given or received, and the recipients.*

Ministry policy directs staff not to accept any gift or hospitality in return for any advantage, preferential treatment, business, service or information which may cause compromise or perception of a compromise of the Ministry staff members integrity and impartiality.

The Ministry has a process for ensuring the appropriateness of any decision to accept, decline or dispose of gifts and hospitality. Gifts or hospitality may be accepted if they are unsolicited, infrequently provided, are reasonable in amount and directly connected with business discussions. There is a requirement for staff to report offers of gifts and hospitality over the value of \$50 to their immediate manager.

The Ministry also has a Staff Appreciation and Recognition Policy and guidelines relating to the provision of gifts to staff to recognise long service, departures from the Ministry, significant life events, or to acknowledge performance. The Ministry can make contributions towards appropriate gifts, such as flowers or gift baskets.

For the 2018/19 financial year, the Ministry provided the Social Services and Community Select Committee with a list of all gifts and koha the Ministry received or offered in response to annual review questions. You can find this list at [www.parliament.nz/resource/en-NZ/52SCSS\\_EVI\\_93045\\_SS3403/ca11df7c43a5d4aa855a527861e487fc3346c0e4](http://www.parliament.nz/resource/en-NZ/52SCSS_EVI_93045_SS3403/ca11df7c43a5d4aa855a527861e487fc3346c0e4).

The Ministry is due to appear before the Social Services and Community Select Committee for its 2020 annual review in February 2021. The Ministry's responses to questions will be published on the Parliament website following this appearance. You can find the responses by visiting [www.parliament.nz/en/pb/sc/](http://www.parliament.nz/en/pb/sc/) and going to the Social Services and Community Select Committee section.

Therefore, I am refusing part of your request, for expenses accrued during the 2019/20 financial year, under section 18(d) of the Act, as this information will soon be publicly available.

*Tips/gratuities: Please provide a breakdown of the amount spent both domestically and internationally, including details of how much was paid and to whom. Please include details of the single largest tip or gratuity payment.*

Tipping is discouraged by the Ministry. However, reasonable tipping in countries where it is local practice is allowed and staff are encouraged to get a receipt of any tips given. Where tipping may occur, the Ministry encourages costs to be in line with local custom.

I can confirm the Ministry did not incur any tipping/gratuities expenses in the 2018/19 or 2019/20 financial years. Therefore, this part of your request is refused under section 18(e) of the Act, as the information does not exist.

*Hospitality/entertainment: Please provide a breakdown of how much was spent and on what. Please provide separate breakdowns for domestic and international.*

Hospitality and entertainment may be provided by the Ministry to external individuals or organisations for the following purposes:



- external stakeholder engagement
- building relationships
- representing the Ministry
- reciprocating hospitality where this has a clear business purpose and is reasonable within the circumstances
- where there is a cultural expectation or official obligation to do so.

As outlined in the Sensitive Expenditure policy, entertainment and hospitality expenses are defined as money that the Ministry has spent on entertaining external individuals or organisations. The Ministry did not incur any entertainment or hospitality expenses in the 2018/19 financial year. As such, I am refusing this part of your request under section 18(e), as the information does not exist.

Your request for entertainment or hospitality expenses incurred during the 2019/20 financial year is refused under section 18(d) of the Act, as the information will soon be publicly available.

*Alcohol: Please provide separate figures as per above.*

The Ministry does not allow for the purchase of alcohol, except in exceptional circumstances which must support the Ministry's goals and purpose and where the consumption of alcohol would be appropriate for the circumstances. Any purchase of alcohol under these circumstances must be pre-approved by the Chief Executive.

The Ministry did not incur any alcohol-related expenses in the 2018/19 or 2019/20 financial years. Therefore, this part of your request is refused under section 18(e), as the information does not exist.

*Air travel: Please provide a breakdown for both international and domestic, including for economy and business class air travel. Please include figures for both business travel and contributions or allowances towards personal travel.*

*Accommodation: Please provide a breakdown for both international and domestic. Please include figures for both business travel accommodation and contributions or allowances towards personal accommodation.*

Staff that are travelling on Ministry business must choose airlines based on the most cost-effective option that optimises the safety of staff travelling. All requests for international travel must be approved by the Chief Executive, and only those travelling long haul may request premium economy or business class seating.

When organising accommodation for Ministry business travel, staff should keep accommodation expenses below \$200 per night and are advised to consider alternative choices where the cost will be above this.

The Ministry does not pay allowances or make contributions towards personal travel or accommodation. Any personal travel that forms part of business travel must be taken as leave and no costs associated with it can be charged to the Ministry.

The air travel and accommodation expenses incurred by Ministry staff in the 2018/19 financial year can be found in our responses to annual review questions which can be accessed through the link provided above.

Your request for air travel and accommodation expenses incurred during the 2019/20 financial year is refused under section 18(d) of the Act, as the information will soon be publicly available.

Please note that the Ministry does not break down its air travel expenses by seating class. Therefore, I am refusing this part of your request under section 18(e) of the Act, as the information does not exist.

*Taxis/rental cars/corporate vehicles: Please provide a breakdown of taxi/corporate vehicle expenses for both domestic and international, including details of the single largest taxi bill.*

The Ministry advises all staff to ensure their use of taxis, ride sharing, care hire or shuttle services be moderate and cost effective relative to other transport options available. Staff travelling to the same location are also encouraged to share transport where practical.

Any hiring of rental cars by staff must ensure the most economical type and size of rental vehicle is used, consistent with health and safety priorities including driving distance, terrain, number of passengers and the amount of luggage. They must also ensure that there is no additional cost incurred to the Ministry for any rental upgrades offered.

The total expenses incurred by the Ministry for taxis, ride sharing, shuttle services or rental cars for the 2018/19 financial year can be found in the Ministry's responses to the annual review questions, available at the link provided above.

Your request for taxi, ride sharing, shuttle service or rental car expenses incurred during the 2019/20 financial year is refused under section 18(d) of the Act, as the information will soon be publicly available.

The single largest taxi fare incurred by the Ministry between 1 October 2018 and 2 November 2020 was \$260 including GST, for a trip taken on 16 March 2020.

*Moving expenses: Please provide a breakdown of how much was spent on personal moving expenses for relocating staff.*

The Ministry does not cover the cost of personal moving expenses for staff who are relocating. Therefore, I am refusing this part of your request under section 18(e), as the information requested does not exist.

*Parking/traffic offences: Please provide a breakdown of both parking and traffic offence expenses, both domestic and international.*

The Ministry does not own its own fleet of vehicles and Ministry staff, secondees and contractors are responsible for any infringement notices they may receive while driving a rental car paid for by the Ministry. Therefore, I am refusing this part of your request under section 18(e), as the information requested does not exist.

*Social clubs and Christmas functions: Please provide figures on expenses related to Christmas functions.*

Under the Staff Appreciation and Recognition Policy, the Ministry may assist with the cost of Ministry wide celebrations, such as an end of year function, by providing a subsidy, with approval provided by the Chief Executive.

In the 2018/19 financial year, the Ministry's Christmas function cost \$1,644 excluding GST. In the 2019/20 financial year, the cost was \$1,617 excluding GST.



*Correspondence: Please provide all correspondence for 2018, 2019 and 2020, both internal and external, including emails, letters, text messages, reports, advice etc, relating to concerns around sensitive expenditure. This should include all correspondence involving your relevant government department or agency and the Office of the Auditor General*

In response to this part of your request, I have attached a copy of the Ministry's sensitive expenditure policy. The sensitive expenditure policy sets out policy principles to ensure a high degree of transparency and financial prudence when spending public money, that takes into account public expectations and perceptions. The sensitive expenditure policy applies to all Ministry staff, secondees and contractors employed or engaged on any basis.

You have the right to seek an investigation and review of my response by the Ombudsman, in accordance with section 28(3) of the Act. The relevant details can be found on the Ombudsman's website at: [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz).

As part of our ongoing commitment to openness and transparency, the Ministry proactively releases information and documents that may be of interest to the public. As such, this response, with your personal details removed, may be published on our website.

Yours sincerely

A handwritten signature in black ink, appearing to read 'S. Rowe', with a stylized, cursive script.

Stephanie Rowe  
Deputy Chief Executive  
**System and Organisational Performance**



**Issued:** 1 October 2018

**Approved by:** Chief Executive

**Owner:** Chief Financial Officer

**Author:** HUD Establishment Team

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## Sensitive Expenditure

### Purpose

The purpose of this policy is to:

- outline how the Ministry manages sensitive expenditure and to provide context on what is considered to be reasonable expenditure of public funds, and
- to provide staff with guidance on financial prudence and provide support for expenditure incurred, within the policy guidance, when expenditure is subjected to audit, parliamentary or public scrutiny.

### Scope

This policy applies to all staff, secondees and contractors, employed or engaged on any basis by the Ministry.

### Help

Please contact the [finance@hud.govt.nz](mailto:finance@hud.govt.nz) for help or more information.

### Definition of terms

Currency	unless otherwise stated, any reference to currency in this policy is denominated in New Zealand dollars
Sensitive expenditure	is expenditure that could be perceived as providing a private benefit to an individual staff member, considered unusual or controversial upon audit, parliamentary or public scrutiny, or does not fall within normal scope of Ministry business.

### Policy statements

#### 1. Policy principals

The spending of public money requires a high degree of transparency and financial prudence taking into account public expectations and perceptions of appropriateness, efficiency and thrift.

Sensitive expenditure decisions must:

- demonstrate integrity, honesty and sound judgement;
- be able to withstand audit, parliamentary and public scrutiny
- have a business purpose and therefore any private benefit gained must be incidental to this business purpose;
- be consistent with the Ministry's purpose, operating model and character;
- be transparent;
- be reasonable, having regard to the circumstances; and
- be appropriate in all respects.

## 2. **Approval and documentation**

Sensitive expenditure, regardless of how it is procured, must only be approved if:

- it complies with this policy;
- it is appropriately authorised in accordance with the Financial Delegations Policy
  - must be approved by a DCE/Tier 2 Manager, with the exception of domestic travel which can approved at GM level
  - and you cannot authorise a payment in respect to yourself, therefore the ultimate approver is the Chief Executive;
- it is within budget;
- it is appropriately documented;
- a description of the business purpose for incurring the expenditure is provided, if this is not clearly identifiable as part of the third party documentation; and
- the identification of the recipient(s) of the expenditure is provided, if this is not clearly identifiable as part of the third party documentation.,

In exceptional circumstances the Chief Executive may grant approval for exceptions to this policy.

## 3. **Travel expenditure**

The requirements that must be adhered to in relation to travel expenditure, are set out in the Travel Policy and Procedures.

The Sensitive Expenditure Guidance - Quick Reference table in Appendix One indicates the level of reasonable expenditure which may be funded by the Ministry for meals while travelling.

## 4. **Entertainment, hospitality, gifts and koha (non-staff)**

This section sets out the expectations and responsibilities relating to:

- providing hospitality and entertainment
- purchasing and consumption of alcohol
- giving gifts
- giving koha

### *4.1 Providing hospitality and entertainment*

Hospitality and entertainment may be provided to external individuals or organisations for the following business purposes:

- external stakeholder engagement;
- building relationships;
- representing the Ministry;
- reciprocating hospitality where this has a clear business purpose and is reasonable within the circumstances; and
- where there is a cultural expectation or official obligation to do so.

The Sensitive Expenditure Guidance - Quick Reference table in Appendix One indicates the level of reasonable expenditure which may be funded by the Ministry for hospitality and entertainment.

#### *4.2 Purchasing and consumption of alcohol*

The Ministry does not purchase alcohol. The CE may authorise the purchase of alcohol in exceptional circumstances, which must directly support the Ministry's goals and purposes, or on occasions where the consumption of alcohol would be considered appropriate for the circumstances, subject to public scrutiny.

The Ministry may provide alcohol in the following circumstances:

- an event for external stakeholders, building relationships or representing the Ministry, where alcohol would customarily be served,
- a significant occasion such as a launch event, opening ceremony or as a gift to a guest speaker.

The purchase of alcohol must be pre-approved by the Chief Executive.

#### *4.3 Giving gifts*

As a general rule, gifts should not be given to external individuals or organisations. However, the Ministry may provide gifts where there is a business custom or cultural expectation to do so which aligns with a business purpose. In such instances gifts:

- must not imply any obligation or expectation of favour in return or be intended to alter an organisation's or individual's decision making,
- should be reasonable, modest and appropriate to the circumstances having regard for public scrutiny.

Both the giving and receiving of gifts should be detailed on the Ministry's Conflict of Interest Declaration held by People and Culture.

#### *4.4 Giving koha*

Koha is a New Zealand Māori custom which can be translated as a gift, donation or contribution and is most often encountered by visitors hosted on a marae, but could also be given to other Māori groups, entities or individuals. Koha is a normal business expense subject to the guidelines for sensitive expenditure.

Any Ministry koha should:

- support the Ministry's business;
- be consistent with the Ministry's purpose, operating model and character;
- be consistent with custom, given the size and mana of the Ministry's attendance;
- align with the principles for sensitive expenditure; and
- be accompanied by adequate supporting documentation and approval within financial delegation.

#### *4.5 Coffee meetings*

Meeting a colleague offsite is a personal choice. The Ministry will not reimburse the cost of beverages or food.

When choosing to meet an external party offsite, consider the appropriateness, reciprocation and value the Ministry will get out of it.

### **5. Staff support and welfare expenditure (including staff functions)**

This section applies to Ministry staff only (those that are paid through the Ministry payroll and therefore does not apply to contractors) and sets out the expectations and responsibilities in relation to:

- Staff gifts and rewards
- Staff farewells and retirements and other celebrations



- End of year staff functions
- Staff sponsorship and staff social clubs
- Care of dependents

#### *5.1 Staff gifts and rewards*

Gifts and rewards may be:

- gifts given as recognition for long service;
- gifts given to a staff member leaving the Ministry;
- a bouquet of flowers or gift, given to a staff member to acknowledge a significant life event such as the birth of a baby, marriage, a bereavement or serious illness; and
- given to acknowledge performance.

Such staff support and acknowledgement need not be declared in the Conflict of Interest Register, but should be reasonable and appropriate for the circumstances.

The Sensitive Expenditure Guidance - Quick Reference table in Appendix One indicates the level of reasonable expenditure which may be funded by the Ministry for staff gifts.

#### *5.2 Staff farewell, retirements and other celebrations*

Hospitality and entertainment may be provided to staff:

- as recognition for long service;
- at a staff farewell;
- to acknowledge performance;
- to recognise a significant business achievement; and
- to support internal organisational development.

The Ministry does not fund alcohol for staff functions.

The Sensitive Expenditure Guidance - Quick Reference table in Appendix One indicates the level of reasonable expenditure which may be funded by the Ministry relating to staff functions and celebrations.

#### *5.3 End of year staff functions*

The Ministry supports and encourages staff end of year celebrations. The Ministry may assist with the cost of Ministry wide celebrations by providing a subsidy, with approval provided by the Chief Executive. The subsidy may not be spent on alcohol.

The Sensitive Expenditure Guidance - Quick Reference table in Appendix One indicates the level of reasonable expenditure which may be funded by the Ministry for staff end of year functions.

Individual team functions should be organised and paid for by staff.

The Chief Executive may grant approval for exceptions to this section of the policy.

### **6. Breaching this Policy**

Any breach of this policy may be deemed as serious misconduct and disciplinary action may be taken.

If anyone becomes aware that they have, or may have breached this policy then they must notify their manager immediately. All managers that have been notified of a breach of this policy must immediately notify the CFO.

If any person working at the Ministry suspects any person has breached this policy they should inform one of the following:

- their manager;
- their managers' manager.

### Key Accountabilities and Responsibilities

Responsibilities of roles within HUD are summarised below:

Role	Description of responsibility
Chief Executive (CE)	Responsible for: <ul style="list-style-type: none"> <li>• approval of this policy.</li> <li>• the Ministry meeting its obligations under this policy.</li> </ul>
Deputy Chief Executives	Responsible for: <ul style="list-style-type: none"> <li>• approving all sensitive expenditure in line with the financial delegations policy and ensuring the</li> <li>• embedding this policy in their groups.</li> <li>• ensuring their business groups are compliant with this policy.</li> </ul>
Policy Owner (Chief Financial Officer)	Responsible for: <ul style="list-style-type: none"> <li>• ensuring the policy is working effectively through regular monitoring and reporting of compliance against the policy.</li> <li>• reviewing all sensitive expenditure for compliance with this policy and any Fringe Benefit Tax implications.</li> <li>• reporting any non-compliance with this Policy.</li> </ul>
Managers	Responsible for ensuring the proposed expenditure: <ul style="list-style-type: none"> <li>• is considered financially prudent and will withstand scrutiny;</li> <li>• is necessary and reasonable, for Ministry purposes;</li> <li>• is consistent with Ministry policy;</li> <li>• is covered by the available budget prior to granting approval;</li> <li>• is supported by the appropriate documentation and is correctly coded.</li> </ul>
All staff	Responsible for: <ul style="list-style-type: none"> <li>• complying with this and all other relevant Ministry policies; and</li> <li>• obtaining, submitting and retaining necessary documentation to support all Ministry expenditure.</li> </ul>

### Related policies, procedures, legislation, and documents

Related HUD policies:

- Code of Conduct
- Addressing Conduct and Behaviour policy
- Addressing Fraud, Corruption, and Dishonesty policy.

Relevant legislation, regulations and standards:

- [Official Information Act 1982](#)
- [Public Records Act 2005](#)
- [Tax Administration Act 1994](#)
- [Controlling Sensitive Expenditure: Guidelines for Public Entities](#)

### Measures of the success of the Policy

This policy will be monitored by HUD Finance for effectiveness.

## Sensitive Expenditure

Internal measures of success are that all Sensitive Expenditure incurred:

- is for legitimate and valid business purposes;
- is not for personal benefit;
- has been approved within the appropriate delegation; and
- is appropriate and complies with this policy in all respects.

Externally, measures of success are that spending on sensitive expenditure:

- is assessed as reasonable and appropriate when subjected to audit;
- is perceived to be a fair and efficient use of taxpayers' money when subjected to public scrutiny; and
- will not result in any justified adverse consequences from Annual Reviews, Official Information Act requests or general media enquiries.

### **Compliance management process and reporting**

Compliance with this Policy will be monitored by HUD Finance on a quarterly basis.

Staff who consider that there are grounds for enquiry into inappropriate expenditure must advise the HUD Finance team immediately. Alternatively, disclosure may be made under the Protected Disclosures Act 2000 in line with the Ministry's protective disclosures policy.

Compliance management tools and processes will be used to help minimise the risk of breaches of this policy:

- monitoring of compliance with required processes, procedures or guidelines as set out in this policy and related mandatory procedures manuals and documents;
- spot checks conducted by HUD on a regular basis to ensure compliance;
- key messages will be provided to the business where spot checks have identified non-compliance; and
- a central register to record breaches of this policy, held by the policy owner.

These tools will assist in measurement of compliance with the policy and related mandatory procedures, as well as identifying trends and risks to enable these to be managed appropriately.

### **Training and Communication**

Training and communication of this policy will developed post establishment.

### **Consultation in developing or reviewing this Policy**

All internal policies adopted at the establishment of HUD were developed from source agencies. Where relevant, policies from one agency were merged into another, using the most recently updated policy as the template. HUD establishment policies were reviewed by subject matter experts in source agencies. It is envisaged that establishment policies will be reviewed by relevant policy owners within the first year from HUD becoming operational on 1 October 2018.



## Appendix 1: Sensitive Expenditure Guidance - Quick Reference

Expenditure Type	Reasonable Expenditure Funded by Ministry (GST Inclusive - NZD)	Natural Account Code
<b>Domestic Travel Expenditure</b>		
Breakfast	\$10 - \$25	2353
Lunch	\$10 - \$25	2353
Dinner	\$25 - \$45	2353
Alcohol and tips	\$0	N/A
<b>International Travel Expenditure</b> Breakfast, Lunch & Dinner	Guidance as per Domestic Travel limits above, however manager approval can be given to spend over the domestic rates where the normal cost of meals in countries exceed the domestic guidelines	2363
Alcohol	\$0	N/A
Tips	Reasonable costs in context of local custom	2680
<b>Entertainment &amp; Hospitality</b>		
Entertaining External Clients	not more than \$100 / head	2631
Staff Dinners for Business Engagements	\$25-45 / head	2631
Staff Lunches for Business Engagements	\$10-\$20 / head	2631
Staff Morning/Afternoon Tea	\$7/ head	2632
Single End of Year Function	\$20 / head	2632
<b>Staff Farewells &amp; Retirements</b>		
Service less than 12 months	Farewell \$0	N/A
Service > 12 months and < 2 years	Farewell \$5 / head (Direct Team Only)	2255
Service > 2 years and < 5 years	\$5 / head (Direct Team and Key Relationships) up to \$100	2255
Service > 5 years and < 20 years	\$5 / head (Direct Team and Key Relationships) up to \$250	2255
Service > 20 years	CE approval	2255
<b>Staff Gifts*</b>		
Birth, Marriage, Sickness or Bereavement	not more than \$75	2255
Performance & Long Service recognition gifts	not more than \$100	2255
Birthday	\$0	N/A
Leaving Gift – Service less than 2 years	\$0 contribution	N/A
Leaving Gift – Service >2 years <5 years	Up to \$80 contribution	2255
Leaving Gift - Service >5 years <10 years	Up to \$150 contribution	2255
Leaving Gift - Service >10 years <15 years	Up to \$200 contribution	2255
Leaving Gift – Service > 15 years	CE approval	2255

*\*In most cases gifts will attract fringe benefit tax (FBT) over and above the value of the gift.*