



Ref: DOIA 1718-1016

Robert Whitaker
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Dear Robert Whitaker

Thank you for your email of 15 February 2018 to the Ministry of Business, Innovation and Employment (the Ministry) requesting, under the Official Information Act 1982 (the Act), the following information:

Please provide the following information regarding the residential bond lodgement service administered by MBIE. I am seeking financial data regarding the service, how interest from the service is distributed and the policy that applies where bonds are unclaimed.

Specifically, I would like you to provide:

- 1. The balance of bonds held for as many previous years as is practical, as both a national total and broken down by geographic region.*
- 2. The annual interest earned on held bonds by year, again as both a national total and broken down regionally.*
- 3. The amount of interest used to pay for tenancy services, ideally broken down by service (Tenancy Tribunal, Mediation Service, Tenancy Services website and call centre, Compliance and Investigations team and any other relevant business units).*
- 4. Information about how any surplus interest from bonds is distributed.*
- 5. The amount of money from other sources (e.g. Vote Justice) used to pay for tenancy services, again broken down by service.*
- 6. The amount of bonds held that are deemed "unclaimed" (i.e. the tenancy has ended but the bonds have not been claimed by either party) in each year, ideally broken down regionally.*
- 7. Any policy around how unclaimed bond money is managed. How it is determined to be "unclaimed"? How long is it held for? When is it sent to consolidated funds? What efforts are made to notify tenants about unclaimed bonds?*

Question One and Two

The Ministry manages the Residential Tenancies Trust Account (the RTTA) pursuant to the Public Finance Act 1989 and the Residential Tenancies Act 1986. Management of the RTTA includes the investment of residential tenancy bonds. Only bonds lodged in respect of residential tenancies are managed.

The Ministry is required, under the Residential Tenancies Act, to include audited financial statements of the RTTA within the Ministry's Annual Reports in Appendix 1, which are available on the Ministry's

website. A link to the Ministry's last five annual reports for the past five financial years can be found here: www.mbie.govt.nz/about/who-we-are/our-publications/annual-report

The audited financial statements of the RTTA include details of the balance of bonds held (bondholder's funds) as at 30 June each year, and the amount of interest earned for each financial year. Under the Residential Tenancies Act, all interest arising from the investment of bond monies belongs to the Crown and shall be treated as departmental revenue. As such, all interest received is transferred to the Ministry.

Question Three

Section 127/(7) of the Residential Tenancies Act stipulates that all interest, dividends and other gains (whether in the nature of income or capital, whether in money or otherwise, and whether realised or not) arising from any investment of money in the Residential Tenancies Trust Account shall belong to the Crown and be treated as departmental revenue.

The interest transferred to the Ministry is spent within the scope of the budget appropriation 'Residential Tenancy and Unit Title Services'. The scope statement of this appropriation is as follows:

This appropriation is limited to the provision of residential tenancy and unit title dispute resolution services, information, education, advice and compliance and enforcement activities; administration and investment of residential tenancy bond monies; provision of administrative support to the State Housing Appeals Authority.

A portion of departmental overheads is also allocated to this appropriation.

Question Four

The RTTA was not in surplus for the year ending 30 June 2017. However, if the RTTA were to experience a surplus, all surplus would be directed to Treasury to be added to the consolidated fund.

Question Five

The RTTA received the following funding for the financial year 2016/2017, ending 30 June 2017:

Breakdown of Revenue	Revenue	Grand Total
Crown Funding	\$3,035,000	\$3,035,000
Tenancy Tribunal Fees	\$694,554.00	\$694,554.00
Interest from Tenancy Bonds	\$20,629,160	\$20,629,160
Unit Title Applications (UTA) Application Fees	\$137,115.00	\$137,115.00
Market Rent Reports	\$7,525.00	\$7,525.00
Other Revenue	\$173.00	\$173.00

The Ministry of Justice also provides funding for the Tenancy Tribunal, including the remuneration for adjudicators through the 'Tribunal Related Fees and Expenses' and the 'Courts, Tribunals and Other Authorities Services, including the Collection and Enforcement of Fines and Civil Debts Services' budget appropriations. Details about this funding can be found in the Annual Reports of the Ministry of Justice, which are available on its website, and on the Treasury's website in the budget section www.treasury.govt.nz/budget

Question 6

Please find the number of unclaimed bonds, broken down by region, attached. Please note that unclaimed bonds are only held for six years, after which they are sent to the Crown on an annual basis. Therefore, the Ministry only holds records of unclaimed bonds dating back to the year 2012.

Question 7

A bond is considered an 'unclaimed bond' when a new bond is lodged for the property (which indicates the previous tenancy has ended) and no claim is made on the bond for two months after the tenancy end date (or two months after the date the new bond was lodged, the Ministry has not been informed that the tenancy has ended). Unclaimed bond money is held for six years from the time it is identified as being unclaimed, and all bonds that have been in the unclaimed status for over six years are sent to the Crown on an annual basis. The Tenancy Bond team is not required to notify tenants of any unclaimed bonds; however, a separate Tenancy Bond team is currently being set up to deal specifically with notifying tenants of unclaimed bonds. Prior to the first payment of unclaimed bond money to the Crown the Tenancy Bond team attempts to contact as many tenants as possible and have the bonds refunded.

You have the right to seek an investigation and review by the Ombudsman of our response to your request. Information about how to make a complaint is available at: www.ombudsman.parliament.nz or Freephone: 0800 802 602.

I trust you find the information helpful.

Yours sincerely



Fiona Perenara
Manager
Business Advisory Services Employment