Restructuring NZ housing policy 1990-1998: an institutional analysis

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Abstract

This thesis examined changes to New Zealand housing policy announced in the 1991 Budget from a neo-institutionalist perspective. Several areas of social policy faced similar reforms, but in most cases entrenched interests (usually some combination of government officials, workers in the field and consumers) forced changes in the implementation process. Housing policy followed the original proposal most closely, which saw a shift from the direct provision of housing to a tenure neutral cash subsidy. Central government agencies related to housing were also reorganised. This disrupted the channels of political influence for NGOs, allowing the Government to implement the restructuring with only minor modifications. However, the intended separation of commercial and social goals was not achieved, as seen most clearly in claims of political interference in Housing New Zealand’s management of the state rental housing.

A neo-institutionalist perspective was adopted because traditional theories of the state, social policy and housing were too general to account for variations between areas of social policy, or the shift from incremental to abrupt policy change. The work of Paul Pierson on welfare state retrenchment was a useful starting point for this thesis, but he gave few reasons for his finding that housing policy was the only area successfully retrenched in his four case studies. In the New Zealand context, this thesis found that housing policy’s vulnerability to restructuring was a result of political and economic factors. Politically, the new Government had never been a strong supporter of state rental housing, and there was little public support for the existing policy because few people benefited, especially when compared with other areas of social policy such as health and education. Economically, the state’s role in the housing market was small, again compared with health or education, so there would be minimal impact from a change in policy.
Introduction

In the 1991 Budget the new National Government announced major changes in many areas of social policy, including housing. The underlying theme was a substantial withdrawal from direct government provision, in the belief that private markets were a more efficient and effective way of providing social services. Only minimal corrective adjustments by the state were needed to protect the basic rights of citizens. In housing, the announcements amounted to the replacement of all existing forms of assistance with a direct cash subsidy called the Accommodation Supplement and a major restructuring of the Housing Corporation, the main central government agency responsible for administering housing policy.

This thesis investigates how the process of implementing these changes to New Zealand housing policy unfolded between 1990 and 1998; from the election of a new National Government until the Cabinet reshuffle on August 31st 1998 that removed the position of Minister of Housing and shifted responsibility for policy advice on housing to the Social Policy Agency of the Department of Social Welfare. It addresses the following research questions:

* What was the implementation process for changes to housing policy announced in the 1991 Budget?
* How closely did this process follow the original announcement?
* What prompted changes in direction and how were these implemented?
* How did central government manage to restructure housing policy so thoroughly?
* How did this compare to reform attempts in other parts of the New Zealand welfare state?
* What are the implications of this case for theories of welfare state restructuring?

It concludes that the restructuring process did follow the intentions of the original announcement quite closely, mainly because politicians and bureaucrats were able to ignore the criticisms of non-state actors in the housing policy field. The few occasions when the Government modified the implementation process were either responses to, or anticipation of, broader public concerns about issues such as elderly state tenants, or minimising the harshest effects of the restructuring process. State actors were able to act unilaterally because the Westminster system concentrates political power in the hands of Cabinet Ministers, and public sector restructuring in the late 1980s left the Treasury in an influential position. The same political context did not lead to similar success with reform attempts in health or education, because the state played a much smaller role in the provision of housing, and workers and consumers in that field did not have the same public support or
political influence. The institutional context was also crucial to how housing policy could be contested, so once the Government successfully restructured the main agencies responsible for housing policy it also reduced the effectiveness of people opposed to the new policy. A combination of historical and organisational institutionalism provides a theoretical focus on institutions that is useful in understanding the implementation process, how it unfolded, and why it was relatively successful.

The rest of this introduction looks at the rationale for this research, gives a brief history of housing policy in New Zealand, summarises the academic literature and main argument used in this thesis, and outlines the content of the following chapters.

Rationale for Research

**RECORD OF EVENTS**

There are several reasons for looking at these research questions. Firstly, the 1991 restructuring of housing policy involved a major change of direction in a significant part of the traditional New Zealand welfare state, and typifies the rapid change in governance that has occurred since 1984. The restructuring process and the justifications for it need to be documented more thoroughly than the mostly uncritical media coverage of statements by politicians or research by government agencies.

The restructuring process saw a change in the rationale underlying housing policy and a complete reorganisation of the delivery mechanisms for housing assistance. Central government’s focus shifted from ensuring an adequate supply of affordable housing through the direct provision of rental housing and mortgage finance for low-income households, to addressing problems in the housing market through income support. The Government considered its only proper role was to ensure people had enough money to participate adequately in the market.

The previous housing policy consisted of two main assistance programmes: providing state houses with subsidised rents set at twenty five per cent of tenants’ net income; and subsidised loans for low-income households buying their first home. These were designed to address problems with high costs, supply shortages, substandard housing, and discrimination. At the same time, these programmes indirectly influenced the rental market, extending benefits such as lower rents and a better physical standard of housing to the majority of the population.

The changes to housing policy announced in the 1991 Budget replaced subsidised rents and home loans (as well as several smaller programmes aimed at specific housing needs) with a single policy instrument called the Accommodation Supplement, a cash subsidy administered by the Income Support Service of the Department of Social Welfare. In addition, state tenants were gradually moved from income-related to ‘market’ rents and the Housing Corporation was restructured into Housing New Zealand and the Ministry of Housing. Housing New Zealand administered state rental housing as a commercial enterprise, while the Ministry of Housing provided policy advice to the Minister and managed Tenancy Services, an information and disputes resolution service relating to tenancy law.
This process of change is only lightly covered in academic journals or books because the restructuring is recent and ongoing. Some accounts exist of the original announcement and early impacts, but little has been written about the actual public policy process.

**THEORETICAL CONSIDERATIONS**

A second reason for considering these research questions is the contribution they can make to wider theories of the welfare state and policy change. Welfare state restructuring is not a simple process that flows easily from proposal, to decision, to implementation; it follows different paths in each country and in each sector within countries. The case of New Zealand housing policy restructuring can throw some light on how these processes operate, because it occurred in the context of a broader reform programme aimed at retrenching or restructuring many aspects of the welfare state, both in New Zealand and overseas. The rationale behind restructuring housing policy described in the preceding paragraphs was consistently applied across all areas of social policy in New Zealand. At a practical level the Accommodation Supplement was originally part of an ambitious scheme to integrate and tightly target all social assistance, but that was eventually abandoned just before the 1991 Budget. The fact that a consistent philosophy produced quite different implementation processes and outcomes in each area of social policy illustrates the importance of considering each case in detail to look for similarities and differences.

Thirdly, the approach taken to investigating these research questions sought to take a broader view than the focus on politicians and bureaucrats in much of the literature on politics and welfare policy. In particular, literature on implementation focuses almost exclusively on how state actors attempt to make policy work (for example see Mazmanian & Sabatier, 1983; Pressman & Wildavsky, 1984; Goggin et al, 1990; Marsh & Rhodes, 1992; Hill, 1993). Even the so-called ‘top-down/bottom-up debate’ refers to the different expectations and everyday realities driving political legislators on the one hand and street-level bureaucrats on the other (for example see references in the previous sentence and O'Toole, 1989). The role of non-state actors continues to be largely ignored. For this reason, the role of local government in the provision of rental housing and the involvement of community housing groups in the implementation process have been carefully documented in this research. Despite the dominant role of state actors in the restructuring of New Zealand housing policy, non-state actors were still involved, and highlighting their roles emphasises the need to include their perspectives in other research where their roles may have been more significant.

**HOUSING’S CONTRIBUTION TO WELL-BEING**

On an entirely different level to the international literature on welfare state restructuring, the New Zealand experience in housing is important because shelter makes a crucial contribution to people’s well-being. When the New Zealand economy was relatively prosperous and state housing easily available, negative impacts of the

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1 For a full account see Boston (1994).
housing market were minimised. With a downturn in the economy and significant changes in Government housing assistance there has been an increase in problems associated with the affordability and adequacy of housing.

Official statistics from the Household Economic Survey show that incomes have fallen over the 1980s, and low-income households experienced the greatest drop in real income (Mowbray & Dayal, 1994). The New Zealand Poverty Measurement Group has used focus groups to determine a minimum adequate standard of living, then calculated poverty before and after housing costs (Stephens et al, 1995). It found that the proportion of households below this poverty line in 1993 increased from 10.8 per cent to 18.5 per cent when housing costs were taken into account. This was before most state tenants had reached full market rents, and the official figures available for 1993 suggest that sixty per cent of Housing New Zealand tenants were below the poverty line, in contrast to twenty six per cent of private renters and nineteen per cent of the general population (Krishnan, 1995, p93). A number of local reports from voluntary sector housing workers have also pointed to the increased difficulty of affording accommodation for low-income households (for example see Christchurch Housing Network, 1994; Brosnahan, 1996; and a survey of housing conditions through the regional branches of New Zealand Council of Social Services in 1995).

There has also been a growing awareness of the connection between inadequate housing and problems in other areas, such as physical and mental health, educational achievement, community participation, crime, and personal security. This renewed interest in the central role of housing in everyone's lives, especially those on low incomes, illustrates the importance of working towards a full understanding of changes to housing policy in particular, and the impact of welfare state restructuring in general.

**PERSONAL INVOLVEMENT**

Finally, on a personal level this research has been prompted by an involvement with the Christchurch Housing Network since 1992. The Housing Network is an umbrella organisation for community groups interested in housing policy, and I have seen first hand the financial hardship many individuals and families have gone through, seemingly as a result of the changes in housing assistance. This hardship and the apparent lack of responsiveness from the Government left me with a negative impression of the new policy and its implementation. Having said that, the main focus of this thesis is how the restructuring process came about and why it followed a particular path, rather than whether the changes have produced 'good' or 'bad' outcomes for specific groups of people such as state tenants, private sector renters, or rental property owners. That is the task of another piece of research.

To better understand the context in which this restructuring of housing policy occurred, as well as its significance and implications, the next section gives a brief history of relevant aspects of housing policy in New Zealand.

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2 For an account of the New Zealand Housing Network's role in housing policy see Chapter Six.
History of New Zealand Housing Policy

Since the Liberal Government at the turn of the century, state intervention in the New Zealand housing market has focused on the encouragement of home ownership through housing loans and the construction of rental housing (Ferguson, 1994; Thorns 1984, 1986, 1993). Owner occupation of the suburban family home became ‘the New Zealand dream’ (Ferguson, 1994, p7), and it was not until the 1970s that state intervention in the housing market began to be seen as part of welfare policy. This was a response to the collapse of social well-being through wage security, and reflected the close ties between New Zealand housing policy and macroeconomic policy this century.

**THE LIBERALS**

The Liberal Government elected in 1890 became the first New Zealand government to build state housing and finance housing loans (Ferguson, 1994, p9). It passed the Advances to Settlers Act (1894), the Workers’ Dwellings Act (1905), and the Advances to Workers Act (1906), which were the starting points for an active policy of direct state intervention in the New Zealand housing market. The first Act provided state loans for people wanting to build housing or make improvements in rural areas, the second empowered central government to build housing for rent and possible sale, while the third provided state loans for people meeting moderate income restrictions who wanted to build dwellings. These Acts were intended to relieve supply shortages for ‘respectable’ workers rather than address affordability problems for the poor, but reducing shortages indirectly led to fewer slums of substandard housing and reduced rents (Ferguson, 1994, p8).

This focus on direct state intervention in the housing market with only indirect assistance to the poor was consistent across all areas of social policy at the time. Relieving poverty was not the primary driving force behind social policy, instead it was designed to support a narrowly defined ‘working family’, and created what Francis Castles (1985, 1994) has called “the wage earners’ welfare state”. Castles describes how Australian and New Zealand governments since late last century have sought to promote general social well-being through the protection of adequate wages and conditions for every worker. The assumption was that members of society not in paid employment had ‘family’ connections to at least one ‘worker’, and would benefit indirectly from the worker’s secure employment. This meant only a minimal welfare safety net was required.

**FIRST LABOUR GOVERNMENT**

The schemes introduced by the Liberals did little to alleviate poor housing conditions in urban areas, primarily due to restrictive income and repayment conditions.³ When the first Labour Government was elected in 1935 it

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³ According to New Zealand Yearbook figures (cited in Wilkes & Wood, 1984, p200) there were approximately 83,000 loans made under the Advances to Settlers scheme between 1895 and 1935, but this was for rural housing and improvements. In urban areas there were only 1,070 workers’ dwellings built between 1905 and 1926, and 35,500 loans made under the Advances to Workers scheme between 1908 and 1935.
empowered local authorities to conduct housing surveys. As a result, the Government established the State Advances Corporation, a consolidation of several loan schemes since 1894 and forerunner of the Housing Corporation, and embarked on a major building programme of rental housing. Over 32,000 state houses were built between 1937 and 1949 (Ferguson, 1994, p177), which relieved pressure on the private rental market, while rent controls made accommodation more affordable.

However, this did not constitute a major change in thinking on social policy. Labour remained committed to the concept of the wage-earners' welfare state and relied on the indirect effects of its minimum wage policy and building programme to assist the poor. What had changed was the approach to macroeconomic policy, which had flow-on effects for social policy. The first Labour Government adopted Keynesian economics, which advocated stimulating the economy through government spending on labour intensive projects. Labour saw a substantial and ongoing state involvement in the housing market as not only necessary to address problems in the market's operation, but also to encourage New Zealand's economic recovery following the Great Depression (Ferguson, 1994, p117).

Labour's main emphasis was the building programme, and it took the advent of a National government in 1949 to use the State Advances Corporation to its fullest extent in the promotion of home ownership. The new government slowed down the building programme and started selling state houses to the tenants using loans from State Advances (Ferguson, 1994, p179).

From the 1930s to the 1970s, successive Labour and National Governments retained the two basic policies of renting and lending, but focused respectively on providing adequate, affordable accommodation through building subsidised rental housing, and the promotion of home ownership through subsidised loans. These subsidies were not generous, and the main benefactors were civil servants and working families on moderate incomes. The main aims of housing policy continued to be improving the supply and standard of housing, as well as supplementing the limited supply of mortgage finance. Targeting state housing assistance at low-income households did not become the focus of policy until the 1970s.

**Housing as Welfare Policy**

There had been income limits for households applying to rent state housing in the 1950s and 60s, but these were a way of controlling demand rather than targeting assistance. It was not until 1973 that a Labour government replaced the income limits with a points system. At the same time it introduced income-related rents for state tenants, initially set at one-sixth of the net household income and moving to a quarter in 1987. Previously, rents had been below market levels but were supposed to cover the average cost of construction, and not directly related to the income of tenants. Similarly, the State Advances Corporation began to subsidise the interest rates for its mortgages in 1958, but this move was initially unpopular with the public.

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4 National introduced income limits for state tenants following the 1949 election, because it had promised to reduce waiting lists (Ferguson, 1994, p180).
This shift towards targeting housing assistance in the 1970s was part of a broader change of thinking in social policy. Until then, most areas of social policy, with the notable exception of old age pensions, had not been considered 'welfare', in line with the emphasis on protecting workers’ pay and conditions combined with a minimal 'safety-net' of welfare measures. However, with the end of the long boom following World War II, wage security was no longer as assured as it had been, and the wage-earners’ welfare state became difficult to sustain. As it declined, the residualist welfare strand, which had always been present, emerged more strongly.

A further consequence of the greater emphasis on welfare policy was a reduction in state loans for home ownership. Deregulation of state lending began in 1976 when interest rate controls were removed, then from 1979 a specific proportion of loans no longer had to be reserved for new housing. In addition, Ferguson (1994) points out several practical reasons why state loans were becoming less necessary. The physical standard of housing had improved since surveys by local authorities in the mid to late 1930s had revealed poor conditions. The proportion of the population who owned their homes had increased from fifty per cent in 1936 to sixty eight per cent in 1971. The generation who had benefited from the state lending policies were now more interested in retirement security, and population growth started slowing from the late 1970s.

This decline in the wage-earners’ welfare state as a result of international economic conditions and the new emphasis on specific welfare policies created opportunities for particular interest groups to lobby for greater recognition in housing policy. Ferguson (1994) points out that Maori, women and the elderly had been ill-served by housing policy’s focus on home-ownership, and suggests efforts since last century to redress the balance were finally coming to fruition.

Government policies in the 1950s had encouraged Maori home ownership to aid assimilation, but when the state reduced its lending role during the 1960s there was no recognition of the disadvantages faced by urban Maori. In the 1970s, Maori gained greater access to state rental housing, which convinced most politicians a separate policy was not necessary. But in the 1980s, the Treaty of Waitangi was used to argue for just such a policy, a direction resisted by the Housing Corporation.

The debate over policy initiatives specifically for Maori opened the way for women to also claim special attention due to gender discrimination. Allocation committees for state rental housing had been split on the eligibility of single parents, and many wanted to reward families with two parents and children, consistent with the wage-earners’ welfare state and social policies favouring particular family types since early this century. In 1973 thirty seven per cent of state tenants were single parents, but by 1988 this figure had risen to fifty one per cent. The early 1970s also saw more pressure for access to home ownership from single people and single-parent households, so that by 1977 twenty per cent of Housing Corporation borrowers were beneficiaries. Since the 1950s the main policy response to the concerns of elderly people about the cost of housing and home ownership had been to encourage local authorities to build and manage pensioner housing with subsidised rents.

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5 However, this figure was reduced to five per cent two years later by high housing prices and the cost of financing second and third mortgages.
The most building occurred in the 1970s, when central government made more loan money available with more favourable repayment conditions as a response to ongoing shortages of affordable, adequate and appropriate accommodation for the elderly (Ferguson, 1994, p277).

**HOUSING AND MACROECONOMIC POLICY**

Despite these moves towards targeting housing assistance in the 1970s, the National Government still heavily regulated the housing market. As part of a broader economic policy that also froze wages and prices, there was a brief rent and interest rates freeze in 1976, and again from June 1982 until early 1985. These strict controls fuelled demands for the major changes in the form of regulation that eventually came in the 1980s and the 1991 Budget.

However, the loss of traditional overseas markets for New Zealand exports and balance of payments problems during the 1970s meant state lending and building programmes were re-evaluated as instruments of macroeconomic policy. House building in particular had been deliberately used by successive Governments since Labour in the 1930s to create employment and inject money into the domestic economy. But from the mid 1970s, as a result of international economic conditions, lending and rental housing began to be used to supplement the private housing market rather than manage it. Housing policy shifted from being an instrument of macroeconomic policy to an instrument of redistribution, in line with the greater emphasis on welfare.

The person responsible for much of the deregulation in the 1980s, Roger Douglas, began the process as Minister of Housing in 1974-75. He specifically rejected the use of housing policy as an economic tool, an approach also adopted by the new National government from 1976 onwards. Financial deregulation under the fourth Labour Government also affected the provision of housing. From 1984 more mortgage money became available as financial institutions were allowed to invest in something other than Government stock, and the whole banking sector was finally deregulated in 1987.

The uncoupling of macroeconomic policy and housing policy meant that state intervention in the housing market could only be justified as part of welfare policy, not to promote home ownership generally. This led to even greater targeting of housing resources to those in serious housing need under the fourth Labour Government. An example of this was the almost constant reworking of allocation procedures for state housing between 1984 and 1989, although this was also partly due to a significantly reduced building programme under the previous National Government (1975-1984), so that pressure grew on a limited resource.

As the 1980s progressed even welfare goals came to be considered insufficient to justify the state’s role in the direct provision of rental housing or mortgage finance. Instead, welfare goals could be better met by adjustments to income support programmes. According to this view, the state’s most appropriate role was to set minimum
standards backed up with income support, then let the housing market produce optimal results. This approach can be clearly seen in the passing of the Residential Tenancies Act (1986), which provided a regulatory framework for tenants and rental property owners in the private rental sector. While many tenants' advocates celebrated greater legal protection, from the Government's point of view this protection for private renters also lessened the need for public housing.

Ferguson (1994, p289) points out that while the separation of state house rents and income subsidies in the 1990s may appear to be a return to the policies of the first Labour Government, there are two important differences. Rents are now set at market levels rather than slightly lower to cover the average cost of construction, and income support is achieved through a benefit supplement rather than an adequate minimum wage. The recent restructuring of housing policy could also be read as a continuation of the trend towards targeting through the 1980s, but changing the form of regulation from direct provision of housing to income support.

This section has illustrated the continuity of housing policy in New Zealand and how much of a break with policy since the 1930s, or even the 1900s, the changes this decade represent. It has also highlighted the connection between housing policy and macroeconomic considerations. While not such a direct link between the two as the Keynesian policies of the first Labour Government, the recent restructuring of housing policy was driven by a perceived fiscal crisis and the economic policy solutions considered appropriate.

Given this understanding of New Zealand housing policy, both historically and how it was restructured in the 1990s, the following section summarises the academic literature used to provide a theoretical context for the thesis.

Theoretical Context

In terms of the academic literature, traditional theories of the state, welfare policy and housing are too general to explain particular aspects of housing policy restructuring in New Zealand during the 1990s. Broad theories of the state emphasise the role of either state or societal actors, at the expense of the other. Pluralism, corporatism and orthodox Marxism emphasise societal actors, so have trouble accounting for the minimal influence by non-state actors in the restructuring of housing policy. On the other hand, theories that focus on state actors, such as power elitism and neo-Marxism, may account for the power of central government in implementing changes in housing policy, but say little about why central government was much less successful in other areas of social policy such as health.

Similarly, most conservative, social-democratic or Marxist theories of the welfare state are too general and therefore unable to explain variation between different areas of social policy. They are also usually based on the

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6 Some exceptions to the smooth operation of the housing market are allowed for in this view. Discrimination, particularly on the grounds of gender, ethnicity or family status, became a significant criterion for allocating state houses after studies in the mid 1980s revealed its extent. Discrimination has also been accepted by the Treasury as one of the few grounds that justify the state retaining a minimal rental housing stock.
creation or expansion of the welfare state, and have difficulty explaining moves towards retrenchment or welfare pluralism over the last three decades.

Early approaches to housing studies were also too general, reproducing debates between Marxists and Weberians about class formation and action, and society in general. The simple models presented took little account of international variation in housing policy, let alone the differences between housing and other social policy areas.

**NEO-INSTITUTIONALISM**

Instead, another approach is needed that allows for variation between policy areas and explains how policy change can move from being incremental to being abrupt. The approach adopted in this thesis is neo-institutionalism, which is able to address these issues. Neo-institutionalism is a ‘meso-level’ theory, in comparison to the general theories discussed in the preceding paragraphs, because it focuses on institutions as the unit of analysis and is compatible with most macro-level theories of the state or politics. Neo-institutionalism sees institutions as crucial because they establish and maintain the context in which people form their ideas and undertake political action. Institutions provide continuity over time, so that policy and practices are not reinvented every day. However, institutions are also able to change, and in politics this affects the interaction of participants in a policy field, and hence the policies themselves.

In particular, the historical and organisational versions of neo-institutionalism emphasise the roles of state actors in policy decisionmaking and implementation, so they are combined throughout this thesis. In historical institutionalism, particular attention is paid to the work of Theda Skocpol (1985, 1992, 1995a, 1995b), who has re-emphasised the role of state actors, and Peter Hall (1986, 1992, 1993), who provides a useful way of understanding policy change of several varieties. In an institutionalist strand of organisation theory, James March and Johan Olsen (1984, 1989, 1995, 1996) have investigated the ways in which political actors are not immune to broader social influences, and are motivated by what is considered appropriate to their sense of identity rather than the ‘rational’ self-interest ascribed to them by other theories of political action.

Applying a neo-institutionalist framework specifically to welfare policy, the work of Paul Pierson (1994, 1996) on welfare state retrenchment guides the analysis in this thesis. He drew three broad conclusions of relevance to this thesis. Firstly, entrenched interests dampened the effects of proposed cut backs in the United States, United Kingdom, Germany and Sweden. Secondly, the most successful reform attempts were the result of effective blame avoidance by politicians. Thirdly, housing was the only area significantly retrenched in all cases.

Elizabeth McLeay (1984) compared New Zealand and United Kingdom housing policy in the early 1980s to arrive at some of the political and economic factors that make housing more vulnerable to restructuring than other areas of social policy. Many of these factors remain generally applicable, and the aim of this thesis is to

\[7\] Pierson's assessment of the extent and impact of welfare reform has been challenged (for example see Clayton & Pontusson, 1998), but it is his institutional analysis that is important to this thesis.
investigate the specific institutional arrangements that enabled and guided the restructuring of housing policy in the 1990s.

Recent work in the field of housing studies is also compatible with a neo-institutionalist approach to understanding the state and housing policy. Jim Kemeny (1992) has argued that the field of housing studies should develop stronger links with political science and welfare theory, to provide a fuller context for its research. Michael Harloe (1995) has suggested from the other direction that theories of the state and welfare policy need to take more account of the specifics of particular policy fields, such as the provision and consumption of housing.

Using this neo-institutionalist framework, this thesis considers the restructuring of New Zealand housing policy in the 1990s. The argument underlying the remaining chapters is summarised in the following section.

**Argument Summary**

New Zealand housing policy was relatively stable from the 1930s to the 1980s, with incremental change from time to time. The economic policies and public sector restructuring of the fourth Labour Government between 1984 and 1990 laid the groundwork for the major changes to housing policy announced by the National Government elected in 1990. Facing a fiscal crisis, National chose to cut spending rather than raise taxes, primarily in social policy areas.

Not all of its plans came to fruition, but housing policy was one of the areas most successfully restructured. The functions of the organisation primarily responsible for central government housing policy, the Housing Corporation, were taken over by two new agencies. Housing New Zealand brought a more commercial focus to the management of the state’s rental housing stock, while the Ministry of Housing’s policy advice unit was small and preoccupied with implementing the new policy. This institutional rearrangement affected the politics of the housing policy field, facilitating the entrenchment of the new policy. Attempts by critics to derail the implementation process proved fruitless, as the Government changed the rules of engagement or launched pre-emptive strikes when it could see issues would generate substantial public support. Despite this, most critics of the new direction in housing policy have consistently opposed the principles behind it, even if they have had to work within the new framework on a day-to-day basis. Opposition politicians have also promised to restore the previous policy at the first opportunity.

This account of the restructuring process raises three specific questions addressed in this thesis. Firstly, resistance to change calls into question the success of Government attempts to ‘reframe’ the ideological basis of housing policy. Secondly, how it was possible to move from incremental to abrupt policy change. Thirdly, why the Government had more success with restructuring attempts in housing than other areas of social policy such as health and education. The key to understanding changes in housing policy and addressing these questions within the neo-institutionalist framework adopted in this thesis is the institutional context and how it changed during the restructuring process.
Chapter One – Introduction

The lack of certainty about the Government's success in reframing housing policy reflects the dynamic nature of policy and the complex institutional arrangements involved. The Government has shifted the focus of policy from the provision of housing to income support, but non-state actors continue to resist this reframing. Also, despite claims of greater efficiency and fairness for a single policy instrument in the form of the Accommodation Supplement, the Government has gradually reintroduced minor state interventions in the housing market. This indicates the Government's purpose was not to abandon all previous assistance programmes, but re-establish them in a new institutional context. It is also unclear how comprehensively critics have rejected the new framing of housing policy. Housing workers have become used to the practical consequences of the new policy, and many have tacitly accepted the new framing as the status quo while challenging its legitimacy and effectiveness. The resolve of Opposition politicians is also untested. If elected, economic conditions could again be used as a justification for the focus on income support, because the existing policy has become too entrenched and therefore costly to remove.

In looking at the shift from incremental to abrupt policy change, the rationale and capacity of state actors is central. The Government's rationale, a looming fiscal crisis, has already been discussed, but an institutionalist analysis is useful in considering state capacity. While some approaches to understanding the bureaucracy suggest it encourages stability rather than change, Peter Hall (1992, p107) pointed out that the institutional arrangements associated with the Westminster system may be inclined to policy change because they focus power in the hands of the Executive. This is particularly the case in New Zealand because of the single level parliament and smaller bureaucracy. Treasury had also risen to a position of great influence within the bureaucracy by 1990, due to public sector restructuring in the late 1980s and the acceptance of its policy prescription by the new National Government. In housing policy this strength of state actors was self-reinforcing. Unresponsive Cabinet Ministers and a restructured Housing Corporation left housing workers without their main avenues of affecting policymaking and practice. The commercial focus of Housing New Zealand discouraged the creation of new networks of influence, and working with Opposition politicians left housing workers open to claims of political bias. However, Paul Pierson (1994, 1996a) has pointed out a downside to this concentration of power: clear lines of political responsibility mean the public is more likely to blame politicians for policy problems. In New Zealand the public still considers central government ultimately responsible for social well-being. In housing policy this has meant a close Government interest in the activities of Housing New Zealand and Opposition politicians promising a return to income-related rents for state tenants, both of which entail a challenge to the original restructuring.

Finally, given this rationale and capacity of state actors, how are we to understand variation in the success of Government efforts across different areas of social policy? This is where an institutional focus is particularly useful, because most traditional theories are too general. One major factor in this variation is different state roles in the provision of particular social services. The Government has only ever provided housing for a small percentage of the total population, whereas in health and education it caters to a substantial majority. The other major factor is that the key actors in the housing policy field were either in favour of the restructuring or effectively sidelined from the process, which cannot be said for the health and education sectors. Apart from the Housing Corporation, all the affected central government agencies were initially in favour. Recent concerns about the negative impacts of housing policy from Te Puni Kokiri (Ministry of Maori Affairs) and public health officials within the Ministry of Health can be accommodated by the Government's income support model. The
effectiveness of criticisms by Opposition politicians and community-based housing workers has been minimised by prompt Government responses when necessary, that only slightly modify the policy. Government indifference to Housing Corporation staff was in stark contrast to the influence of professionals in the health and education sectors, with both the public and politicians. The rental housing stock of individual local authorities varied, but collectively they represented the largest provider of low-cost rental housing outside central government, particularly for the elderly. A combination of local body reform in 1989 and the changes to housing policy announced in the 1991 Budget saw many local authorities accept the Government’s reframing of housing policy, although public sympathy protected most of the pensioner housing. Lack of a similar role for local authorities in health and education reduced the Government’s ability to sideline other major participants in those sectors. Consumers of state housing assistance were a significantly smaller group than in health or education, where most of the population or their family members were current or potential consumers. This left the public as the final barrier to the Government’s agenda, but whereas in health and education the momentum generated by the combination of influential workers and a large consumer base garnered further public support, this was noticeably lacking in housing. Despite considering central government ultimately responsible for social well-being, the public had little sympathy for state tenants. As a result of increased targeting at low-income households from the 1970s onwards, a perception of state tenants as the ‘undeserving poor’ developed, except for the elderly.

This understanding of the process of and reasons for restructuring New Zealand housing policy in the 1990s is based on a neo-institutionalist analysis, and the following section describes how evidence for this argument is presented in the remaining chapters.

Chapter Outline

The rest of this thesis is organised into a theory and methodology chapter, four substantive chapters, and a concluding chapter. Each of the substantive chapters looks at a group of related actors and their role in the process of restructuring New Zealand housing policy during the 1990s. Looking at each group of actors in this way helps to understand the connections between them and the constraints and possibilities presented by their institutional context, and how all of this contributed to the restructuring of housing policy.

Chapter Two details the theoretical context that guides the analysis in this thesis, and the methodological considerations that derive from this analysis. It begins with traditional views of the state and welfare policy, and their shortcomings when applied to this particular case. Then it considers the meso-level approaches to theory of neo-institutionalism and policy networks, and how they provide a better understanding of this case. Traditional approaches to housing are then outlined, and particular reasons for housing policy’s vulnerability to restructuring in the New Zealand context are discussed. Finally, the methods chosen for this research are related to the theoretical position adopted.

Chapter Three looks at the role of central government politicians, including Government and Opposition MPs. The focus is on the two Ministers of Housing since 1990, John Luxton and Murray McCully, because the power vested in their office by the Westminster political system meant they were primarily responsible for initiating
Chapter One - Introduction

and implementing the restructuring of housing policy. Opposition parties play a lesser part in the account, because the arrangement of political institutions in New Zealand meant they were unable to significantly alter the restructuring process, despite concerted efforts.

Chapter Four considers central government departments and agencies with an interest in housing policy. It looks at how the Treasury’s agenda for restructuring the Housing Corporation was followed closely by the National Government with little resistance from the Department of Social Welfare, which benefited through greater income support funding. Two new agencies were created, with the Ministry of Housing taking over policy advice and the Tenancy Bond Office, and Housing New Zealand managing state rental housing on a strictly commercial basis. This chapter illustrates how the restructuring of central government housing institutions allowed the Government to more effectively implement and stabilise the new policy.

Chapter Five looks at the provision of rental housing through local authorities by considering four case studies: Auckland, Palmerston North, Wellington, and Christchurch. The case studies serve to illustrate the variety of local conditions and responses from Councils to central government initiatives. Local government restructuring in 1989 and changes to housing policy in 1991 combined to significantly affect Council rental housing, although in different ways in different localities. One common factor in the case studies and to many other local authorities was the support for pensioner housing in preference to community housing.

Chapter Six reviews the range of responses to the restructuring of housing policy from non-government organisations (NGOs). Supporters of the changes are given brief coverage because they had some input to the initial decision but little to do with implementation. Opponents of the restructuring are given more detailed coverage, because most had the opposite experience to supporters. First, the chapter describes the general views of NGOs opposed to the new direction in housing policy in relation to significant events, then the range of responses is illustrated using the particular experiences of the State Housing Action Coalition (SHAC), the New Zealand Housing Network (NZHN) and the New Zealand Council of Christian Social Services (NZCCSS). The account given in this chapter complements those in Chapters Three and Four, where central government is able to minimise the effectiveness of potential opponents by restructuring the institutional context of housing policy. This chapter traces how NGOs have gradually responded to that restructuring in their own way and their own time. Some have begun to work within the new policy framework on a day-to-day basis for the sake of their clients, while others have found new ways of challenging housing policy through broad anti-poverty coalitions or emphasising public health implications.

Finally, Chapter Seven concludes the thesis by pulling together these accounts of the different groups of actors. The agendas or motivations of these actors and the relations between them are discussed within a neo-institutionalist framework, because this helps explain the possibilities and constraints for each actor within the institutional context, as well as how and why the process of restructuring New Zealand housing policy unfolded the way it did.
Chapter Two
Theory and Methods

Introduction

This thesis attempts to address two basic puzzles. The first is how the New Zealand government managed to restructure housing policy so thoroughly, especially when it was much less successful with restructuring attempts in other areas of social policy. The second issue is what consequences this restructuring had for the politics of housing. The relationships between actors in the housing policy field were affected by the reorganisation of institutional arrangements.

The changes to housing policy announced in the 1991 Budget involved a major restructuring of the service delivery mechanisms and rethinking of the rationale behind a significant aspect of New Zealand welfare policy. At a practical level, several means of meeting housing need were replaced with a single policy instrument; a cash subsidy called the Accommodation Supplement. At the same time, the single agency responsible for all central government housing policy at the time, the Housing Corporation, was restructured into two new agencies. Some functions were also taken over by existing agencies, with the purpose of clearly separating the 'social' and 'commercial' functions of state involvement in housing.

This major reorganisation of the mechanics of housing policy was implemented almost exactly as announced with only minor changes, despite some public opposition and growing evidence of a connection with increasing poverty. A relatively smooth implementation process saw the introduction of the Accommodation Supplement and the restructuring of the Housing Corporation both completed on schedule. The process of rent increases for state tenants was delayed by two years and the Accommodation Supplement matching policy was redesigned in response to public support for elderly state tenants, but these hardly amount to major modifications.

This relatively smooth transition reflects the lack of impact on the decision-making or implementation processes by non-state actors in the housing policy field. Central government appears to have acted unilaterally at the decision-making stage, and only minor modifications in the implementation process resulted from later public criticisms. Recent Government recognition of problems with housing policy is related more to the influence of significant officials and general public unease than direct efforts by critics of the restructuring.

\[1\] Strictly speaking, the term ‘housing policy’ could be applied to all central government policy that directly affects the provision and distribution of housing, but this thesis focuses on assistance measures and the existing programmes administered by the Housing Corporation.
In addition to these major changes in the programmes and institutional arrangements of housing policy, there was a change in the rationale for central government involvement in the housing market, with a shift from direct intervention to greater emphasis on income support. National had never been philosophically committed to building and operating state housing for rental purposes, preferring instead to support home-ownership through subsidised loans. The changes to housing policy could also be understood as a pragmatic response to the situation that the new National government found itself in, consistent with the party's traditional view of housing policy. However, the greater emphasis on income support reflected a significant shift from National's traditional policy of providing loan money for first-home buyers.

The shift of emphasis from direct intervention to income support was part of a broader programme of economic restructuring, designed to introduce 'market' discipline into many aspects of social policy. However, the changes to housing policy were more successful than most other attempts to restructure the welfare state in New Zealand. For example, sweeping changes were proposed in health policy, but were substantially modified in the face of strong opposition from consumers, professionals and the general public. Similarly, plans to target and integrate all social assistance were abandoned at an early stage due to insurmountable administrative problems (Boston, 1994).

A similar contrast between major changes to housing and less success in other areas of social policy has also been found overseas (Pierson 1994, 1996a). Some general reasons for housing policy's vulnerability to restructuring apply across different settings, but this thesis concentrates on reasons specific to the New Zealand context.

The best explanation for this view of the changes to housing policy is given by versions of neo-institutionalist theory that emphasise the roles of different state actors. Following a neo-institutionalist approach, the body of this thesis is a detailed account of the ways in which institutional arrangements in housing policy have been changed in New Zealand during the 1990s, and the significant impact that had on the politics of the field. This chapter starts by considering the shortcomings of traditional theories of the state and welfare policy, to see what makes neo-institutionalism helpful in understanding the restructuring of New Zealand housing policy during the 1990s, particularly the process of policy change. It then considers the specifics of the restructuring process, why this area of social policy is particularly vulnerable to change, and the advantages of neo-institutionalism over traditional perspectives on housing.

Background

When National was elected in 1990 it inherited a fiscal crisis, and like Labour in 1984 the economic situation was used to justify major changes to government policy. In National's case, a reduction in state spending was

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considered the most appropriate solution, with social policy the obvious target for spending cuts. Within two months of being elected, National delivered the ‘Economic and Social Initiative’ that was best remembered for benefit cuts, but also included a reduction in Housing Corporation funding. There have been various interpretations of the reasons for the fiscal crisis and National’s response to it, but the main point here is that the economic situation gave National, and Ruth Richardson in particular, a justification for major changes in social policy to reduce government spending.

National was also presented with a feasible model for carrying out changes in housing policy, in the public sector restructuring undertaken by Labour in the 1980s. The changes to housing policy announced in the 1991 Budget were initially designed to be fiscally neutral, but the shift to cash payments from assistance-in-kind made the cost of housing assistance more transparent and an easier target for future funding cuts. So by 1991, National had both a good reason and an established model for reforming social policy. This approach was attempted in several areas of social policy, but housing was where the government was most able to capitalise on the situation.

Following the announcement of the restructuring process in the 1991 Budget, central government agencies related to housing were significantly restructured in a relatively smooth process. Most technical problems were overcome in the early days of the implementation process, and the only sticking point has been the balance between Housing New Zealand’s commercial and social objectives. This remained an ongoing problem for the Government’s relationship with both Housing New Zealand and the public. This successful restructuring of formal institutions also changed informal institutions, such as the politics of housing, and the relationships between government agencies and the community. For example, the Housing Corporation had been actively involved with housing interest groups, giving them access to politicians and the state apparatus; whereas Housing New Zealand’s commercial focus and the Ministry of Housing’s adherence to official policy and rhetoric meant housing workers now had to deal directly with the Minister.

When it came to justifying these changes to the state’s role in housing, or ‘redefining’ the housing policy field (Schon & Rein, 1994), the Government was not so successful. National’s restructuring was an attempt to separate housing from macroeconomic policy, and reframe housing policy as predominantly an income support issue. The Government emphasised the fairness of the new policy due to greater horizontal equity, where households in similar circumstances would receive equivalent amounts of assistance. However, few of the traditional actors in the housing policy field initially accepted this new understanding of the state’s appropriate responsibility.

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5 Since the first Labour government in the 1930s, the building of state houses had been consciously used as a tool of macroeconomic policy to stimulate the economy and create employment. The fourth Labour government began to change the basis of macroeconomic policy in the 1960s, but retained most elements of the previous housing policy.

6 Housing was not the only area of social policy where this happened. The 1991 Budget could be seen as an attempt to expose all areas of social policy to market discipline, with financial support to ease the transition and address market failures (Boston & Dalziel, 1992).

7 This was a direct response to the perceived unfairness of the previous system, where state tenants received rental subsidies much greater than private sector renters or homeowners.
role in housing. After winning few concessions from the Government housing workers eventually had to operate within the new system for the benefit of their clients, but they continued to reject the new philosophy and argue for a different form of state intervention in the housing market. The public was not completely won over either. Despite Government dominance of the public policy agenda, media coverage showed some of these opposing views and stories of financial hardship attributed to the Government’s housing policy.

However, the reforms of other social policy areas were less than complete, and implementation was uneven across different policy areas. It is important to understand how housing became the area most effectively restructured, even though circumstances appeared to favour the restructuring of social policy across the board. The first step is to consider how well traditional theories of the state and welfare policy explain the responses to this background, the particular process of housing policy restructuring, and the unevenness of implementation across different areas of social policy.

Traditional Views

This section outlines some of the traditional views on the state and social policy. In both cases, these views are too general to clearly explain the specifics of the restructuring process in New Zealand housing policy this decade. A more comprehensive understanding is possible using alternative analytic frameworks that focus on the meso-level of politics and policy change. These are the subject of the following section.

The State

The concept of ‘the state’ has been used in various ways, and whole books have been devoted to defining or describing the concept, usually from a particular theoretical perspective (see for example Jessop, 1990; Barrow, 1993; Pierson, 1996). Part of the difficulty has been the tendency of traditional theories to make sharp distinctions between the state and society, when the two are clearly connected through individuals and institutions over time. This thesis uses a narrow definition of the state - the politicians, officials, agencies and institutions that make up central government - to avoid confusion when discussing state and societal actors. However, the theoretical approach to the state adopted in this thesis acknowledges the intertwined relationships between state and societal actors.

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8 The only consistent public support for the housing reforms came from the Property Investors Federation, keen on the prospect of state housing losing its price advantage over the private sector.

9 The Government’s reframing of housing as an income support issue may have indirectly aided housing workers, by encouraging coalitions with poverty activists.

10 In general this thesis uses the term ‘social policy’ in preference to ‘welfare policy’, because it covers a broader range of policy and overcomes questions about the varying perceptions of what constitutes welfare in the New Zealand context. However, the term ‘welfare state’ is also used when discussing the cumulative impact of a broad range of social policy.
Traditional theories of the state tend to focus on either state or societal actors to explain political action and the process of government.\textsuperscript{11} Rational choice theories apply microeconomics to political action, and emphasise the role of self-interest in decisions made by individuals. Power elite views of the state focus on the dominant groups or individuals in society, whether they are elements of the state itself, or act through the state to control the general population. Pluralism emphasises the contested nature of politics, expecting influences from a range of societal groups to affect state actors on any particular issue, and some level of conflict between state actors themselves. Corporatism is similar to pluralism, in its focus on negotiated resolutions of conflict between state and societal actors, but expects this negotiation to occur between a small number of representative blocs, rather than a vast array of different interest groups. Orthodox Marxism sees the state as an instrument of the ruling class driven by wider economic forces, while neo-Marxism allows the state some autonomy and sees it as a site of class conflict.

These traditional views of political action and the state generally place too much emphasis on the role of societal interest groups to adequately explain what happened with the restructuring of New Zealand housing policy in the 1990s. There has been some interest group involvement in the restructuring process, but to a less significant extent than expected by society-centred approaches such as pluralism,\textsuperscript{12} corporatism and orthodox Marxism.\textsuperscript{13} Interest groups, both supporters and critics of the new housing policy, have had little impact on the decision-making and implementation processes.\textsuperscript{14}

On the other hand, those views that expect state actors to play a major part in politics and policy, such as power elitism and neo-Marxism,\textsuperscript{15} have a problem explaining why the New Zealand state was much less successful in restructuring some aspects of social policy than others. This applies to all theories that try to make general claims about state capacity, because the different contexts of each attempt at social policy reform in New Zealand have led to different outcomes.

Traditional theories of the state that focus exclusively on state or societal actors are inadequate for explaining at a detailed level the restructuring of New Zealand housing policy during the 1990s. An analytical approach that takes account of the range of interrelationships between state and societal actors would be more satisfactory. A similar problem confronts traditional theories of social policy and the welfare state.

\textsuperscript{11} This paragraph is based on useful overviews of traditional theories of the state from Marsh & Stoker (1995), Dunleavy & O'Leary (1987), and Held (1983).

\textsuperscript{12} For a pluralist view of the New Zealand state see Mulgan (1997), Moloney (1997a) and James (1992).

\textsuperscript{13} For an orthodox Marxist view of the state in New Zealand see Roper (1993), Bedggood (1996) and Dixon (1997).

\textsuperscript{14} The main exceptions to this would be the Business Roundtable's role in promoting the policy prior to the 1991 Budget, and lobbying by elderly state tenants and their supporters which prompted changes in the implementation process (see Chapter Six for details of both). It is possible that the New Zealand housing reforms could still be understood within a more society-centred framework. For example, it could be argued that: the new National government was unused to the political process or exercising power, so initially ignored other significant actors; the existing societal actors were weaker than anticipated; the housing policy networks are in the process of being reconfigured; or, there has not been enough time for policy network effects to become obvious, and the interdependence between state and societal actors will eventually force a change in policy. However, these arguments stretch the limits of what the theories were intended to address, and state-centred approaches appear more convincing.

\textsuperscript{15} For a neo-Marxist view of the state in New Zealand see Kelsey (1993, 1995).
Chapter Two – Theory and Methods

Social Policy

The notion of the welfare state is used in a variety of ways in social theory, but generally refers to the overall impact of social policy on citizens in a particular country. There are different types of welfare states and different perspectives on how to understand them.

An early analysis distinguished between ‘residual’ and ‘institutional’ welfare states, where the state either intervenes only to address market failures or is more proactive in establishing conditions that promote well-being (Titmuss, cited in Esping-Andersen, 1990, p20). More recently, Gosta Esping-Andersen (1990) has suggested three welfare state ‘regimes’: liberal, corporatist and social democratic. These are related to the level of decommodification in a society, or the extent to which it relies on market mechanisms to provide citizen’s basic needs.

There are also a variety of ways to understand the state’s role in social policy. Esping-Andersen (1990) describes conservative, Marxist and social democratic theories of the welfare state, while Bryson (1992) talks about individualist, social reformist and collectivist views, and Bedggood (1996) makes a distinction between orthodox Marxism and neo-Marxist views. For a comprehensive overview of the range of explanations and critiques of the welfare state, and an attempted synthesis, see Pierson (1991).

However, these traditional approaches to social policy and the welfare state are inadequate for explaining recent social policy changes in many countries, for several reasons. Firstly, they are usually based on broader views of the state, politics or economics, which leaves them with the same problem of being too general to adequately explain different processes of policy change or varied outcomes in different policy areas within the same country. Secondly, these views are inadequate for explaining modifications or reversals of the welfare state in the last twenty-five years, because of their focus on creation and expansion. For example, theories that explain the creation of welfare states using institutions or the strength of the labour movement are less helpful when...

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16 Barrow (1993, p11) suggests that academic debate over the concept of the welfare state is related to its highly contested nature in the political arena.

17 These theoretical perspectives do not relate directly to the welfare state regimes Esping-Andersen describes, and the use of similar terms in different contexts can lead to some confusion in the welfare state literature.

18 The New Zealand welfare state has been described using a number of these different frameworks. Rudd (1997a) adopts Esping-Andersen’s model of welfare state regimes and suggests that the New Zealand welfare state began as liberal or residualist in the 1930s. Despite some moves towards decommodification in the intervening period, recent social policy reforms have taken the country even further in that direction. Bedggood (1996) outlines different views of recent changes to social policy from neo-liberal, social democratic, neo-Marxist, and orthodox Marxist perspectives of the welfare state. From an orthodox Marxist position he concludes that New Zealand welfare policy was initially driven by the requirements of capital accumulation in a small, dependent semi-colony, and recent changes reflect the continuing influence of this economic imperative. Jonathan Boston (1992) adopts Ware and Goodin’s typology of welfare states (residualist, insurance and social citizenship based) and points out that New Zealand has traditionally combined the first and last approaches, with few insurance-based welfare programmes. He concludes that recent political and economic changes have seen a move to more residualist policies. Pat Shannon (1991) considers the residualist, institutional and Marxist approaches to social policy exhausted, and calls for a consumer-driven model of welfare provision. Francis Castles (1985, 1994) talks about the wage earners’ welfare state in New Zealand and Australia, which was designed to protect paid workers and their dependents rather than citizens in general. Chris Wilkes and Ian Shirley (1984) provide a comprehensive analysis of social policy in New Zealand prior to the fourth Labour Government within a framework of functionalist, modified market, and socialist theories.

19 This focus led to a view of the welfare state as ‘irreversible’. Even when it came under attack in many countries during the 1980s as a result of economic stagflation, commentators pointed out that the fundamentals remained intact despite changes in particular programmes or policies (Mishra, 1990, p11).
institutions change their functions or interest groups organised around consumption sectors become more influential than unions (Pierson, 1994, p27). Thirdly, there has been a shift from comprehensive welfare states to welfare pluralism, where the state includes a range of non-state agencies in different aspects of welfare provision (Gould, 1993). This challenges the traditional perspectives, because they focus almost exclusively on the contribution of the state and social policy to social well-being.

These problems for theories of both the state and welfare policy have led to the development of meso-level theories. These fit between macro-analyses of the state as a single unit and micro-analyses of individual political action. The aim is to investigate how states operate and how policy changes through a focus on institutions and the context they provide for political decisions and actions. Policy change and its uneveness across social policy areas is the main focus of this thesis, so these approaches provide better explanations of the restructuring process in New Zealand housing policy than traditional perspectives. The next section looks in detail at different versions of institutional approaches.

**Institutional Approaches**

In light of these problems with the traditional views of the state and social policy, another approach to understanding the restructuring of New Zealand housing policy in the 1990s is needed. Moving from the macro-level theories just discussed to meso-level (or middle range) theories provides a useful change of perspective. Two meso-level approaches to the state, and public policy in particular, are policy networks theory\(^{20}\) and neo-institutionalism.\(^{21}\) This section briefly considers policy networks theory, which has significant problems explaining the changes in housing policy, before giving a more detailed discussion of neo-institutionalism, which offers better possibilities of understanding. The general features of neo-institutionalism are outlined, followed by three specific versions and their relevance. All three versions contribute something to an analysis of the New Zealand housing policy restructuring this decade, with the approach adopted in the rest of the thesis relying mainly on elements of historical institutionalism and organisational institutionalism. The following two sections examine the usefulness of this particular approach to neo-institutionalism for understanding social policy and housing respectively.

**Policy Networks**

Policy networks approaches see all policy as a product of networks of interdependent institutions that include both state and non-state actors, thus blurring the distinction between state and society (Rhodes, 1996, p666).

\(^{20}\) Also referred to as 'policy communities'. These two terms are often used interchangeably, and the differences between them are not clearly defined in the literature. Understanding the differences is not crucial to this discussion.

\(^{21}\) The term 'neo-institutionalism' is used in this thesis to distinguish the approach from 'institutionalism', the political science tradition of studying formal institutions. Neo-institutionalism is only one of the modern branches of institutionalism (Rhodes, 1995, p50), although specific variants, such as historical institutionalism and rational choice institutionalism, tend to drop the 'neo' prefix. Neo-institutionalism is also used in preference to 'the new institutionalism' because a single word is more convenient than a phrase for sentence construction. Robertson (1993, p28) suggests "neo-institutionalism" is a phrase used particularly by rational choice theorists, but most writers discuss 'the new institutionalism' and 'neo-institutionalism' interchangeably, reflecting the lack of clearly defined boundaries for the different approaches.
These networks have emerged out of patterned interactions between state and societal actors, and provide an alternative means of governance to markets and bureaucracies. Networks are a more useful tool for dealing with the contradictory trends towards both greater centralisation and fragmentation in central government (Rhodes, 1997, p15).

The model of policy networks developed by Rhodes (1996, 1997) in the United Kingdom context could just as easily be applied to New Zealand, and would provide an understanding of incremental policymaking that allows variation in process and outcome for different policy areas. However, the policy networks focus on incremental change means the model has difficulty accounting for major policy shifts that happen abruptly, which was the case with the changes to housing policy this decade. From the 1930s to the 1980s, New Zealand housing policy did conform to the policy networks model of continuity and consensus among a wide range of actors, with policy change happening incrementally. However, by the 1980s, Treasury had begun to seriously challenge the basis and type of state housing assistance, and National’s changes in the 1990s took little account of the societal interest groups traditionally involved in the housing policy field.

The policy networks emphasis on strong interest groups and incremental policy change is similar to society-centred approaches to the state, such as pluralism, corporatism and orthodox Marxism, which have the same trouble explaining the changes to New Zealand housing policy. Neo-institutionalism provides a better way of understanding the changes to housing policy this decade, and its features are discussed next.

**NEO-INSTITUTIONALISM**

Neo-institutionalism shares with policy networks approaches a methodological focus on institutions as the appropriate unit of analysis, and both are compatible with a variety of macro-level theories of the state. However, neo-institutionalism can accommodate a greater variety of processes for policy change and relationships between state and societal actors. It also comes to different conclusions about the basis of political action.

For neo-institutionalists, political action relies on the interplay between ideas, interests, and institutions (Hall, 1986, p5; 1992, p90). Defined at the most general level, institutions are structures of regular, patterned

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22 One difference is New Zealand’s isolation and small population, so there are few governing alternatives to central government. In the United Kingdom context, Rhodes discusses pressure from above by the European Union and pressure from below by strong local authorities.

23 Rhodes describes actors as having resources to exchange, so it is possible that actors with few desirable resources could be excluded from the policy network. However, he also emphasises interdependence, so is unlikely to be satisfied with an explanation where state actors monopolise power within a policy network. Smith (1994) allows that the state can act unilaterally as long as it is prepared to accept high costs, but still sees more effective power coming through state and societal actors co-operating to control the infrastructure. This may even mean that policy networks enhance state autonomy rather than challenge it, but only in the sense that well-organised policy networks can effectively exclude other actors or networks. It still does not explain how state autonomy can be maintained without the support of interest groups.

24 Atkinson & Coleman (1992) criticise the policy networks model for not properly addressing policy change, but attempt to remedy this in a later article with a third author (Coleman et al, 1997). In response to Hall's (1993) model of 'paradigm shift' in public policy (see discussion later this section), they argue that significant policy change can also occur incrementally. While this addresses gaps in the policy networks model, it does not contribute to a better understanding of changes to housing policy in New Zealand this decade.
behaviour. In politics, institutions affect both the character and outcomes of state-society interactions (Gourevitch, 1989, p88). Most variants of neo-institutionalism see political institutions as “... the formal or informal procedures, routines, norms and conventions embedded in the organizational structure of the polity or political economy.” (Hall & Taylor, 1996, p940) Institutions are important, not because they drive change or determine outcomes, but because “... they structured the flow of ideas and the clash of interests in ways that had a significant impact on these outcomes.” (Hall, 1992, p91)

Ellen Immergut (1998) sees the theoretical core of neo-institutionalism as a reaction to behaviourist views of political action. Neo-institutionalists believe that observed behaviours do not necessarily represent ‘real’ preferences or interests (Elster, 1986), processes for arriving at collective decisions affect the outcomes, and particular interests are favoured by specific institutional configurations (Immergut, 1998, p8). If the institutional context makes such a difference to how preferences are expressed in politics, then it is important to look at the rules and procedures for aggregation rather than individual psychology. In this view, “Institutions do not determine behavior, they simply provide a context for action that helps us to understand why actors make the choices that they do.” (Immergut, 1998, p26).

Neo-institutionalism has been criticised for not being particularly new, and a label applied to several diverse perspectives rather than a single, coherent theory (for example see Jordan, 1990). These definitional issues are not of central importance to this thesis, and most commentators see the latter point as a strength of neo-institutionalism rather than a weakness (for example see Thelen & Steinmo, 1992; Hall & Taylor, 1996; Lowndes, 1996). Of more significance are criticisms that neo-institutionalism relies on functionalist explanations for the origins of institutions, and says little about how particular decisions by policy-makers are caused or made possible (Howlett & Ramesh, 1995, pp27-28). Immergut (1998, pp10-11) also points out that neo-institutionalists have problems determining ‘true’ preferences, especially since they reject the a priori standards of structuralist approaches and the a posteriori standards of behaviourists. Neo-institutionalists instead attempt to define substantive justice through the adoption of formal procedures, which Immergut considers a weakness. These criticisms are partly addressed by the discussion of specific versions of neo-institutionalism that follows.

In any case, these criticisms are outweighed by features of this perspective that are useful for explaining the case of New Zealand housing policy. Instead of viewing particular actors and the power relations between them as fixed, neo-institutionalism allows actors to be subject to different influences over time. It explains the differential effects of these influences by focusing on the specifics of institutional arrangements and how they change. In terms of public policy, institutional change affects the politics (and hence the policies) of particular policy fields.

This neo-institutional analysis is possible on several levels, from very specific factors affecting New Zealand housing policy this decade, to social and economic policy in New Zealand more generally, as well as

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25 The term ‘political institutions’ is sometimes extended to include “...the symbol systems, cognitive scripts, and moral templates that provide the frames of meaning guiding human action.” (Hall & Taylor, 1996, p947), but this thesis uses the more specific definition to clearly distinguish between political institutions and wider cultural institutions.

26 Immergut suggests the views of Alexis de Tocqueville, Max Weber, John Rawls, Jurgen Habermas and Theodore Lowi are examples of how institutionalists approach normative justice issues.
international similarities with housing policy and its restructuring since the 1970s. For the specific factors behind recent changes in New Zealand housing policy, it is important to look at the institutions of central government to understand the roles of state actors. These roles include interactions between politicians of the same or different parties, politicians and officials, and officials in the same or different agencies. Interactions between state and non-state actors can also be understood by looking at the institutions of central government and political institutions that extend beyond the state. In particular, neo-institutionalists would expect the restructuring of central government agencies related to housing to have a major impact on the actors involved in the housing policy field. This institutional restructuring would affect actor’s expectations and motivations, as well as the outcomes from future policy processes.

This approach to analysing the crucial role of institutions is used to produce the substantive chapters of this thesis. Each chapter considers a particular group of key actors, the interpretations they offered for significant events, and how the relationships between actors were disrupted and reformed by the restructuring of institutional arrangements in the housing policy field.

The next step is to look at specific versions of neo-institutionalism, to address general criticisms and refine the analytic framework of this thesis. Ellen Immergut (1998) and Peter Hall and Rosemary Taylor (1996) give useful literature reviews of the different strands within neo-institutionalism. Both articles talk about three particular versions of neo-institutionalism that have developed independently and continue in relative isolation: rational choice, organisational and historical. Immergut focuses on historical institutionalism, to highlight a possible alternative to rational choice and interpretivist assessments of power. This is intended for a political science audience she believes is already familiar with rational choice and organisation theories. Hall & Taylor compare the strengths and weaknesses of the three perspectives, especially in explaining institutional dynamics and the relationship between institutions and action. The descriptions of the three versions of neo-institutionalism in these two articles are the basis of the discussion that follows.

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28 Hall & Taylor talk about ‘sociological institutionalism’, but discuss ideas and authors covered by Immergut under the heading ‘organisation theory’. Immergut (1998, p28) suggests that organisation theory is another name for sociological institutionalism and points out that DiMaggio & Powell (1991) say “organization theory is intertwined with the sociological tradition” (Immergut, 1998, p16). From a sociological perspective it is clearer to use the term ‘organisational institutionalism’, because all three versions of neo-institutionalism contain sociological elements.

29 These three are the main versions discussed in the literature, although others are also discussed as minor variants. Both articles used here acknowledge the development of a new institutionalism in economics, while Grendstad & Selle (1995) suggest cultural theory is another version of neo-institutionalism. In a slightly different approach, Vivien Lowndes (1996) outlines six types of institution described by the different versions of neo-institutionalism, rather than outlining the variants themselves. ‘Mythic’ institutions are based on the norms and values deemed appropriate for the organisation, not necessarily financial considerations. ‘Efficient’ institutions are economically rational and designed to reduce transaction costs. ‘Stable’ institutions support the smooth operation of markets by appealing to cultural norms, which may not be completely efficient. ‘Manipulated’ institutions are captured by officials for their own interests, in line with public choice theory. ‘Disaggregated’ institutions are the result of more complex connections between the state and society, according to the policy networks approach. Finally, ‘appropriate’ institutions arise from actors being more concerned about the compatibility between their identity and actions, rather than economic rationality.

30 Immergut (1998, p28) acknowledges a similar distinction in the Hall & Taylor article between ‘calculus’ and ‘cultural’ approaches.
**RATIONAL CHOICE INSTITUTIONALISM**

Rational choice institutionalism applies the principles of microeconomics to politics, and assumes that individuals are rational (that is, seek to maximise self-interest) and engage in strategic action. Institutions are created by voluntary agreement between individuals, and continue to exist as long as they perform a useful function (Hall & Taylor, 1996, pp942-946). For Hall & Taylor (1996, pp952-955), rational choice institutionalism gives a simplistic analysis that emphasises the role of societal interest groups and favours stability over institutional change. However, it does not allow for unintended consequences, inefficiency, multiple intentions, and power inequalities between actors. For Immergut (1998, p13), rational choice institutionalism accepts that political choices are affected by rules and procedures, for example strategic voting, but fails to extend this to an analysis of the ‘justness’ of various institutional arrangements.

These problems make rational choice less useful than other versions of neo-institutionalism for understanding the process of housing policy change in New Zealand, so further analysis concentrates on organisational and historical institutionalisms. However, both articles consider each version of neo-institutionalism has something to offer, and Immergut points out the three versions share a common theoretical core. In addition, some of the work used in the rest of this thesis draws directly on rational choice concepts (for example see Pierson, 1996b), so it cannot be completely ignored.

**ORGANISATIONAL INSTITUTIONALISM**

The institutionalist approach to organisation theory (sometimes referred to as sociological institutionalism) tries to bridge a split between ‘rational’ bureaucracy and the culture of wider society that it considers artificial. It views policies as culturally embedded practices, and institutions consist of symbols and meaning frames as well as formal rules and norms. The creation and modification of institutions is explained by a logic of social appropriateness rather than efficiency, and institutions affect individuals’ preferences, definitions and sense of identity, as well as their options for strategic action (Hall & Taylor, 1996, pp946-950). The ideal conditions for rationality (perfect information and perfect understanding) are never possible in the real world, let alone the hurly-burly of political life. In an attempt to overcome these limitations, political decisions and actions are based on standard operating procedures rather than the ‘true’ preferences of actors (Immergut, 1998, pp14-16).

This understanding of the basis of political action, in particular the work of James March and Johan Olsen, 32

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32 In 1984 they wrote an important review article of the emerging neo-institutionalism across sociology, political science and economics. ‘Exchange’ and ‘institutional’ approaches to politics were contrasted on the basis of state autonomy, reductionism, calculated self-interest, functionalism, and the primacy of outcomes over process (March & Olsen, 1984). This theme was continued in their 1989 book, Rediscovering Institutions, which provided case studies to support their extended analysis. An understanding of governance issues from this perspective was outlined in chapter two of Democratic Governance, and their position reiterated in a 1996 article that returned to the specific analysis of political institutions.
provides a useful way of looking at how policy change eventuates. For March & Olsen, political action is driven primarily by what actors consider appropriate to their sense of identity, rather than calculated self-interest and strategic consideration of consequences, financial or otherwise. This is not to say that self-interest is absent from political action, but on its own it explains little of what we actually observe. The interests that actors consider when making political decisions are formed within the context of cultural norms and values.

This view of political action, based on appropriateness and identity rather than self-interest, helps explain some aspects of the changes in New Zealand housing policy. For example, housing workers continued to oppose the reforms on matters of principle, even though it meant they were sidelined from the housing policy field and risked losing state funding. Similarly, National's policy changes were consistent with its traditional focus on home ownership and the promotion of private enterprise generally, despite having the potential to be politically unpopular.

The main problem with March and Olsen's analysis is their view of institutional change as predominantly incremental and unintentional. Their 'garbage can' model of the policy process suggests proposed solutions may be inefficient or inappropriate, but still used because they are the most easily applied. They also suggest attempts at radical restructuring usually produce unintended consequences because the underlying norms and values are exposed to public scrutiny and debate. Partly in response to this criticism, in their 1996 article March & Olsen described how major policy shifts could occur when there were changes in the definitions of appropriateness. However, this does not satisfactorily address the problem, because it leaves unanswered the question of how definitions of appropriateness might change, or even be formed in the first place (Jordan, 1990; Lowndes, 1996, p192). If this is an explicit, intentional, or deliberate process by individuals, who is involved and what is the process? If instead it is a cumulative result of intentional and unintentional action that particular individuals are unaware of, how is this supposed to happen?

This problem is not insurmountable, and it is possible to construct viable explanations of the process of policy change in the case of New Zealand housing policy using March & Olsen's approach. For example, contrary to the prevailing wisdom that institutions tend to be sclerotic, inert and favour the status quo, Hall (1992, p107) points out that some institutional arrangements may actually favour change over stability. He bases this conclusion on the British experience of two-party politics that encourages Opposition politicians to seek out and promote alternative ideas, and highly centralised power that allows policy change with relatively few constraints. This institutional context favours policy change over retention of the status quo, but is not enough on its own to produce change. The New Zealand political system shares the same features Hall thought were significant in Britain, which helps explain why significant restructuring was possible in the case of housing. The

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33 Another important contribution to institutionalism within organisation theory is Powell & DiMaggio (1991), especially the theoretical position outlined in the Introduction (DiMaggio & Powell, 1991).

34 Hall (1993, p108 footnote 48) acknowledges his divergence from the traditional view that two-party politics leads to similar policies because both parties are trying to attract the large bloc of central voters. In New Zealand an example of the traditional view would be the continuation of policy direction when National replaced Labour in 1990. However, in support of Hall's position, housing was used as a 'branding' issue to separate the two parties. Labour made only minor changes in the 1980s, while National was prepared to overhaul housing policy in 1991. Since then Labour has emphasised its opposition to National's housing policy and consistently promised a return to income-related rents for state tenants.
same possibility was present but not realised in other areas of social policy, because the particulars of those fields did not favour reform. In addition, the broad thrust of social policy change was also consistent with a long tradition of New Zealand governments undertaking major reforms, from the Liberals at the turn of the century and the first Labour government in the 1930s, to the fourth Labour government that National followed in office.\textsuperscript{35} This tradition of reformist governments, combined with an institutional structure that favoured reform, may have meant that state actors found it most appropriate for their sense of identity to propose or support a major restructuring of housing policy.

However, this possible explanation for abrupt policy change is not particularly strong, and the process of housing policy restructuring in New Zealand this decade fits more comfortably within historical institutionalist accounts. The institutionalist approach to organisation theory does, however, provide a more useful understanding than rational choice theories of what drives and guides political action, so is combined throughout this thesis with the historical institutionalist perspective discussed next.

**HISTORICAL INSTITUTIONALISM**

Historical institutionalism falls somewhere between the two previous approaches.\textsuperscript{36} Individual action may be strategic (as in rational choice approaches) or norm-driven (as in organisational institutionalism), and institutions are the rules and conventions associated with formal organisations. Institutions are integral to the distribution of power (usually uneven), and their development is path dependent, affected by unintended consequences. However, institutions are only one factor in political action, and need to be understood in relation to other factors, such as ideas and economic development. This is why historical institutionalists compare institutions across time and between countries: to investigate the differing roles of institutions influenced by a range of factors in different contexts (Hall & Taylor, 1996, pp937-942).

Unlike the other two approaches, historical institutionalism has a strong focus on power relations and the expression of interests (Immergut, 1998, pp16-25). It is critical of pluralism’s expectation that interest groups communicate individual preferences clearly, and points out that institutions privilege particular interests. “Instrumental rationality itself is the product of particular historical developments…” (Immergut, 1998, p18) and “… history is marked by accidents of timing and circumstance. These may leave lasting legacies, but such legacies are equally vulnerable to unexpected change.” (Immergut, 1998, p23).\textsuperscript{37}

The problem with historical institutionalism’s emphasis on the unique aspects of each case is that it disguises trans-national and trans-historical commonalities, which in turn reduces the possibilities for combining the

\textsuperscript{35} Moloney (1997) has commented that appealing to the tradition of reform may backfire on National. The earlier reforms were considered socially progressive and improved people’s wellbeing, both absolutely and relatively, but the public may not view the current reforms in the same light.

\textsuperscript{36} For other discussions of historical institutionalism, see Thelen & Steinmo (1992).

\textsuperscript{37} This view of contingency and the efficacy of unintended consequences is similar to Charles Tilly’s (1996).
insights from such research (Immergut, 1998, pp26-27). However, this does not affect its relevance for this thesis, where the uniqueness of a particular case is being investigated.

One of the key proponents of historical institutionalism is Theda Skocpol (for examples see Skocpol 1985, 1992, 1995). Her influential review chapter in Bringing the State Back In (Evans et al, 1985) argued that political sociology paid too much attention to the influence of societal actors, at the expense of state actors. Politicians, officials and their agencies are not merely puppets of interest groups, but act according to their goals and values within prevailing institutional frameworks. Skocpol’s introduction to Protecting Soldiers and Mothers (Skocpol, 1992) placed greater emphasis on societal actors and their interrelationships with central government politicians and officials, but still saw a distinct role for state actors.

This historical institutionalist emphasis on elements of central government as autonomous actors helps explain how state actors were able to unilaterally pursue the restructuring of housing policy in New Zealand. It is also comfortable with the notion that particular institutional arrangements can produce or accommodate weak societal actors, which approaches like pluralism, corporatism and policy networks theory are not.

Another strength of historical institutionalism is its ability to incorporate different types of policy change. Some historical institutionalists make a distinction between ‘normal’ and ‘paradigmatic’ change. Normal change is the process of small, incremental adjustments to policy in response to problems as they arise, based on Charles Lindblom’s (1959) model. Following the work of Thomas Kuhn (1970) on scientific revolutions, paradigmatic change is the significant alteration or overhauling of a complete policy or set of policies, usually in a brief time span.

Peter Hall takes this a step further and describes three orders of cumulative change based on policy settings, instruments and goals (Hall, 1993). Third order change, where policy goals are reassessed and policy instruments and settings modified as a result, relates closely to the notion of paradigm shifts. Hall suggests ideas, interests and institutions all play a role in third order change. Individuals and collectives are expected to advocate policy that suits their interests, while ideas can encourage change or be used as justifications after the

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38 She traversed similar territory in Skocpol & Amenta (1986), adding the importance of policy feedback on future policy and politics (see the next section for Paul Pierson’s (1994) use of this concept in understanding welfare state retrenchment).

39 Skocpol was particularly careful to emphasise that state actors are only part of the story, and adopted the phrase ‘structured polity’ to avoid comparisons with ‘bureaucratic determinism’ (Skocpol, 1992, p41 footnote 90). This followed criticisms that she was encouraging a return to viewing the state as all-powerful (Jordan, 1990).

40 Some writers also tap into the evolutionary biology concept of ‘punctuated equilibrium’. They describe public policy as a process that is in equilibrium most of the time, but occasionally mounting pressure results in sharp breaks or shifts in policy (for a critique of this idea, see Thelen & Steinmo, 1992, p15).

41 Hall (1993, p278) describes “… overarching goals that guide policy in a particular field, the techniques or policy instruments used to attain those goals, and the precise settings of those instruments.”

42 Coleman et al (1997) criticise Hall’s notion of third order change as too revolutionary because it is based on a pluralist view of policymaking. Their study of agricultural policy in three countries shows major change of policy goals is possible in incremental steps within a more corporatist environment of negotiated policy-making. They suggest that Hall’s pluralism is appropriate in the case of macroeconomic policy, because it is higher profile and more likely to be publicly debated than agricultural policy. So even within Coleman et al’s framework, Hall’s analysis would seem to be applicable to the restructuring of housing policy in New Zealand, because like macroeconomic policy, social policy has a high public profile.
Institutions are important because they provide the context for ideas and interests to form, interact, and be replaced. Hall acknowledges that in some cases significant individuals play a key role in producing policy change, but points out that institutions provide the environment that facilitates this process.

This version of neo-institutionalism accepts that institutions generally promote stability, but also allows institutions to play a significant role in change. Whichever combinations of ideas, politics, material interests and other factors drive change, and regardless of whether the change is incremental or paradigmatic, institutions are always involved in the process, both enabling and constraining what is possible. This approach is helpful for understanding the restructuring of New Zealand housing policy this decade, because what had been a typical area of incremental policy change was the subject of a swift and substantial restructuring process. Whether the changes represent a paradigm shift or Hall's third order of policy change is a moot point. Certainly the day-to-day operation of housing policy and the rationale behind it have changed immensely, and the Government may feel confident that the new policy is firmly in place. However, the ongoing resistance by Opposition political parties and voluntary sector housing advocates means the long-term success of these 'reframing' attempts is not guaranteed.

As both Immergut and Hall & Taylor conclude, all three versions of neo-institutionalism have something to offer. However, historical institutionalism offers the best approach to understanding swift and significant policy change (the crux of the changes to New Zealand housing policy) because it is comfortable with non-incremental change and state actors unilaterally driving the restructuring process. Historical institutionalism also addresses the general criticisms of neo-institutionalism by Howlett & Ramesh (1995, pp27-28) noted earlier. It explains the creation of institutions inductively and by the existing context, rather than functionally. It also allows comprehensive pictures to be constructed of each step of specific policy processes, rather than simply claiming institutions are important without showing how.

Organisational institutionalism offers a useful insight with its notion that political action is based on identity and a sense of what is appropriate, so this is combined with the strengths of historical institutionalism throughout this thesis. Having settled on this analytic framework, it is important to consider how well it accounts for the specifics of social policy, and housing in particular. This is the focus of the next two sections.

43 For a detailed discussion of the role of ideas in political change, see various chapters in Hall (1989) and Steinmo et al (1992).
44 Christopher Hood (1994) adopts a similar model to Hall in looking at economic policy reversals. He suggests that most of the existing literature refers to at least one of the following factors: ideas, interests, context, or self-destruction. The first three are external explanations for policy reversal, similar to Hall's model. The fourth is an internal explanation that refers to the inappropriateness of policies or the self-interested behaviour of officials. Hood concludes that in most cases combinations of these factors are involved, rather than a single cause. The presence of all four factors would seem to guarantee policy reversal, while three factors are needed for significant reform in most cases.
45 Hall gives the example of Margaret Thatcher in the United Kingdom, and Roger Douglas could be added in the New Zealand context.
46 See for example Hall's (1992) suggestion that some institutional arrangements encourage policy change.
47 Pierson (1994) also points out that particular institutional arrangements make change possible. Looking at the institutional context helps explain differences between welfare state retrenchment and expansion.
Social Policy

In light of the preceding discussion of neo-institutionalism and its merits for understanding the role of state actors and processes of policy change, this section looks briefly at its applicability to social policy. Specifically, it outlines the work of Paul Pierson on welfare state retrenchment, because he adopts an institutionalist analysis that offers several insights on the restructuring of New Zealand housing policy in the 1990s.

Neo-institutionalism would suggest that all public policy (including social) is shaped by its institutional context, which means continuation, expansion or contraction are all possible. Theda Skocpol's early discussions of social policy using an institutional analysis focus on welfare state creation rather than restructuring (Skocpol & Amenta, 1986; Skocpol, 1992), but a later study discusses both continuity and change in United States health policy (Skocpol, 1996).

When considering spending cuts or the reorganisation of the welfare state, Paul Pierson (1994, 1996a) offers a useful approach to analysing the detail of social policy from a neo-institutionalist perspective. Pierson uses case studies of income support, pensions, and housing policy in the United Kingdom, the United States, Germany and Sweden, to argue that welfare state retrenchment during the 1980s has been less successful than is usually claimed by both supporters and critics. He attributes this to 'policy feedback loops', where any decision or action concerning the welfare state is heavily influenced by the context of existing policies, practices and institutions. Once a policy or process is in place, it usually benefits particular groups of people, who organise to protect their interests if the policy is under threat. While other parts of many economies have been effectively restructured according to monetarist principles, the welfare state in most instances has been protected by its entrenched nature.

Although retrenchment is difficult, Pierson believes it is possible under the right conditions. For social policies to be significantly restructured, central governments need to use blame avoidance tactics effectively. These include: attempting to turn opponents against each other; offering compensation to people disadvantaged by the reforms; lowering the visibility of reforms; and obscuring the lines of responsibility for them (Pierson, 1994, pp19-26). Pierson challenges the widely held view that universal welfare programmes are harder to retrench than targeted programmes because of their middle class support (for example see Goodin & Le Grand, 1987). He points out justifications for cutting back both types of programme, but there are usually more savings possible with the larger universal programmes. So according to Pierson, the success or failure of retrenchment attempts...
depends on the existing institutional arrangements, the policy feedback they produce, and the strength and level of organisation for interest groups in particular policy fields (Pierson, 1994, pp.547-52).

A significant finding of Pierson’s work is that housing was the only area of social policy successfully retrenched in every case, which he attributes to the astute use of blame avoidance tactics by the respective governments. The Thatcher government in the United Kingdom capitalised on a fiscal windfall from North Sea oil and ineffective interest groups through the use of several blame avoidance tactics. One tactic that was both popular and generated revenue was the Right to Buy scheme, where Council tenants were sold their houses at significantly discounted prices. The Reagan administration in the United States took advantage of the decentralised nature of federal politics and attempted systemic rather than programmatic retrenchment. Future reductions in spending on low-income housing were built into successive Budgets, allowing it to lower the visibility of changes in policy (Pierson, 1994, p.75).

Most of the specifics are not applicable to the restructuring of New Zealand housing policy, but Pierson presents relevant examples of successful retrenchment in environments where non-state actors or interest groups are usually quite influential, as well as plausible explanations of how this is possible. This ability to explain processes of both policy change and continuity, regardless of which configuration of state and societal actors is driving the process, is a strength of neo-institutionalist approaches. Pierson’s work also effectively answers the criticism that neo-institutionalism is too vague on particular causes of change.

Most criticisms of Pierson’s work are minor and focus on his selection of countries or policy areas (Dolowitz, 1996; Hega, 1996), or his assessment of the extent of retrenchment (Clayton & Pontusson, 1998). Of more significance is the claim that he only looks at central government programmes and underplays the significant impacts on wealth distribution produced by even small changes in funding (O’Connor, 1995; Gough, 1996). However, all of these criticisms relate to the specifics of Pierson’s argument, while this thesis draws on the strengths of his general approach.

The next section considers the relevance of neo-institutionalism in the specific case of housing policy. Pierson’s approach to analysing welfare state retrenchment is useful at a general level, but his focus is political strategies of retrenchment rather than specific areas of social policy such as housing. Despite finding that housing is more vulnerable to retrenchment efforts than other areas of social policy, he does not give reasons for this (beyond political blame avoidance strategies), or investigate whether there are common factors in different national contexts. The different restructuring processes for housing and other areas of social policy in the New Zealand context is an important element of this thesis, so a consideration of the literature on housing and its part in the welfare state is needed, which the next section provides.

**Housing**

The usefulness of a neo-institutionalist analytic framework for understanding processes of policy change and consolidation has been illustrated in the previous two sections. The final step is to consider how this applies to housing policy, particularly in New Zealand. This section begins with the traditional views of housing and
housing policy, before looking at general reasons for housing's vulnerability to retrenchment and specific factors in the New Zealand context.

**HOUSING STUDIES**

Shelter is an important element in human subsistence, and there has been extensive debate about the place of housing in social relations. Early debates in housing studies revolved around the relative merits of different tenure types, particularly owning and renting (Kemeny, 1981; Cooper, 1985; Ball, 1986; Hayward, 1986); the creation of housing classes based on consumption (Harloe & Lebas, 1981; Saunders, 1984; Forrest, 1987); and the extent to which home ownership encouraged the working class to be politically conservative (Thorns, 1981; Forrest et al, 1990; Saunders, 1990).

During the 1990s these debates have shifted focus, and greater emphasis is placed on connecting housing studies with theories of the state and social policy. Michael Harloe (1995, Chapter 6) argues that theories of social policy are too state-centred and need to take more account of how specific policies like housing operate. From the other direction, Jim Kemeny (1992, p37) argues that housing studies as a discipline takes little notice of debates in political science, social change and welfare theory, and says housing's relationship with other forms of welfare and the wider social structure need to be looked at (Kemeny, 1992, p81). He also believes it is important to recognise the role of the state as an autonomous actor in the housing market, connecting empirical research with theories of power (Kemeny, 1992, p50). Both of these positions are compatible with a neo-institutionalist approach to the state and public policy, in that they advocate looking at the connections between state and societal actors as well as the details of housing policy, rather than general theories that have difficulty explaining variation.

In the New Zealand context, much has been written on housing as an element of social policy (for example see Wilkes & Shirley, 1984; Thorns, 1986; McLeay, 1992; Thorns, 1993; Davidson, 1994; Murphy & Kearns, 1994; Morrison, 1995; Murphy, 1999). International housing literature has also commented on New Zealand's high levels of home-ownership and the central role of housing in a comprehensive welfare state. The most pertinent analysis of housing's part in the political process rather than as an aspect of social policy was given by Elizabeth McLeay (1984) when she compared housing policy in New Zealand and the United Kingdom. Although the details of housing policy relate to a different period and different debates, the reasons given for housing's vulnerability to restructuring are still relevant.

**VULNERABILITY TO RESTRUCTURING**

McLeay (1984) points out that housing not only provides shelter, but is also the largest capital investment for most households. In New Zealand there is a high rate of home ownership, and owner-occupation is widely

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62 This is especially the case when compared with the United Kingdom. Other countries had a range of tenure types, but in the United Kingdom and New Zealand, owning and renting were the main options. Since the 1950s, New Zealand has consistently had over 70 per cent ownership, while the United Kingdom only reached 60 per cent in the mid-1980s (Saunders, 1990, pp14-18).
accepted as the ideal tenure. An unfavourable attitude towards renting and central government intervention in the housing market has made New Zealand housing assistance vulnerable. In countries with a greater range of tenure types, state assistance can take a number of forms, therefore providing less of a challenge to private ownership.

The long-term nature of state investment in housing also means past policies remain influential and innovation is limited. This counts against housing reform in the short term, but a lack of comprehensive planning and an accumulation of policy anomalies make major reform more likely after a longer interval (McLeay, 1984, p85).

The highly centralised process of social policy-making in New Zealand allows direct pressure from a range of interest groups. Critics are able to point out that state housing is used for long periods by a small number of low-income households, limiting future access by other households. In other areas of social policy such as health and education, state assistance is considered a ‘public good’ available to all. This highlights exactly who benefits from housing policy, making it more vulnerable to restructuring attempts (McLeay, 1984, p100).

These points help explain at a general level why New Zealand housing policy was more vulnerable to restructuring attempts than health, education, or most other aspects of social policy, but the specific policy context and institutional arrangements that contributed to the restructuring of the 1990s also need to be considered.

**NEW ZEALAND CASE**

There were political and economic factors in housing policy’s vulnerability to restructuring. Politically, National inherited a policy context of almost constant reform. Housing assistance began to be targeted at low-income households in the 1970s and moved increasingly in this direction during the 1980s. Treasury’s neo-liberal ideas had filtered through the public service, and rental property owners became more politically active following the passing of the Residential Tenancies Act in 1986. National saw little reason to continue consulting the majority of voluntary sector groups involved in housing policy during the 1980s, because they were seen as traditional allies of the Labour party.

Once the changes to housing policy were announced, voluntary sector critics of the restructuring received limited support from the Parliamentary Opposition, because it was unusually small between 1990 and 1993. This meant Opposition parties had to prioritise their activities. In social policy, opposition to changes in health and education had greater public support and media coverage than housing.

There were several reasons for this lack of public support. State tenants were the most visible recipients of housing assistance, but made up only five per cent of all households and had developed a reputation as ‘undeserving’ poor. Young middle-class families who had traditionally benefited from Housing Corporation

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53 In the early years of state rental housing and mortgage assistance, it was seen as an acceptable way of making private ownership more accessible. However, with the greater targeting of housing assistance towards low-income households and a greater emphasis on users paying for services they consume, it has come to be viewed as an unfair advantage for a privileged few.
loans were also silent on the changes to housing policy. This was probably due to the increased availability of mortgage money following financial deregulation in the late 1980s, and the infrequent, one-off nature of the assistance. Health and education services deal with a large number of people at any given time, and often enough that those not directly involved still have some recollection of using the services and a desire to protect their potential future interests.

Beyond the political reasons for the vulnerability of housing policy in New Zealand, the housing market and the state’s role in it provide further explanation. The housing market operates on a long-term time frame, especially when compared with other areas of social policy, so the infrequent use by most consumers helps politicians lower the visibility of changes in state involvement. Housing is also a good ‘consumed’ on an ongoing basis, allowing particular individuals to monopolise state assistance. This is in contrast to other areas of social policy like health and education, which are services used in discrete episodes. This means the beneficiaries of state housing assistance are more easily identified, and if they are considered ‘undeserving’ the programmes will be vulnerable to restructuring.

The major difference between the markets in housing and other areas of social policy is the proportion controlled by the public sector. State rental housing and mortgages are only a small part of their respective markets, whereas the public health system is much more significant, and the state controls a substantial majority of the education sector. The Government’s greater role in health and education means a larger proportion of the population relies on its continued involvement. It also means more staff are employed by the state in those areas, who have high status and are well organised to protect their interests.

These specifics of the New Zealand context help explain why housing was more vulnerable to restructuring attempts than most other areas of social policy. They are also indicative of the neo-institutionalist analysis adopted in this thesis. In light of the analytic framework discussed over the last three sections, the following section outlines the methodology used in this thesis and reflects on the research process.

54 The ownership and management of the health and education sectors may have been restructured over the last decade, but the state remains responsible for the bulk of their funding, which has never been the case in housing.

55 An interesting question in connection with Pierson’s findings (1994, 1996a) is why housing should be so vulnerable in different national policy contexts, but that is beyond the scope of this thesis.
Methodology

Keeping in mind the analytic framework outlined in previous sections, this section looks at the rationale for choosing particular research strategies and how the research process unfolded. After considering the research methods adopted, the section continues with a discussion of my work experience in the housing policy field. This contributed to my ambiguous status as both researcher and voluntary sector housing advocate during the interviewing phase of the research. The section then outlines how interview participants were selected and interviews conducted, before looking at the collection of documentary evidence and how all this information was incorporated within the analytic framework.

Broadly speaking, this thesis views the process of restructuring New Zealand housing policy during the 1990s as one case of welfare state restructuring. A sufficiently detailed institutional analysis of this case allows future comparison with similar cases and a clearer understanding of the institutional arrangements that affect social policy and the process of policy change. Charles Ragin (1994, p102) suggests that when studying a single case, each piece of information or evidence is like a separate case in the process of analytic induction. In other words, an initial hypothesis or understanding of events is formed, which is then tested against each new piece of evidence. If there is disagreement between the hypothesis and the evidence, the hypothesis is modified or the criteria redefined so particular pieces of evidence are no longer relevant to the case. Ragin also points out that a single case can be interpreted within many different analytic frames. Evidence that supports a particular hypothesis within the chosen analytic frame may be less supportive of other hypotheses or different analytical perspectives.

This thesis adopts a neo-institutionalist approach as the analytic frame for attempting to understand the process of housing policy restructuring. Based on this commitment to an institutionalist analysis, the analytic induction model of research, and the research questions posed at the beginning of this project, the next step was to choose an appropriate research strategy. I was already familiar with many aspects of the housing policy field after five years working as co-ordinator of the Christchurch Housing Network (an umbrella group for voluntary sector community workers interested in housing policy issues), so to supplement my existing knowledge base I decided to conduct interviews with key informants. This was expected to provide insights about the workings of the housing policy field from actors with different institutional positions and perspectives. In addition, some documentary research was carried out to confirm details of information gained through the two main sources, and fill in specific gaps.

56 As a student of sociology I have found the work of Howard Becker and Charles Ragin (in particular Becker, 1998; Ragin, 1994; Ragin & Becker, 1992) helpful in clarifying my goals and strategies in conducting research. This applies especially to my understanding of the link between ideas and evidence, what makes something a 'case' suitable for study, and the basic logical similarities between qualitative and quantitative research methods rather than the differences so often emphasised in methodological literature.


58 Ragin (1994) suggests social researchers are particularly interested in studying cases where it is possible to compare the interconnection of ideas expressed through different analytic frames.

59 As regional co-ordinator I was also involved in the work of the national body, the NZHN. See Chapter Six for a discussion of the NZHN's role in housing policy.
The use of more than one research method to better understand events or social processes is one aspect of what Norman Denzin (1970, cited in MacDonald & Tipton, 1993, p199) calls 'triangulation'. In the contested political arena of housing policy, each actor's version of events needs to be checked against the accounts given by other actors, as well as other sources of information about the field. At the very least, more than simply my personal experience of the restructuring process is required.

**WORK EXPERIENCE**

By personal experience, I mean five years working as co-ordinator of the Christchurch Housing Network between 1992 and 1996. This organisation is part of a national network of community groups interested in housing policy, whose main aim is to promote adequate, appropriate, and affordable shelter for everyone in New Zealand. The Housing Network has been consistently opposed to the underlying philosophy of the housing reforms and would prefer to see greater government intervention in the housing market.

Working with the Housing Network has provided me with extensive knowledge of the details of housing policy and particular events during the implementation process. It has also given me insight into the attitudes and motivations behind public rhetoric about the restructuring of housing policy. This information is clearest and most detailed for NGOs opposed to the restructuring of housing policy, but in a limited form it also extends to politicians, central government agencies, local authorities and NGOs in support of the policy changes.

Part of my motivation for undertaking this research has been first hand experience of the financial hardship faced by many households, seemingly as a result of the changes to housing policy, and frustration over a perceived lack of responsiveness from politicians and bureaucrats. Having said that, my main focus in this thesis has not been to evaluate the outcomes or impacts of the new policy, but rather to investigate the process of social policy restructuring in a particular case.

This work experience does not fit neatly into a single methodological category, and is best viewed as a combination of insider research, autobiography and personal experience. There are obvious elements of insider research in this work experience, because I was employed in the field I was later to research. However, I was not

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60 MacDonald & Tipton (1993, p199) outline four types of triangulation described by Denzin: data, investigator, theory and methodological. Methodological triangulation is further divided into 'within-method' and 'between-method' triangulations, the latter being the most common use of the term triangulation. In this research, interviewing a number of key actors is a case of data triangulation, while the use of multiple research strategies is an example of between-method triangulation. Ragin (1994, p99) points out that triangulation was originally a navigation technique sailors used to determine their position, based on observations to objects whose position was already known, most commonly stars. This analogy fits well with the methodological triangulation of the housing policy field, but suggests a view of housing policy as a single entity unrelated to the outside world, in need of precise definition. Triangulation is used in a slightly different sense in surveying, offering an analogy that better recognises the networks of inter-relationship. In surveying, triangulation is used as a noun to refer to the network of triangles underlying the cadastral system and measuring the physical dimensions of land. Used as a verb, triangulation is the process of establishing this network of triangles by observing the angles between distant 'trig' stations and using the length of a carefully measured baseline to calculate the position of each trig station. This approach is used because, on such a large scale, the measurement of angles is far more accurate than the measurement of distances. This image of using a network of interconnected observations to construct an overall picture of the terrain seems more appropriate for describing social processes, and provides a clearer analogy for the process of data triangulation used in interviewing key informants.

61 For details see Chapter Six.
consciously engaged in researching housing policy at the time, so most of the ethical and practical issues relating to fieldwork for insider research remained submerged and could only be considered or potentially addressed after the fact. It is true that I have not completely cut my ties with voluntary sector housing groups, that the work experience is relatively recent, and that there is nothing preventing me becoming directly involved again. However, it is still the case that the work experience I am drawing on for this research was not consciously undertaken with that purpose in mind. This contrasts with the standard accounts of insider research (see for example Lawler, 1991; Fielding, 1993; Pierce, 1995) where the researcher either entered a new field and tried to become part of the 'in-crowd', or had already worked in a particular field or occupation, then developed an interest in researching some aspect of that field before returning to (or continuing in) the field: this time with a conscious focus on participant observation. Based on these accounts, insider research appears to be a label applied to fieldwork deliberately undertaken, rather than remembered experiences.

Similarly, there are some elements of autobiography in my use of remembered work experience, but the main reason for using those memories is to account for other people’s actions and perceptions rather than my own. While this approximates Liz Stanley’s notion of the ‘auto/biographical I’, where writing about the experiences of another inherently contains stories of the self (Stanley, 1992), my work experience and this account of it are hardly as reflexive or emancipatory as envisaged by feminist writings on autobiography (for example see Steedman, 1992; Smith & Watson, 1992).

Despite my use of remembered work experience not fitting exactly the notions of insider research or autobiography, personal experience is acknowledged as a valid source of information for social researchers. Anselm Strauss (1987, p11) encourages researchers to make critical use of their own experience when analysing gathered information, although in a more supplementary sense than used in this research. The voice of experience is also becoming more acceptable in academic circles as ‘expert’ in its field, so for example sex workers with a feminist analysis are viewed as an authoritative voice (Nagle, 1997). But this is not directly applicable to my case either, because I directly experienced only part of what I am trying to describe.

In their discussion of personal experience methods, Clandinin & Connelly (1994) offer the most promising guide to understanding my work with the Housing Network. Like Stanley (1992), they point out that researchers shape how information is presented, so the researchers’ own experience is necessarily involved. In addition, all social research begins with someone’s experience, so the crucial issue is how that experience is interpreted and then presented for ‘consumption’. At least if researchers are drawing on their own experience, issues of interpretation and presentation are brought more clearly into focus. Finally, Clandinin & Connelly suggest that criticisms of personal experience as an inappropriate or unreliable basis for ‘hard data’ are grounded in debates about epistemology that are unlikely to be resolved in the foreseeable future. There are good reasons for believing direct personal experience is as valid as information gathered about other people’s experiences.

As well as problems categorising my work experience as a research method, there are practical problems with using memory as the basis of evidence. These include a possible lack of reliability and informed consent for participants. Beyond the issue of the validity of personal experience discussed in the previous paragraph, the length of time elapsed calls into question the use of memory, especially when I (as the researcher) have been raised in a setting that did not emphasise oral history. This is the main reason for using other sources of
information to confirm remembered details. The lack of informed consent from participants is overcome to some extent by only discussing specific individuals (or events that could be linked to them) when they have been formally interviewed or hold public office. Despite these attempts to address particular problems, the broader issue of when it is appropriate for personal experience to become research data (both in the sense of 'after what period of time' and 'in which particular cases') is a thorny one, well beyond the scope of this thesis to resolve.

**INTERVIEWS**

The other major source of information for this research was thirty interviews with key informants in the housing policy field. Much of the significant information in studying dynamic institutional configurations is considered informal, so interviews were a useful way of probing for greater detail and particular perspectives, especially when compared with survey approaches. In conducting the interviews, the concept of 'insider research' became directly relevant, because most of the people I interviewed were well aware of my background in the voluntary sector as a housing advocate. The implications of this are discussed, before looking at how participants were selected and interviews conducted.

**Insider Research**

At a general level, the concept of insider research is highly problematic, an issue extensively discussed in the methodological literature. As early as 1972, Robert Merton (cited in Pierce, 1995, p192) talked about the futility of making a sharp distinction between insider and outsider research based on whether or not the researcher shared the same values and cultural standpoint as the people being researched. Patricia Hill Collins (1986) further muddied the waters with her concept of the 'outsider within', an individual not considered a member of a particular community but privy to intimate details of their lives because of regular close contact. This highlights the flexible and indeterminate nature of someone's status as an insider or outsider, which is further explored by Jennifer Pierce (1995, Appendix One). Relating her own experience of participant observation, Pierce talks about her multiple roles as a female graduate student, a female paralegal, and a white woman. In different situations these roles contributed to other people positioning her as an insider, outsider, or outsider within. She concludes that no social researcher is simply an insider or an outsider, that the distinction is a false dichotomy (Pierce, 1995, p193).

Despite these problems with the concept of insider research, several of the qualities attributed to it are relevant to these interviews. One benefit of insider research is that access may be gained to actors or details of a situation that are not available elsewhere. The researcher is also more aware of relevant documents and research done in the field, and has a better understanding of meanings given to the language and concepts used by participants and commentators. On the down side, it may be difficult for the researcher to see the broader picture, because s/he is too immersed in the details. This may also lead to accusations of bias and the loss of status as a researcher, if roles become confused in various settings.

In this case, it is clear that my dual role as researcher and housing worker had the potential to affect who I could access for interviews and what they would be prepared to say. I was confident of gaining access to voluntary sector groups through my personal networks and expected the interviews to go relatively smoothly. However, I
was concerned that politicians and officials might view me with suspicion, making interviews difficult. Enough people in Wellington were aware of my connections with the Housing Network, and some politicians or officials may have seen me as an activist rather than a researcher. I even considered the possibility of relying on secondary sources of information if politicians or officials proved too guarded in interviews. However, apart from one or two interviews, this was not the case, and gaining access to Cabinet Ministers and senior officials gave me useful insights into a greater range of perspectives on the restructuring of housing policy. The advantages of being an ‘insider’ to one sector of the housing policy field have made this research more comprehensive, while my dual role as housing worker and researcher appears to have had few negative consequences.

Selecting Participants

To get reasonable coverage of different perspectives within the housing policy field, interviews with representatives of several sectors were planned. These sectors were Government politicians, Opposition politicians, relevant Government agencies, local authority politicians, non-government organisations that supported the new policy, and non-government organisations that opposed it. Specific individuals to interview were selected on the basis of the institutional positions they held.

With my personal experience of the field I was able to select most of the participants myself, because I was familiar with the key institutional positions and the people who had occupied them. However, in some cases I had to ask others who had closer contacts with the particular institutions. For example, I asked the Christchurch City Councillor I interviewed which Councillors to approach in Auckland and Wellington, and that advice was confirmed by other sources in those cities.

For Government politicians, I decided to approach the two Ministers of Housing since 1990, because they were intimately familiar with the details of housing policy and the Government’s reasoning throughout the restructuring process. The Opposition politicians chosen were the longest-serving Labour and Alliance spokespersons on housing during the 1990s, who had experience of dealing with both the Government and voluntary sector opponents.

The Ministry of Housing, the Social Policy Agency of the Department of Social Welfare, the Treasury, and Housing New Zealand were the central government agencies chosen, and the numbers interviewed (four, two, one, and two respectively) reflect the level of involvement by the different agencies in the restructuring process. Some of the Ministry of Housing officials had also worked for the Housing Corporation and were able to give some insights on that agency’s role at the beginning of the restructuring process. Two of the Ministry of Housing officials and both the Housing New Zealand staff had recently left their respective agencies. In the case of the Ministry staff this was not a factor in choosing them, but with Housing New Zealand it seemed a necessary tactic. Housing New Zealand was highly sensitive about its public image and I had been referred to the Communications Manager based in Wellington on several occasions previously (although not in my capacity as a researcher) because staff were not authorised to discuss the issues in question. I decided to circumvent the formal process for accessing Housing New Zealand staff, because I considered it too time-consuming and likely to be unproductive. Instead, I approached two Housing New Zealand staff I had previously made contact with,
who would be able to talk freely because they had recently left the organisation. They had occupied quite different positions within the agency, so their perspectives varied, but further interviews with Housing New Zealand staff or senior management would have improved the research.

The choice of particular local authorities to use as case studies is outlined in Chapter Five, but having settled on those, it was necessary to select specific people to interview. I decided that politicians would be less reticent than senior officials when commenting on the rationale behind each local authority’s role in housing. Based on local knowledge of the Christchurch City Council, I approached a long-serving Councillor who had chaired the committee that dealt with housing during the 1990s. He was able to suggest possible contacts on the Auckland and Wellington City Councils, and the Palmerston North City Councillor I interviewed was an acquaintance through the NZHN. As it happened, all the Councillors I interviewed were in favour of retaining existing Council housing, but they were still able to give a clear idea of the opposing views, because except for the Christchurch City Councillor, they were all in the minority on their Councils.

I only interviewed three people from NGOs that broadly supported the restructuring of housing policy: two from the New Zealand Property Investors’ Federation and one from the Real Estate Institute of New Zealand. There were three reasons for this small number. Firstly, there is limited evidence of public statements or activity by these groups since 1991, probably because they were in favour of the general direction of housing policy. Secondly, I had stronger personal connections with (and better access to) voluntary sector groups opposed to the new policy. Thirdly, the time and space constraints of an MA thesis meant I could not consider everything in detail, and this was one area that suffered. Due to the small number of interviews, information from other sources is used to discuss the other groups in the section on NGOs in support. All three people interviewed were selected because they had been national officeholders in their organisations at some stage during the 1990s.

When it came to selecting NGOs that opposed the restructuring of housing policy, there was no shortage of possible participants. I had a comprehensive working knowledge of the actors in the field and felt confident that access would not be a problem. This made it important to establish criteria for selecting who to interview. Firstly, I wanted to cover the range of responses to the changes in housing policy. SHAC, NZHN and NZCCSS were chosen to represent the spectrum from ‘activist’ at one end, to working with the new policy framework for the benefit of low-income households at the other. At least one person from each organisation was interviewed. Secondly, I wanted a wide geographic spread because local conditions heavily influenced perceptions of what

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62 The views of the Business Roundtable are relatively well documented because it made public comments about a wide range of economic and social policy. This in turn prompted responses from people opposed to its views, which added to the media coverage. The Roundtable also wrote and published reports that acted as formal position papers on most policies it commented on, leaving more documentary evidence. In addition, the media did not consider housing policy as significant as health, education or economic policy, so they paid less attention to comments by groups whose main focus was housing, such as the construction industry, real estate agents and even the Property Investors’ Federation. This gave critics little opportunity or need to respond, which further minimised the media coverage. (The Property Investors’ Federation probably received slightly more media coverage than the other groups mentioned because it was prepared to make strong statements. However, the main reason for more information on the Property Investors’ Federation in this thesis is interviews with two officeholders.)
constituted a problem, and the responses that were possible. At least two housing workers from each of Auckland, Palmerston North, Wellington and Christchurch were interviewed.

**Interview Process**

Once selected, potential interviewees were approached. All agreed to participate, or referred the request to a more appropriate person (in four cases). Most interviews were arranged by letter, with follow-up emails or phone calls as appropriate, although some of the voluntary sector interviews were arranged and carried out on a less formal basis. In five further cases the interviews were impromptu, when opportunities presented themselves to get a fuller picture of particular perspectives. This process eventually resulted in thirty interviews being conducted, and a complete list of people interviewed with their affiliations is contained in an appendix. The only differences from the original plan were light representation from NGOs supporting the new policy and over-representation from NGOs opposed.

Once most people had agreed to participate, the process of interviewing began. After three interviews in Christchurch to familiarise myself with practical aspects of the process, the majority of interviews were conducted in person during a week-long trip to Wellington and Palmerston North in July 1997. In Wellington I interviewed MPs, government officials and a City Councillor. A conference in Palmerston North the same week gave me access to several housing workers from different parts of the country. For the people I could not talk to that week who were based outside Christchurch, interviews were done by phone using cheap toll rates at evenings and weekends.

Interviews were unstructured, in the sense that specific sets of questions were designed for each participant, to get at the details of their particular experience. In addition, most questions were general and open-ended, to encourage participants to tell their own stories and highlight the issues they considered important. Typically, the questions probed relationships with other actors in the housing policy field and perceptions of how the restructuring process unfolded. The length of interviews ranged from 30 to 90 minutes, with the majority taking about an hour. Most interviews were recorded on a cassette tape (once permission had been granted) and supplemented by fieldnotes. If no recording was made, more detailed fieldnotes were taken and written up soon after the interview. This happened for practical reasons on a few occasions, and with two politicians I decided not to ask for permission to record the interview because I thought it might limit the information given. In two other cases, senior officials were hesitant about being recorded but eventually agreed, and appeared to relax once the interview was underway.

Generally, people let me direct the interview, but some suggested more appropriate lines of inquiry in response to questions they found unclear. Some interviews were unplanned, usually because I was referred by someone else, but were still quite useful. On the other hand, some of the planned interviews were not as helpful as expected. The order in which I conducted interviews affected the questions asked in the latter stages, because as

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63 It would also have been interesting to interview representatives from the finance sector, the construction industry, the Business Roundtable and Chambers of Commerce.
information was gathered my view of the situation altered. In some cases I was interviewing people I had known over a period of time, and it was interesting to compare their changing views.

**DOCUMENTARY RESEARCH**

Personal experience of the housing policy field and interviews with key informants were my main sources of information, but I also conducted a small amount of documentary research to confirm and supplement particular aspects. The bulk of the documents were newspaper articles from 1990 to 1997, accessed through the newspaper index (NINX) on the New Zealand Bibliographic Network (NZBN or KiwiNet). This database allows subject searches, and gives an abstract as well as publication details for each article. In addition to providing a check on my recollection of events and information offered in interviews, referring to newspaper articles was a useful prompt in some interviews because it drew out the participant’s interpretation of particular events. From 1997 onwards I directly accessed media releases from the major New Zealand political parties through an internet website called Newsroom (http://www.newsroom.co.nz). This proved a useful way of updating the material from interviews, because it gave the official positions of a range of politicians on issues that received minimal public exposure.

In addition to the media material, some official papers were requested from central government agencies. Official documents have the potential to throw light on the institutional context, the type of advice the Government received, and specific pressures that affected implementation of the new policy. However, after early frustrations I decided to rely on interviews with officials rather than request more papers. During 1996, as part of an earlier project, I requested official documents from the Ministry of Housing, Housing New Zealand, the Department of Social Welfare, and Treasury. My initial request was too broad and most agencies referred me to the Ministry of Housing or Treasury. By the time I made a more specific request, a general election was only a few months away. Initial co-operation gave way to formal responses from senior officials, which delayed the process considerably. I did eventually receive some documents of interest, but future requests would require a clear idea of the material sought and plenty of time to spare.

**ANALYSIS**

The process of analysis began well before the interviews were complete. As a result of my existing knowledge base, and in line with the analytic induction approach outlined at the beginning of this section, the analysis of gathered information was an ongoing and non-linear process. Each new piece of information added to my knowledge base and affected how I approached the next interview or piece of information. I regularly returned to concepts or interpretations that had earlier been discarded if new information warranted it.

Once the interviews were transcribed, the sheer amount of material meant the information had to be organised in some manner. There was no formal coding of the transcripts, but information from each interview was incorporated into a coherent description of events, actions and rationales. Themes were extracted from this account, which could be issues, events, or institutional constraints and possibilities that affected more than one actor, not necessarily in the same manner. These themes were then considered in light of the neo-institutionalist...
framework adopted in this thesis, to see what they revealed about: the strategies employed by different actors; the rationales given publicly and informally for those strategies; the interactions between actors; and how the combination of these reflected ongoing institutional possibilities and constraints, power relationships, and the restructuring of central government institutions in the housing policy field.

Conclusion

The restructuring of New Zealand housing policy during the 1990s represents a major change in the state’s role in the housing market. All prior forms of state housing assistance were replaced by a single income support programme, and the central government agencies dealing with housing were reorganised. These changes to the formal institutional arrangements of housing policy required only minor modifications during the implementation process.

The Government changed its justification for intervening in the housing market, by shifting from the direct provision of assistance-in-kind to income support measures. These were intended to enable everyone to participate fully in the housing market. However, non-state actors resisted this attempted reframing of the housing policy field by the Government. Most of their efforts were ineffective because the New Zealand political system concentrates power in the hands of Cabinet Ministers, but they continued to contest the dominant paradigm. For this reason, no matter how significant or effective the restructuring process, it did not constitute a paradigm shift, because actors in the housing policy field did not agree on some of the fundamental concepts.

The state unilaterally drove the restructuring of housing policy, which was relatively successful when compared with similar attempts in other areas of social policy. The key role of state actors and the uneven outcomes of social policy restructuring efforts across housing, health, education and income support mean that traditional views of the state, social policy and housing are too general to adequately explain the restructuring process.

Combining historical and organisational versions of neo-institutionalism provides a meso-level analysis that offers a more fruitful approach. For example, it can account for the dominance of state actors in one country or policy field without necessarily dominating others. It can also accommodate both incremental and abrupt policy change, even within the same field. Similarly, the reasons for housing’s vulnerability to restructuring compared with other areas of social policy become clearer when considering the institutional arrangements of each policy field and how they change over time. The political environment encouraged change generally, and the state’s role in the housing market was minor compared with health and education.

The rest of the thesis uses this neo-institutionalist perspective to expand on the arguments made in this chapter. The following four substantive chapters investigate the restructuring process for New Zealand housing policy this decade by outlining the experiences of various actors involved in the process. Each chapter considers the relevant institutions that influenced the actors’ decisions and actions.
Introduction

The main focus of this thesis is investigating the process of restructuring New Zealand housing policy during the 1990s. This is the first of four substantive chapters describing the roles of different actors in the restructuring process, which are intended to support and develop the analysis put forward in Chapter Two. This chapter focuses on central government politicians, both Government and Opposition MPs, while the following three chapters look at central government agencies, local authorities and non-governmental organisations (NGOs).

When looking at the role of central government politicians, there are several key issues to consider: how and why the restructuring of housing policy came about at this particular time; what strategies were used to facilitate the implementation process; and which factors made housing more vulnerable than other areas of social policy.

Central government can be viewed as a site of conflict and negotiation over what constitutes the most appropriate policy and the best method of implementation. This makes it important to look at the experiences of politicians in particular institutional positions during the restructuring of housing policy. One of the most significant roles was played by the Minister of Housing, who made most of the final decisions on matters of housing policy. However, the position was subject to various influences within the apparatus of central government. The Cabinet policy of collective decision-making constrained the Minister's actions, and pressure was brought to bear by back-bench Government MPs, Opposition MPs, and senior officials from government departments or agencies.

John Luxton and Murray McCully were the Ministers of Housing between the 1990 Election and the August 1998 Cabinet reshuffle, and this chapter focuses on their experiences.¹ This serves to illustrate the official Government view of the changes in housing policy, as well as showing the impact different individuals can have.

¹ The Cabinet reshuffle on August 31st 1998 saw the demise of the title "Minister of Housing", and responsibility for housing assistance split between Murray McCully (Minister Responsible for Housing New Zealand and the Housing Corporation) and Roger Sowry (Minister of Social Services, Work and Income). This further emphasised the distinction between income support and direct provision of assistance.
in an influential position. From a neo-institutionalist perspective, individuals may play an important role but always within a context provided by the institutional framework. In this case, New Zealand's highly centralised political system gave a lot of power to Cabinet Ministers, and the Minister of Housing played a central role in the institutional relationships that affected housing policy. With a different institutional arrangement, a neo-institutionalist analysis would focus on positions other than the Minister of Housing.

This chapter argues that, from the Government's point of view, the restructuring of housing policy went relatively smoothly and achieved most of its original aims, especially when compared with other areas of social policy. However, this did not mean a complete withdrawal of state housing assistance, and the implementation process produced a different institutional framework from that intended by the Government. This chapter presents an account of how this situation arose.

Following the 1990 Election, National inherited what it perceived as a fiscal crisis and saw the core problem as macro-economic. Reducing state spending was chosen as the best solution, rather than raising taxes. However, simply making cuts to general expenditure was not sufficient, because these could easily be reversed under political pressure or by a future Government. Instead, it was considered necessary to restructure the basis of state spending in several areas, including aspects of social policy.

To a certain extent, this fits Paul Pierson's (1994) model of welfare state retrenchment. It is a clear example of systemic retrenchment, where future funding is reduced through institutional change. In housing policy, the modification of political institutions weakened supporters of the existing policy and made it easier to limit future spending. In addition, it was not necessary for the Government to greatly alter public opinion. The restructuring process is less clearly an example of programmatic retrenchment, where direct spending cuts are made to particular programmes. The Government was careful to present the changes in housing policy as not affecting the level of state spending, or 'fiscally neutral'. On the other hand, the restructuring process did represent immediate and substantial institutional change rather than simply future clawbacks. Pierson suggests that systemic retrenchment is likely to be the more successful approach in dispersed political systems like the United States. Programmatic retrenchment is more easily achievable in centralised political systems like the United Kingdom, although politicians are also more obviously responsible for changes in policy, so are limited by their ability to deflect blame. In the case of New Zealand housing policy, a Government in a highly centralised political system was relatively successful in its attempts at systemic retrenchment, combined with some elements

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2 In an interview, one official offered an analysis of the key decision-makers behind the housing reforms, most of which was confirmed by comments from other officials and politicians. As the official saw it, Jim Gerard was National's spokesperson on housing prior to the 1990 election, but Murray Coppen who worked for the Building Societies Association had a major input to the housing policy in National's manifesto. Following the election neither of them had much influence on political decisions, and John Luxton became the Minister of Housing. Luxton was new to the whole area and dry economically, but cautious about how to approach this new responsibility. Ruth Richardson was keen on the restructuring of housing policy as part of a broader programme of change in social policy, while Jim Bolger was naturally cautious. Jenny Shipley as Minister of Social Welfare supported the changes in housing because the Accommodation Supplement increased the assistance for individual Accommodation Benefit recipients and Vote: Social Welfare. She was also keen to offset the negative impact of benefit cuts announced at the same time.

3 Most work on public policy, especially implementation, addresses the issue of unintended consequences (for example, see Mazmanian & Sabatier, 1983; Pressman & Wildavsky, 1984; Goggin et al, 1990; Marsh & Rhodes, 1992; Hill, 1993). On a more general level, Charles Tilly (1996) builds on earlier work on unintended consequences to suggest that seemingly chaotic processes can still produce an orderly social environment. This is useful when considering political action, because in most cases the outcome cannot be predicted with any degree of certainty, but there still appears to be a coherent body of public policy.
of programmatic retrenchment. This approach is not directly addressed by Pierson’s model, although the possibility is not excluded.

The problem for the Government was how to achieve the restructuring of social spending without creating unacceptable levels of poverty. The answer it came up with was a welfare ‘safety-net’ based on income supplements that would, it argued, allow effective relief of poverty while maintaining work incentives and cutting costs. This was the intention of social policy changes announced in the 1991 Budget. However, most of the reforms came unstuck one way or another, and aspects that were relatively successful ended up creating new anomalies rather than solving old ones. This in turn meant implementation processes had to be modified as the context changed.

Throughout the implementation process for the restructuring of housing policy, the Government gradually reintroduced a variety of minimal direct interventions in the housing market. This reflected a tacit acceptance that income support programmes were not enough on their own, or even the most efficient way to address all types of housing need. This was not a complete shift away from income support as the basis of housing assistance, merely an acknowledgement that other approaches were necessary. It could be viewed as a deficiency in the changes to housing policy, or an appropriate culmination to the process of restructuring state spending on housing assistance.

Opposition MPs, particularly spokespersons on housing, also played a significant role in the implementation of changes to New Zealand housing policy during the 1990s. The major Opposition parties were strongly opposed to both the philosophy and details of the new policy for most of this period. They used formal and informal channels as much as possible to challenge housing policy. Formal activities included speeches and questions in Parliament, sitting on Select Committees, and putting out media releases. Informally, many Opposition MPs cultivated mutually supportive links with church and voluntary sector groups who opposed the housing policy. Despite a high level of activity by Opposition MPs, and occasionally featuring in the news media, housing never became a key issue in national politics. This chapter outlines the efforts of Labour and the Alliance, and how the Government deflected these, to contribute to an explanation of housing policy’s marginal status.

Following the 1996 Election, the Government made only minor changes to housing policy, and Opposition MPs made little headway. This was partly due to the implementation process being nearly complete by 1996 and the new MMP environment. The main reason was probably the high level of blame diffusion achieved through a combination of successful responses by the Government to public criticism and the exigencies of Opposition politics.

4 The main Opposition parties during this period were Labour, the Alliance, and to a lesser extent New Zealand First. Other minor parties, established before and after the first MMP election in 1996, had little impact on the formation and implementation of housing policy.

5 It is important to remember that factors beyond the political realm also played a part. Any comparison with the United Kingdom or the United States must acknowledge the different role of public housing in these contexts, meaning the amount and type of blame diffusion will necessarily be different in New Zealand from that suggested by Pierson (1994, 1996a).
The chapter begins with a brief outline of the involvement of central government politicians in housing policy immediately prior to, and including, the 1991 Budget. It then looks at John Luxton's experiences as Minister of Housing between 1990 and 1993, and how the Labour Party responded. Murray McCully’s role as Minister 1993-1998 is considered next, followed by the Alliance, which was more active during this period.

Background

This section outlines the significant political events and policy processes that helped shape the institutional context of New Zealand housing policy in the 1990s, in order to set the scene for the key actors discussed in the rest of this chapter.

1980s

The fourth Labour Government from 1984 to 1990 undertook major reforms in most areas of economic and social policy, but not housing. Although housing assistance was becoming more targeted at low-income households (McLeay, 1992, p169), most of the existing programmes remained intact and several new ones were introduced. There were two major reasons for this: the Labour Party’s close ties with state housing and Roger Douglas’ loss of influence following the 1987 election.

The Labour party has a long association with state housing, beginning with the first Labour Government who undertook a large-scale building programme in the 1930s and 40s. Each term in office since then has seen a continuing emphasis on the direct provision of housing. This meant that the idea of moving to cash subsidies or housing vouchers was never really acted on by the fourth Labour Government when it was raised periodically during the 1980s. Some Labour politicians such as Roger Douglas and Phil Goff may have favoured a change in that direction, but Helen Clark became Minister of Housing following the 1987 election and successfully defended the status quo as well as introducing new initiatives. Many MPs in the fourth Labour government still saw housing as central to their social policy programme and resisted Treasury advice to restructure it (McLeay, 1992, p173). Introducing major changes in economic policy was one thing, but too much tampering with health, education, housing, welfare, or industrial relations would alienate many of their traditional voters.

As Minister of Finance, Roger Douglas successfully promoted economic reforms during the first term of the fourth Labour Government, and sought to apply his ‘free market’ ideas to social policy in the second term. His original December 1987 economic package included health and housing reforms, along with the flat tax rate proposal that was publicly announced (Baysting et al, 1993, pp86-88). Helen Clark’s replacement of Phil Goff as Minister of Housing following the 1987 election was an attempt by David Lange to block the new right direction

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6 Phil Goff was Minister of Housing 1984-1987.
7 Roger Douglas had already been Minister of Housing in 1974-75. He discouraged using the state house building programme as a tool of economic policy and began a process of reducing government intervention in the housing market.
8 The proposed housing reforms included selling three quarters of the state houses and giving the rest to social service agencies.
of Douglas and his supporters. She and many others in Cabinet objected to the package, and it was only accepted in a modified form, without the health and housing reforms.\(^9\)

Helen Clark carried on as Minister of Housing, doing much to defend the Housing Corporation from its critics. She oversaw an improvement in its management structures, greater targeting of assistance, and renewed state house construction. She also implemented several new schemes, including kaumatua housing, co-operative housing schemes, and extending the Accommodation Benefit. She was supported in this defence by voluntary sector housing workers, many of whom had close ties with the Labour Party. During Helen Clark’s time as Minister of Housing, Treasury’s proposals to restructure housing assistance had insufficient Cabinet support to go any further.

**1990 Election**

The National Party was in Opposition for the second half of the 1980s, and during this time changes to housing assistance did not feature prominently in its policy platform. The rhetoric of National’s manifesto for the 1987 election reflected Treasury’s 1984 briefing papers, although it stopped short of adopting a detailed cash subsidy policy in housing. The published manifesto for the 1990 election said little about housing and contained no mention of an Accommodation Supplement (New Zealand National Party, 1990). However, Jim Gerard addressed the New Zealand Property Investors’ Federation annual conference in August 1990 as the National Party spokesperson on housing, and suggested a voucher system that would provide government assistance to private sector renters as well as Housing Corporation tenants.\(^10\)

On October 14th 1990 the Opposition Leader Jim Bolger announced the official National Party housing policy, which saw the main issues as: high real interest rates; a mismatch of housing supply and demand; long waiting lists for state housing in some areas but not others; some state tenants no longer as ‘needy’ as those on the waiting list; and a lack of choice for renters and home buyers (Gerard, 1990). To make more efficient use of state and private rental housing, which it considered the best way to address these issues, National promised to: simplify building codes;\(^11\) restructure the Housing Corporation into separate divisions for renting and lending; provide an Accommodation Supplement to give greater choice to renters and home buyers; and provide mortgage guarantees up to 90 per cent of the purchase price through the Housing Corporation to encourage private sector lending. The words ‘choice’ and ‘fair’ were used several times in the policy document, and the concept of efficiency was emphasised without using the actual word. While most of the major changes to come

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\(^9\) Soon after this, Lange publicly distanced himself from Douglas’ economic policy. The flat tax proposal was never implemented and the proposed reforms of health and housing never publicly announced (Baysting et al, 1993, p88).

\(^10\) Another National MP, Roger McLay, also alluded to the possible introduction of a cash subsidy at the same conference (Estate, Summer 1990/91, p32). Gerard responded to criticism of his speech by emphasising that a shift to cash subsidies was being proposed, not a major sell-off of state housing. He said there would always be a need for the Housing Corporation, but carefully avoided saying how large the housing stock should be and what level of services National would fund.

\(^11\) Building codes were simplified to some extent through the Building Act (1991), but National and New Zealand First backbench MPs continue to blame high housing costs on red tape in the building consent process, and promise action (Public meeting, Christchurch, November 1997).
were heralded in this announcement, the impression given was essentially of incremental change building on past policies.

**ECONOMIC AND SOCIAL INITIATIVE**

Following the 1990 election, the new National Government faced what it considered was a fiscal crisis, due mainly to a major budget deficit (Dalziel, 1992, p24; Richardson, 1995, p79). This perception of fiscal crisis allowed Minister of Finance Ruth Richardson to effectively promote her free market economic and social policies. The dominance of these policies was further enhanced when a report requested by Prime Minister Jim Bolger recommended spending cuts rather than tax increases because they led to more credible fiscal policy, more efficient use of social services, and encouraged self reliance within families (Boston, 1994, p6). This meant major changes for social policy programmes, including user-part charges for health, reduced benefits, cuts in education funding, and changes to housing assistance.

The National Government responded quickly to the fiscal crisis, announcing the Economic and Social Initiative on December 19th 1990 (Bolger et al., 1990). This statement contained the new Government’s overall approach to social policy as well as specific proposals such as benefit cuts effective from April 1991.

At the general level, a Prime Ministerial Committee on the Reform of Social Assistance was established to co-ordinate the changes to benefits, housing, health, and education. It was to be guided by four key principles: fairness (assistance only to those in ‘genuine’ need); self-reliance; efficiency (in spending tax revenue); and greater personal choice through more providers (Bolger et al., 1990, p11). 12

In housing, the direction of reform was outlined in general terms which reflected National’s election policy, and two working groups were established to design an Accommodation Supplement and restructure the Housing Corporation. In addition, the Housing Corporation’s budget was reduced by $110 million, but the Government claimed this would have little impact on those in housing need, because greater bureaucratic efficiency would produce the same services for less cost. 13

From the Government’s point of view, the Accommodation Supplement working group was one of the more successful committees produced by the Economic and Social Initiative. It had only a few months to design an Accommodation Supplement that took into account fiscal considerations, provided greater choice for consumers and was tenure neutral (Bolger et al., 1990, p82), but overcame initial disagreements and delivered a report in time for the 1991 Budget that satisfied the Government.

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12 A Change Team on Targeting Social Assistance was also established at this time. The intention was to design targeting regimes for all social assistance, and integrate them to avoid poverty traps and high marginal tax rates (Boston, 1994). However, this project was eventually abandoned, and a lack of co-ordination with other social assistance meant that some people paid marginal tax rates of just over one hundred per cent when the Accommodation Supplement was introduced in July 1993.

13 Critics of the changes to housing policy have rejected this assessment, claiming the budget drop was part of a major programme of spending cuts for the Government (Waldegrave & Frater, 1991).
The process of designing the new housing policy culminated with the July 1991 Budget. A document attached to the Budget (commonly referred to as ‘the yellow book’ or ‘the gold book’) contained the main arguments used to justify a shift to income supplementation from direct provision of housing. According to the yellow book the existing housing policy did not meet any of the four key principles outlined in the Economic and Social Initiative, but instead was fragmented, uncoordinated, inefficient and inequitable.

As the document presented it, the main problem was that three Government agencies delivered housing assistance separately from each other: the Housing Corporation; the Department of Social Welfare; and the Department of Maori Affairs. Income related rents for state tenants were inefficient because they ignored the size, quality and location of the housing. They provided no incentive for state tenants to economise on housing costs so some state houses were used inefficiently, wasting taxpayers’ money. State tenants became dependent on the rent subsidy and could not survive in the open market. State tenants also had little choice over the quality or location of their housing. The existing regime lacked horizontal equity because households with the same financial circumstances received varying levels of Government assistance, depending on whether they qualified for a state house, received the Accommodation Benefit, or had a subsidised Housing Corporation mortgage.

These problems with the existing regime would be addressed by introducing the Accommodation Supplement and restructuring the Housing Corporation. A single tenure-neutral programme would eliminate non-uniform treatment for those needing housing assistance, while a subsidy rate of less than 100 per cent on the Accommodation Supplement would provide an incentive for eligible households to reduce their housing costs. Moving the Housing Corporation to a fully commercial focus would remove inefficient social objectives and allow private sector landlords to compete in the low rent sector of the market. This would eliminate waiting lists for state housing by effective use of both Housing Corporation and private sector rental stock. Restructuring the Housing Corporation would also remove a potential conflict of interest between policy advice and service provision, and in an unstated but desirable outcome, break up a large institution that may have challenged each stage of the implementation process.

The yellow book described the reforms as the most fundamental redirection of housing policy since the 1930s, and said the purpose of the reforms was not fiscal savings but the reallocation of existing expenditure more efficiently and equitably. It viewed the Housing Corporation as a large state asset that needed to be managed efficiently, and assistance should be directed towards those who needed it most. It also pointed out that most


15 The Government claimed that low-income households with private sector mortgages were not eligible for any assistance under the existing regime. However, the Government's understanding of low-income included wage earners but not beneficiaries. At the time there would have been few low wage households with a mortgage. Far more likely were households with a private mortgage having to live off a benefit from the Department of Social Welfare, due to increasing unemployment during the 1980s. But these households did not fit the Government's claim because they were eligible for the Accommodation Benefit.

16 A Treasury report suggests the original intention had been to make fiscal savings in housing, as evidenced by the Housing Corporation budget cut in the Economic and Social Initiative (Evening Post, December 12th 1991, p3), but this must have been modified in later preparations for the 1991 Budget, for reasons unknown.
recipients of the Accommodation Benefit would be better off under the more generous Accommodation Supplement regime. Increased rents for state tenants were acknowledged but the implications not dwelt on.

This understanding of the changes to housing policy promised several advantages for the Government: more housing need could be satisfied without increasing expenditure; running the Housing Corporation along commercial lines would make state rental housing a net contributor to, rather than drain on, state funds; and it would encourage private landlords to bear the costs of new investment.

In light of this background to the institutional context of housing policy, the rest of this chapter considers the roles of Ministers of Housing and Opposition MPs in the restructuring process that unfolded after the 1991 Budget.

**John Luxton**

John Luxton was the Minister of Housing between 1990 and 1993. Public criticisms of the new policy by Opposition MPs and voluntary sector housing advocates were not sufficient to prompt significant changes of direction, but eventually led to Luxton’s replacement as Minister by Murray McCully. This section looks at the significant events during his time as Minister, and his role in the restructuring of housing policy. 17

**BEGINNING**

Following the 1990 election John Luxton became the Minister of Housing ahead of Jim Gerard, despite having little experience in the housing field. 18 His first major public act was delivering the 1991 Budget announcement on the restructuring of housing policy, and in the lead up to that announcement he had established working groups on housing policy that included officials from several government departments as well as private sector representatives. Luxton felt this was necessary because the Housing Corporation policy unit would be motivated by self-interest and entrenched political views that were critical of the new government.

Following the housing policy announcement in the 1991 Budget, Luxton spent a lot of time and energy defending the principles and details of the changes. 19 It was important for the Government to promote the fairness of the new policy in response to criticisms that state tenants faced large rent increases. He was often

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17 Unless referenced otherwise, material in this section is based on an interview with John Luxton on July 10th 1997.

18 This was not unusual. Following the same election Simon Upton became Minister of Health ahead of Don McKinnon, who had been the spokesperson in Opposition. Ruth Richardson wanted economically dry Ministers in the social policy portfolios (Richardson, 1995, p83), which would explain Luxton and Upton’s appointments. For example, as Minister of Energy, Luxton took the electricity sector through a similar major restructuring process. Following the 1993 election Luxton himself was replaced by a new Minister with little experience in the housing field. This was probably a result of National’s slim majority and different political imperatives.

19 For example, in October 1991 he said the reforms represented simpler and fairer assistance for those in genuine need, simpler administration, and greater choice for tenants who could now decide for themselves what to spend the money on (Evening Post, October 11th 1991, p4).
dismissive of public statements by Opposition MPs and voluntary sector housing groups, who he accused of spreading misinformation. 20

However, Luxton's arguments were not always convincing to the public, his critics, or even his own colleagues. Many considered his media presence uninspiring 21 and unsympathetic to the suffering of state tenants. 22 Several ill-advised comments generated a strong public backlash, giving his critics the opportunity to score political points. 23

Luxton personally preferred to ignore the media as much as possible but acknowledged that some of his critics made good use of the media to try and embarrass the Government. His attitude was that every area of social policy has one-off cases that make good dramas, particularly for television, but it was difficult to get across the broad principles of any reforms in the news media. 24

These challenges to the new housing policy were typical of the intense criticism and growing unpopularity of the Government's broad platform of social policy reforms. In an effort to deflect this criticism, two tactics were tried in housing policy: changing the spokesperson and changing aspects of the reforms that would not undo their central thrust. The rest of this section and the one on Murray McCully outline the details of how these tactics were implemented in practice and how successful they were.

**HOUSING NEW ZEALAND'S LEGAL STATUS**

In relation to changing the spokesperson on housing, concern about Luxton's awkward relationship with the media contributed to a joint statement being made with Bill Birch on the future structure of Housing New Zealand in April 1992 (NZ Herald, April 29th 1992, p5). Birch was the Minister of State Owned Enterprises at the time, which gave him an interest in the matter, but up to that point Luxton had made all the announcements on housing.

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20 For example, in February 1992 the New Zealand Council of Christian Social Services released a report critical of the Accommodation Supplement (NZCCSS, 1992). John Luxton responded that the report was too vague, organised reforms were needed because the existing regime was designed in the 1930s and developed through ad hoc growth, and narrow targeting of the Accommodation Supplement was intended to make it as fair as possible (NZ Herald, February 21st 1992, p5).

21 Jenny Shipley as Minister of Social Welfare was seen to be doing a much better job of handling the media with announcements about the Accommodation Supplement.

22 He was not the worst of the National MPs in this regard, John Carter made derogatory public comments about the personal hygiene habits of state tenants (NZ Herald, April 6th 1992, p3), but as Minister of Housing his public stance was important.

23 For example, in February 1992 he suggested that Auckland state tenants who found the new rents too expensive should move somewhere cheaper, like Timaru, or take on a boarder (Evening Post, February 25th 1992, p3). Later he suggested that state tenants should look for cheaper housing in the private sector, and pointed out that the housing market was much broader than simply those on low incomes (NZ Herald, August 13th 1992, p5).

24 He was not alone in this analysis. See comments by Paul Swain and Murray McCully later this chapter. In one sense the politicians have a valid point: television news is set up around reporting 'events' with a strong visual element, so 'hard luck' stories fit easily into its format while defence or criticism of structural change does not. Time and space constraints produce similar results in other media. One reporter commented to me that the essence of a news story was change, so debates about policy need something new attached to them each time the issue is raised.
The actual announcement centred on the decision not to make Housing New Zealand a state-owned enterprise. Bill Birch said public concerns about a strictly commercial focus were behind the decision, but it could also be seen as a response to difficulties in the transition process, including the resignation of the Housing Corporation’s Chairman after claims of political interference.25

The Prime Minister Jim Bolger also became involved when he reassured the public that it had always been the Government’s intention for Housing New Zealand to have social responsibilities (Evening Post, April 14th 1992, p10). A fully commercial state-owned enterprise competing with private landlords could force up rents, which the Government did not want to do.26 This statement contradicts the public sector restructuring principle of a clear separation between commercial and social functions (Boston et al, 1991, 1996; Kelsey 1993, 1995), although it is compatible with the wording of the yellow book.27

John Luxton gave a more practical reason for not establishing Housing New Zealand as a state-owned enterprise (Evening Post, May 8th 1992, p3). Legally, any property of a state-owned enterprise had to remain available for settling claims before the Waitangi Tribunal, even if it was later sold to a private party. Housing New Zealand’s houses and land would be a prime target for settling claims if it became a state-owned enterprise, which could interfere with the normal disposal of state housing stock. Luxton estimated a normal level as approximately five hundred to a thousand houses a year, but critics were concerned that more was at stake. This decision indicated that the possibility of complete privatisation at some stage in the future was being prepared for.

After this initial contention, Housing New Zealand and the Ministry of Housing were established on schedule in July 1992 with minimal publicity. The Housing Restructuring Act (1992) which gave them legal status was not actually passed until the following month, as a result of the full legislative programme produced by the raft of reforms announced in the 1991 Budget.

**MORTGAGE SALES**

In June 1992 John Luxton announced the first sale of Housing Corporation mortgages that were charging market interest rates. Approximately a third of the Corporation’s portfolio, worth around one billion dollars, were sold as a package. The buyer was Mortgage Corporation, a company established specifically for this purpose by the merchant bank Fay/Richwhite, and aimed at North American investors. The sale was to prove an ongoing embarrassment for the Government.

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25 Earlier in April a booklet outlining the redundancy process for Housing Corporation staff had been distributed by the Board, but recalled the same day by John Luxton. Within a week Dennis Ferrier resigned as Chairman of the Housing Corporation Board and was replaced by George Chapman, a former National Party Chairman. Ferrier complained about excessive political interference and the distraction that social objectives caused for a commercial organisation (NZ Herald, April 13th 1992, p2).

26 One newspaper editorial (Evening Post, April 9th 1992, p4) commented that similar policy changes in the housing and health portfolios indicated a slight change of course for the Government. The way in which Bolger claimed credit for the decision not to make Housing New Zealand a state-owned enterprise was viewed in the editorial as reminiscent of the Lange/Douglas split, and important decisions appeared to be made 'on the trot'. The editorial also saw Luxton as an ineffectual Minister of Housing who had been left floundering in Birch's wake.

27 Murray McCully later attempted to further blur the distinction between social and commercial objectives (see the section on Murray McCully later this chapter).
Mortgage Corporation consistently charged higher interest rates than most other sources of housing loans, and if people attempted to refinance elsewhere the company enforced a penalty fee. This penalty fee was part of standard mortgage contracts, but was not usually enforced by major trading banks. Several people successfully challenged the penalty fee in the Disputes Tribunal, but just as many lost their cases then appealed publicly for help from the Government. However, once the mortgages were sold the Government had little influence over how they were administered, and Mortgage Corporation continued to ignore public and political pressure.28

**CHANGES TO TIMING AND DETAILS**

The first major changes to the implementation process for restructuring housing policy were announced in August 1992.29 The rent increase process for state tenants was to be slowed down and some details of the Accommodation Supplement’s design changed. Proponents of the policy felt these steps were necessary because the original timing of the reforms meant the most significant losses would be implemented well before any benefits came into effect. This gave critics the opportunity to generate negative publicity that the Government had to deflect in general terms with promises of a better future, rather than concrete examples of compensating improvements.

The first round of rent increases for state tenants starting in October 1991 were quite large in some cases, with a significant loss in disposable income. Elderly state tenants were particularly hard hit because they were often in large houses but on low incomes. From early 1992 this situation received extensive media coverage and public support for state tenants began to grow. In light of this negative publicity and with the second round of rent increases due in October 1992, the Government decided to soften the blow for the majority of state tenants. The second increase was limited to twenty dollars a week or the same as the first increase, whichever was lower. This meant further rounds of rent increases would be necessary, and a third round was planned for July 1993 to September 1994. This was again limited to twenty dollars, but no limits were announced for the further increases that would be needed in some cases.

These changes in timing also delayed the full impact of rent increases for state tenants beyond the next election. The original timetable saw state tenants reaching full market rents in July 1993, less than six months before a general election. By the end of 1991 the Government had sunk to an all time low in the polls, in large part because of the unpopularity of its social policy proposals, despite a landslide victory in the election a year earlier. In an attempt to regain popularity the Government began softening or slowing down many of the reforms announced in the 1991 Budget. The prospect of a focal point for strong opposition just a few months before the

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28 As a result of poor financial performance and negative publicity these mortgages were eventually on-sold to Westpac in June 1995. Westpac had bought the second group of mortgages and promised an immediate reduction in interest rates.

29 A minor change to the Accommodation Supplement had been announced along with the decision about Housing New Zealand’s legal status in April 1992. The Government said it was dropping the original plan to include every family member’s income in the assistance calculation, which had been based on an expectation that officials would continue to work towards targeting and integrating all social assistance. With the abandonment of that scheme there was no need to assess every family member’s income. There was also some public criticism of children’s income being included in the calculation.
next election cannot have been appealing, and delaying the worst effects until at least October 1994 (particularly in Auckland and Wellington) was a politically expedient move.\(^{30}\)

Changes to the design details of the Accommodation Supplement announced in August 1992 included dropping the matching policy in favour of regional limits, the introduction of a Tenure Protection Allowance, and new means tests.

The matching policy announced in the 1991 Budget related assistance to the number of people in the household rather than income or rent paid, so a single person or a couple were only expected to need one bedroom, and would therefore only be given that level of assistance. If tenants were living in accommodation with more bedrooms than thought necessary they had to cover the cost themselves, and this applied to elderly state tenants in particular. The matching policy was replaced with a system of regional limits on the amount any applicant could receive. This split the country into three areas\(^{31}\) and differentiated between three household sizes.

This change applied to all people receiving housing assistance, but the main reason for dropping the matching policy was pressure from elderly state tenants and their supporters, who received plenty of media coverage. To further address these concerns a Tenure Protection Allowance for elderly state tenants was announced. The Tenure Protection Allowance meant state tenants with a permanent disability or over sixty four years old on 1st October 1992 would pay rent based on the number of people in their household, regardless of the size or location of their house.\(^{32}\)

This Tenure Protection Allowance can be seen as a quick response by the Government to an increasingly powerful superannuitant lobby. Greypower had become a political force to be reckoned with, and made several public statements on behalf of elderly state tenants. There was also a strained relationship with the elderly following the Government's backdown on its 1990 election promise to abolish the superannuation surtax. The Government may not have been concerned about losing the votes of state tenants who traditionally supported Labour, but the elderly represented a large electoral block it could not afford to ignore.\(^{33}\)

New means tests were also introduced to replace the original matching policy. An income test reduced entitlement to the Accommodation Supplement for beneficiaries who had any extra income and wage earners on incomes greater than the equivalent Invalids Benefit. A cash assets test reduced the Accommodation Supplement

\(^{30}\) The introduction of the Accommodation Supplement on July 1st 1993 was still the focus of concerted activity by critics of the reforms, but its effect was blunted by a lack of specific cases to generate public sympathy (Evening Post, July 1st 1993, p15; Press, July 1st 1993, p5).

\(^{31}\) Initially the three regions were Auckland, Wellington, and the rest of the country. Eventually other urban centres (such as Christchurch, Nelson and Tauranga) were added to the Wellington region, as dynamics of local rental markets became clearer.

\(^{32}\) The original matching policy had based assistance, rather than rent, on the number in the household.

\(^{33}\) There is a suggestion in official documents that the Government was considering some form of tenure protection as early as July 1991 (Ministry of Housing et al, 1994), so it may be incorrect to read the Tenure Protection Allowance solely as a response to public criticisms.
payment when savings or other cash assets were over $2,700 for single people, or $5,400 for couples or sole parents.\textsuperscript{34}

These changes to the design of the Accommodation Supplement did not mean increased Government spending on housing assistance. The matching policy was replaced with regional limits and means tests that targeted housing assistance just as effectively.\textsuperscript{35} While appearing to remove the most controversial part of the housing reforms, the Government was able to retain a similar outcome by different means. The Tenure Protection Allowance softened the worst effects for the group of tenants with the highest public profile and support. In short, with its first major redirection of the housing reforms, the Government managed to deflect criticism while retaining the substance of the reforms; albeit at the expense of delayed rent increases for state tenants.

\textbf{END}

Retrospective legislation relating to the housing reforms was passed in June 1993 (NZ Herald, June 24th 1993, p9), although it had more to do with Cabinet as a whole than John Luxton personally. The legislation was a result of the Morrison case, which began in the Tenancy Tribunal in March 1992. Two hundred and forty five state tenants won a case based on a technicality invalidating the Housing Corporation's rent increase procedures. The Government appealed through the District and High Courts but lost each time. Instead of going to the Court of Appeal it took the unusual step of passing retrospective legislation which validated all Housing Corporation rent increases. The legislation was considered necessary because every state tenant could have applied for a refund of any rent increases since April 1987, when the Residential Tenancies Act was introduced, potentially costing the Government millions of dollars. However, politicians tend to frown on retrospective legislation because it calls into question the ability of any government to pass laws binding on following governments, and conjures up images of a totalitarian state. In this case it also called into question the adequacy of the preparation for the changes to housing policy.\textsuperscript{36}

One of the last events of Luxton's term as Minister of Housing was the introduction of the Accommodation Supplement on July 1st 1993, a major step in the implementation process for the restructuring of housing policy. This was possibly more significant for Jenny Shipley as Minister of Social Welfare, because the Department of Social Welfare administered the Accommodation Supplement, but it was closely connected to the rent increase process for state tenants so a joint statement was issued.

\textsuperscript{34} Entitlements were abated at a rate of 25 cents per $100 of cash assets. This meant any Accommodation Supplement entitlement is eliminated at $8,100 and $16,200 worth of cash assets respectively.

\textsuperscript{35} The regional limits restricted the size of individual payments and helped keep down overall spending, while the income and cash asset tests targeted low-income households and restricted the number who qualified for assistance.

\textsuperscript{36} Critics also complained when the legislation was attached to the Budget and passed under urgency late at night.
Looking back on his time as Minister, Luxton emphasises how much fairer the new system is. He claims a drop off in media stories about homelessness or substandard housing shows this.\(^{37}\) He concedes there were losers from the reform process, but they only amounted to a quarter of those affected.\(^{38}\) Unfortunately, they were more vocal than the beneficiaries of the process. He believes there are several benefits from the housing reforms, beyond those individuals who received greater assistance. The main one is that people in similar circumstances receive equal treatment. State housing has also been upgraded and the private sector now provides some of the services formerly provided by the Housing Corporation. The private sector is more stable because tenants do not move into substandard living conditions to get points towards state housing, and the Government no longer builds whole suburbs of unimaginative housing. He believes the housing reforms have helped central government step back to a more appropriate role where they take an overview of affordability and quality issues rather than directly intervening in a major way.

This account of Luxton's time as Minister of Housing illustrates the importance of that position in the field of housing policy, as well as the institutional factors that affected how the job was carried out. One of these factors was public criticism by opponents, and during Luxton's term the most vocal political opposition came from the Labour Party, in particular its spokesperson on housing, Paul Swain. The next section considers the role of the Labour Party and how its efforts contributed to Luxton's replacement by Murray McCully, the subject of the section after that.

**Labour Party**

The Labour Party's long association with state housing meant it was a vocal critic of the changes to housing policy proposed in 1991 and subsequently implemented. Paul Swain was an active spokesperson on housing for the party but was limited in his achievements by the institutional constraints of the New Zealand political system. He was also limited by the lack of public opposition to housing policy, compared with health and education. Labour needed support from the majority of voters, so it concentrated on more popular issues. It was also concerned about fiscal restrictions, and a desire to maximise political benefit from spending promises limited its attention to housing. Paul Swain's work in raising the profile of housing policy did little to increase Labour's support amongst voluntary sector groups, because many wanted to see immediate solutions rather than wait for a new government. Swain's successful linking of housing policy with the Labour Party also meant other Opposition parties had to develop distinctive positions, and were less inclined to co-operate. This section looks at the specific criticisms made by Paul Swain and the Labour Party, the policy alternatives they proposed, and the practical means they used to oppose the new housing policy.\(^{39}\)

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\(^{37}\) Just how much those stories have reduced is open to debate. (During the interview I was able to point out three media stories on substandard housing that had appeared within the previous six months.) There are also few statistics to support a view that the reforms have made a positive difference, because critics of the reforms have done most of the research. The Government regularly dismisses this work as methodologically unsound and politically biased.

\(^{38}\) This was the official figure given in press releases at the time of the 1991 Budget, but critics have called into question the calculation procedures used by officials (see Chapter Six for details).

\(^{39}\) Unless referenced otherwise, material in this section is based on an interview with Paul Swain on August 13th 1997.
CRITICISMS

Just before the 1990 election Jonathan Hunt became the Minister of Housing, and when Labour lost the election he stayed on as housing spokesperson for about a year. Paul Swain took over the role from February 1992 until the 1996 election, covering most of the implementation process. He was an active critic who started off by claiming the Business Roundtable had the Government’s ear concerning housing policy (Evening Post, February 22nd 1992, p10). He continued to publicly attack the housing reforms whenever possible, with strong support from fellow Labour MPs and the party at large.

Swain was especially critical of the Government’s shift from providing a social service to operating a commercial state-owned enterprise, in the form of Housing New Zealand. He claimed voucher systems were unsuccessful overseas and opposed the privatisation of state housing, something he thought would eventually happen with the separation of housing assistance from the provision of housing. He felt the Home Buy scheme was good in principle, but not when there was no replacement stock. It represented short-term gain for one generation at the expense of those to come. He pointed to sales under the scheme as privatisation by stealth, which he believed the Government was also doing in health policy.

Swain believed ideology was driving the reforms rather than an understanding of housing policy or how to implement it. A lack of proper preparation by the Government necessitated ad hoc responses to problems that arose during the implementation process, such as retrospective legislation to deal with the Morrison case. On the other hand, he also believed the Government was able to gain political advantage from the new policy. The reforms may have been intended to provide a collective benefit through sound fiscal policy, but National was also able to reward some traditional supporters by subsidising landlords through the Accommodation Supplement.40

ALTERNATIVES

Labour proposed acknowledging housing as a social responsibility for the Government and reintroducing a range of policy instruments as its alternative to the new housing policy. The main problem with National’s policy, apart from its commercial focus, was attempting to address all housing need with a single instrument. Labour also proposed collapsing the four housing agencies back into one, to encourage a co-ordinated approach to policy and operations. It promised to retain a substantial stock of state housing as a discipline on the rental market, because this affected inflation and therefore economic policy.

However, as time has gone by in Opposition, Labour’s promises for housing have been gradually reduced for two reasons. The first was the lack of money available for social expenditure as a result of the fiscal policy followed by National. The second was the increasing cost of returning state tenants to income related rents as they went through further rent increases. These problems meant that Labour promised a return to income related

40 Swain drew a parallel with the Supplementary Minimum Prices scheme that National had used to subsidise farmers in the 1970s and 1980s, and subsequently stopped by Labour in 1985.
rents for state tenants within six months at the 1993 election, but in 1996 it talked about a gradual process taking at least three years. Labour's concerns about fiscal constraints forced a change in the housing policy it was prepared to advocate.

The Labour party has traditionally had strong ties with state housing, and most of its MPs were from electorates with low socio-economic areas so they were aware of the impact of the reforms. However, the reality was that health and education were higher priorities for Labour, and it was difficult to turn housing into a broad-based issue that appealed to the majority of voters. The state of the health system affects everyone and there was consistent opposition to the Government's reforms in this area. In housing there was an ambivalent feeling towards state tenants, who some of the public saw as 'bludgers', so Labour tried to broaden the debate to include mortgage assistance and private sector tenants. These tenants also had to be reassured that Labour's policy would not take money off them. In education there was also a greater number of people affected. Everyone has been through some form of education and has a view on it, whereas not everyone has been brought up in a state house.

**CAMPAIGNS**

Despite not being top priority, housing policy was significant enough for the Labour Party to run several proactive campaigns, as well as responding to announcements by the Government or publicising particular cases. In March 1992 they launched a petition against the housing reforms. Postcards were distributed for people to send to their local MPs protesting the introduction of the Accommodation Supplement in July 1993. The same year a doorknocking campaign by Labour MPs in state housing areas gathered information on financial hardship that led to a report, *On the Breadline*. In 1994 they considered a 'prominent citizens for state housing' campaign, based on people who had been brought up in a state house, but it never eventuated. Their last major effort was the 'July One' campaign in 1995 to mark the final round of rent increases to shift state tenants from income-related to 'market' rents. Despite a concerted effort by Labour MPs around the country, this campaign and the ones before it gained little support from state tenants or the public.

One reason for this was a reduction in support from the voluntary sector. Most church groups and other housing activists had traditional links with the Labour party, and in the 1980s they took an active part in the policy debates about housing even if they did not always agree with the Labour Government. However, in the 1990s the Alliance offered another political option to voluntary sector housing groups who felt the fourth Labour Government had betrayed them. This led to arguments over whether Labour or the Alliance was taking the correct line. Many voluntary sector housing activists and church groups shied away from being identified with any specific political party, because it might have diminished any influence they had in day-to-day operations and the future direction of policy.

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41 Swain commented that they may have disagreed over economic policy but were united on housing. He also thought that when Helen Clark took over as leader of the party she brought with her a personal commitment to housing. He remembered her saying that she did more for people's health as the Minister of Housing than she did as Minister of Health.

42 Swain was aware of this tension and tried not to push party politics too hard in any of his dealings with voluntary sector housing groups.
Paul Swain made an effort to get to the smaller towns and communities, where good local campaigns were being run by a range of opponents of the reforms. However, national co-ordination was left to the Labour Party and the Housing Network, which meant the campaigns were strongest in the main urban centres. Swain felt that more of the smaller centres could have been connected to the national campaigns with better co-ordination.

Swain usually received good local media coverage when he visited the smaller centres, but this did not translate into a high profile nationally. Even with the campaigns and regular public statements, he found it hard to get consistent media coverage. Initially, this was because of the Opposition’s low numbers between 1990 and 1993, and the media’s view that health and education issues were more newsworthy than housing policy. Labour relied on church and voluntary sector housing groups speaking out against the housing reforms to raise awareness of the issues. Later on, the problem was Murray McCully’s effective dampening of public debate through the media.

**OTHER CHANNELS**

One aspect of being an Opposition MP that gave Paul Swain a good chance to attack the new housing policy was the Parliamentary Select Committee process. The main work of Select Committees was to modify legislation, so critics could oppose the general thrust of a bill or seek to change specific parts of it. The public needed little encouragement to make submissions to the relevant Select Committee opposing the Housing Restructuring Bill and similar legislation. This often resulted in no significant change because the Government had a majority on each Select Committee, but MPs at least had to listen to people they might not normally have contact with.

Select Committees also hear the annual reports of Government agencies, which gives Opposition members a chance to question them on any related issue. This was the main formal avenue of contact between Opposition MPs and Government agencies, because requests for information could not go directly to the agencies, they had to go through the appropriate Minister, who usually blocked anything she considered too political. At times, Swain found the Select Committee hearings frustrating, because agencies like the Ministry of Housing and Housing New Zealand usually avoided his questions by saying they related to policy matters and would have to be referred to the Minister.

Initially, Swain had informal access to Housing New Zealand through regular meetings with the Chief Executive and Communications Manager. However, after two or three meetings the atmosphere became too tense because he was criticising Housing New Zealand, both publicly and in the meetings, and they would try to justify their policies and practices. This, combined with a confidentiality clause that became too stifling, meant the meetings were discontinued.

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43 A national umbrella group for housing activists (see Chapter Six for details).
44 When Fran Wilde served terms as Chairman of the Board and Chief Executive for Housing New Zealand the relationship became even more stressful. She was a former fellow Labour MP and a personal friend, but she did not take kindly to public criticisms of the organisation and contacted him regularly to voice her disapproval.
Swain also met with the Local Government Association and attempted to establish links to all Councils with a substantial rental housing stock. These links could be informally through a sympathetic Councillor, or formally through the Chief Executive. He was also interested in the social impact reports produced by some Councils because they usually referred to housing as a basic issue for their community. He thought Councils had a good track record in housing because they usually provided extra support such as social workers, but many reduced their involvement once the cheap Housing Corporation loans were withdrawn.\textsuperscript{45}

However, despite Paul Swain’s best efforts, the direction of housing policy was only slightly modified, illustrating how effectively the New Zealand political system concentrates power in the hands of Cabinet Ministers. Probably his major achievement, in concert with other critics, was causing John Luxton enough embarrassment to be replaced by Murray McCully as Minister of Housing. McCully’s new approach to dealing with critics and its implications for housing policy, particularly the relationships between actors in the field, are dealt with in the following section.

**Murray McCully**

Murray McCully followed John Luxton as Minister of Housing and remained in that position until 1998. While he was just as committed to the principles underlying the restructuring of housing policy, he brought a different approach to presenting the new policy in a favourable light to the public. This section looks at the significant events, and McCully’s pivotal role, in the continuation of the implementation process.\textsuperscript{46}

*BEGINNING*

The National Government survived the 1993 election by the narrowest of margins and proceeded to curb its reformist zeal. As a result, Bill Birch replaced Ruth Richardson as the Minister of Finance and Murray McCully replaced John Luxton as the Minister of Housing. McCully was a key National Party strategist with a background in public relations but no experience in the housing field. His appointment was partly a response to the public perception that Luxton had handled the restructuring process poorly, so in his public statements and dealings with critics McCully was careful to appear understanding towards the plight of state tenants. However, he continued to defend the philosophy underlying the housing reforms, and usually emphasised the greater ‘fairness’ of the new housing policy.\textsuperscript{47} He was just as committed as his predecessor to increasing income support in a targeted fashion rather than directly providing housing, but was more prepared to respond to public criticism within this framework.

\textsuperscript{45} Swain was also interested in Councils because Labour was considering a new policy of funding local authorities throughout the country to administer pensioner housing.

\textsuperscript{46} Unless referenced otherwise, material in this section is based on an interview with Murray McCully on July 8th 1997.

\textsuperscript{47} There was certainly a lack of horizontal equity under the previous policy, but critics of the reforms felt the earlier priority of providing accommodation that was adequate and affordable was more important, and continued to resent this new understanding of fairness.
When McCully became Minister only ten thousand out of seventy thousand state tenants were paying market rents, and he considered this the main issue facing him. With two rounds of rent increases remaining this aspect of the policy was still largely left to be implemented. Soon after becoming Minister of Housing, McCully froze the fourth round of rent increases in response to a growing number of reports on the financial hardship faced by state tenants and a lack of smaller accommodation in both the state and private sectors. Almost a year later a new timetable for the rent increases was announced with special transition provisions.

Another issue facing McCully as the new Minister was an ongoing dispute with emergency housing providers in Auckland, who had used problems with new funding arrangements to publicly criticise the housing reforms generally. The providers all belonged to the Greater Auckland Housing Collective, which was formed when several groups left the New Zealand Housing Network at the end of 1992 as a result of internal conflict. The dispute was eventually resolved by the intervention of Jenny Shipley as Minister of Social Welfare, but soon after becoming Minister of Housing, McCully directed the Chief Executive of the Ministry of Housing to meet with the New Zealand Housing Network. It may have been an attempt to establish contact with a significant actor in the housing policy field, or use ongoing tension between the Housing Network and the Greater Auckland Housing Collective to split public opposition to the Government's housing policy. Whatever the purpose of the meeting, the Housing Network and the Ministry agreed to differ over the value of the reforms, and it was their last formal meeting at this level.

**RELATIONSHIP WITH VOLUNTARY SECTOR AND NEWS MEDIA**

After experiences like this, McCully became wary of the voluntary sector housing activists traditionally involved in the policy process, and started looking for other contacts in the voluntary sector. He began to ignore anything associated with Campbell Roberts of the New Zealand Council of Christian Social Services or Charles Waldegrave of the New Zealand Housing Network because he believed the individuals and their organisations were politically motivated. Instead, he began working with Richard Buttle and Des Britten, the Anglican City Missioners for Auckland and Wellington at the time, because he believed they were more reliable and more balanced in their approach to housing policy.

McCully, like Luxton before him, gradually became dismissive of public comments by housing workers and Opposition MPs. He saw most critics of the reforms as being intellectually dishonest, usually driven by what he called a political agenda. He believed that some housing workers took advantage of inexperienced weekend

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48 Both voluntary sector housing groups opposed to the reforms and Government officials produced these reports.

49 The Housing Network is a coalition of voluntary sector groups with an interest in housing policy, and expressed strong opposition to the reforms (see Chapter Six for details).

50 See Chapter Six for details.

51 This information is based on my recollection of the meeting, which I attended in my capacity as a regional co-ordinator of the NZHN.
reporters, while Opposition MPs were either looking for photo opportunities or were genuinely prepared to work with McCully's staff to get a quick resolution for their constituents.  

McCully was also concerned about the adequacy of media coverage for the housing reforms. He felt that good news was ignored, while the slightest dissatisfaction or difficult circumstances got coverage. McCully feels so strongly about the lack of balanced reporting that he has made several complaints to the Broadcasting Standards Authority.

Paul Swain (Interview, August 13th 1997) gave a different version of McCully's complaints to the Broadcasting Standards Authority. At a general level, Swain found it more difficult to get media coverage once McCully took over from Luxton as Minister of Housing. Swain felt Luxton was a lot drier economically than McCully, and was a stronger advocate of selling state housing, but Luxton often said what he thought without considering the best way to say it. Comments about old people taking in boarders or people shifting from Auckland to Timaru gave Swain and other critics plenty of ammunition. McCully was more of a political pragmatist, just as committed to the policy but constantly planning how to deflect potential problems. This included taking a very evasive approach to the news media. If there was an issue McCully did not want to discuss he used various tactics to avoid the media. One of these tactics was pulling out of pre-arranged interviews just before they were due to begin. This happened so often that on one occasion in 1996 Radio New Zealand was prepared to interview Paul Swain on his own, because both parties were so frustrated at McCully's repeated failure to appear. McCully won a complaint of unbalanced reporting over this issue before the Broadcasting Standards Authority, but this was later overturned on appeal to the High Court.

It seems that despite McCully's complaints about the news media, he was more than capable of manipulating the coverage given to housing policy to suit his own ends. This was a constant source of frustration for critics of the housing reforms, and was one of the reasons for his replacement of Luxton.

1994 BUDGET

Having settled into his new portfolio, McCully's first major task was to prepare for the 1994 Budget. The announcements in that Budget showed the Government responding to criticisms of housing policy. The carefully controlled return to minimal forms of direct intervention in the housing market reflected a tacit acceptance by the
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Government that income support measures on their own were not enough to meet all housing need. This was something critics had argued since the reforms were first proposed (see for example Waldegrave & Frater, 1991; Roberts, 1992), but the Government has never publicly accepted the point. The changes did not represent a wholesale shift away from income support as the basis of housing assistance, merely an acknowledgement that other programmes were necessary to adequately meet particular housing needs. They certainly did not satisfy critics of the reforms.

The main housing related announcement in the 1994 Budget was a Home Buy programme, where state tenants could buy their house and get a suspensory loan from the Housing Corporation for ten per cent of the price. The loan would be written off after seven years if the tenants did not sell the house in that time, and the intention was that tenants would only have to save five per cent of the price to make a deposit. However, most banks would not recognise the loan as part of a deposit, so the Housing Corporation became the main lender for people who wanted to use the scheme. This programme, along with a scheme designed to promote home ownership for rural Maori, ensured the continued existence of the Housing Corporation.

McCully seemed keen to retain the Housing Corporation as a lender of last resort, but he also expected it to continue reducing its large mortgage portfolio. In May 1994 McCully indicated that the Government had no intention of lending money to people who could afford private housing loans, and the 1994 Budget announced the sale of another third of the Housing Corporation mortgages because they were on market interest rates. Following the Mortgage Corporation fiasco, the Government made sure that clauses restricting interest rates and penalty fees were included in the sale contracts. In selling the bulk of the mortgages to Westpac, a well-established trading bank with a public image to protect, the Government also improved its chances of being able to exert political pressure if necessary. Murray McCully faced a much smoother process than John Luxton had with the Mortgage Corporation deal. This simultaneous increase and reduction in the Housing Corporation’s lending role may appear contradictory, but reflected a move towards more efficient targeting and a tacit acceptance that state intervention beyond simply income support was needed to meet specific housing needs.

Another announcement in the 1994 Budget indicating an acceptance that state intervention was desirable concerned the creation of Community Housing Limited. This was a stand-alone non-commercial agency that would take over ‘community housing’ from Housing New Zealand. Community housing included emergency housing, treatment programmes, halfway houses, and neighbourhood cottages. Ownership of this housing was transferred to Housing New Zealand in July 1992 along with the rest of the Housing Corporation rental stock. At the same time, responsibility for subsidising rent and funding social services had been transferred to the

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56 Even after Housing New Zealand organised a special scheme with the ANZ bank, very few tenants were able to buy their homes. By the end of September 1996 just over a thousand sales to tenants had been completed (Ministry of Housing, 1996).

57 The Low Deposit Rural Lending programme was announced in April 1995, making up to ninety five per cent of the purchase price available through the Housing Corporation for East Coast and Northland Maori (Ministry of Housing, 1996).

58 This was contrary to Treasury advice, which recommended closing the Housing Corporation completely and leaving mortgage finance to the private sector.

59 Some of the mortgages were sold to other trading banks, such as Post Bank and the ANZ.

60 The lucrative nature of Westpac’s status as official bank to the Government provided an extra point of leverage.
Community Funding Agency.\(^{61}\) Teething problems with this original arrangement and growing pressure on community housing from people recently deinstitutionalised from residential care facilities led McCully to create Community Housing Limited.\(^{62}\) Voluntary sector housing groups still had to pay market rents and there was no increase in funding, but Community Housing Limited was expected to have more of a social focus. It was also able to buy or build housing specifically suited to the needs of particular voluntary sector groups, something Housing New Zealand would have found commercially non-viable.

**FURTHER CHANGES TO HOUSING ASSISTANCE**

Following the 1994 Budget, a major announcement in November of that year clarified the process of rent increases for state tenants. This included the special transition provisions promised in the Budget, and a trial programme of subletting properties leased from the private sector to Housing New Zealand tenants.

The fourth round of rent increases, moving the remaining twenty thousand state tenants to full market rents, would occur between January 1st and June 30th 1995. McCully estimated that approximately seven thousand state tenants would be unable to afford their new rents and would need to move to the private sector. There would also be approximately three thousand households covered by the Tenure Protection Allowance for a further three years.\(^{63}\) In total, the Government expected ten thousand state tenants to find their market rents unaffordable, so it announced increases to some of the Accommodation Supplement regional limits and a reduction in the Special Benefit gap.

The Special Benefit was available from the Income Support Service for households where regular weekly expenses exceeded income. At the time it covered only twenty dollars less than the difference between a household’s income and its approved debt. This twenty dollar gap was supposed to provide an incentive for households to reduce their debts, but Department of Social Welfare records showed that the main reason people applied for the Special Benefit was high housing costs. Officials and politicians both accepted that this cost was hard to reduce, which prompted the decision to reduce the gap to ten dollars and make changes to the Accommodation Supplement.\(^{64}\) This allowed even tighter targeting of housing assistance, because to access all the funding available people had to present themselves at Income Support and justify their ‘neediness’ on the basis of detailed personal accounts.

The subletting scheme involved Housing New Zealand managing approximately five hundred private sector rental units in Auckland on a trial basis.\(^{65}\) It did not have enough one and two bedroom houses in its own stock.

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\(^{61}\) This was another new agency, resulting from a restructuring of the Department of Social Welfare in 1992 (see Chapter Four for details).

\(^{62}\) This included people with physical, mental, and intellectual disabilities.

\(^{63}\) This included a new programme called “55 plus”, extending the Tenure Protection Allowance to those over fifty-five not already on full market rents.

\(^{64}\) The original proposal was to reduce the gap to $5, but Treasury advised against the extra spending, and at least one Minister was concerned about the impact on boarders of other proposed changes. The compromise settled on was to reduce the gap by a lesser amount and leave the formula for boarders unaffected.

\(^{65}\) The scheme has since been extended to Hamilton, with other centres being investigated (Ministry of Housing, 1996).
to relocate tenants who wanted to reduce their costs. The Government justified this move on the grounds that tenants would feel more comfortable with the state as a landlord and Housing New Zealand could provide economies of scale that would benefit both tenants and private landlords. However, critics saw it as a step towards privatisation of the public rental housing stock.\(^{66}\)

In April 1995 McCully announced a further rise in the regional limits of the Accommodation Supplement as a response to large private sector rent increases, particularly in Auckland (Press, April 19th 1995, p6). According to McCully the Government would have liked more time to assess rent trends, but the speed of rises forced it to step in. Critics had consistently claimed that a cash subsidy would fuel an inflationary spiral between rents and assistance, but the Government controlled access to most of the relevant official statistics, effectively stifling any public debate.

These changes to the Accommodation Supplement’s regional limits were due to take effect from July 1st 1995, the date on which the final round of rent increases for state tenants would be complete. This was two years later than originally intended, but even with a small number of tenants still subsidised through the Tenure Protection Allowance one of the main aims of the housing reforms, to shift state tenants from income-related to market rents, had been achieved.

**Housing New Zealand’s Objectives**

A major problem for Murray McCully during his time as Minister was the conflict between Housing New Zealand’s commercial and social objectives. The commercial objectives include operating in a business-like manner, and take precedence over the social objectives contained in the company’s Statement of Corporate Intent. The social objectives require Housing New Zealand to take account of the Government’s broader social policy aims, and are constantly being rewritten because of their conflict with the commercial objectives.\(^{67}\) The conflict arises because if Housing New Zealand operated on a purely commercial basis, tenants who were supposed to be on low incomes would face the same problems with affordability as in the private sector. This situation is unacceptable to the public and has prompted a number of political controversies. On the other hand, trying to implement social objectives has undermined the company’s commercial viability and accountability to shareholders because it regularly makes poor returns on the capital investment.

As far as McCully was concerned, the Housing Restructuring Act (1992) set up a creative tension between the social and commercial objectives which was usually workable, but Housing New Zealand needed to understand the Government was its main shareholder. He believed the agency could not be totally commercial, or the Government would have no further need for it. This contradicts the original intention of public sector restructuring since the late 1980s (Boston *et al.*, 1991, 1996; Kelsey 1993, 1995), which has been to clearly separate the social and commercial aspects of state operations. In housing, the Accommodation Supplement and then Community Housing Limited were intended to fulfil the state’s social obligations. The continuing dual

\(^{66}\) See Chapter Six for details.

\(^{67}\) See Chapter Four for details.
focus of Housing New Zealand is a further example of the Government meeting its social objectives through more than simply income support.

Housing New Zealand’s strict enforcement of business practices often had embarrassing consequences for the Government, who was still identified by the public as responsible for providing state housing to ‘the needy’. In an attempt to closely manage potential embarrassment McCully was in more regular contact with Housing New Zealand than Luxton had been. This was another contradiction of the principles behind public sector restructuring, and led to increased tension and accusations of political interference that spilled over into the public arena on several occasions.

For example, in August 1995 the Housing New Zealand Board took the unusual step of rejecting the Statement of Corporate Intent proposed by the Minister because of its emphasis on social objectives, despite a comprehensive consultation process (Dominion, August 15th 1995, p2). This decision was later reversed with little public acknowledgement.68 In September 1997 the Housing New Zealand Chief Executive appeared before a Parliamentary Select Committee and was critical of the Government’s housing assistance policy (Evening Post, September 17th 1997, p2). Murray McCully responded by saying that Housing New Zealand set its rents too high and should take more notice of its social objectives.69

The issue was also politically threatening when the Opposition parties combined to sponsor a private member’s bill shifting Housing New Zealand’s priority to its social objectives.70 Between 1993 and 1996 the National Government had a majority of only one, and at times was a minority, so against an Opposition combined in support of the bill the Government was in danger of losing a vote. However, the danger passed when New Zealand First changed its housing policy a couple of months before the 1996 election and eventually formed a coalition government with National.71

**RECENT DEVELOPMENTS**

Since the 1996 Election there have been few developments in housing policy. This is partly because the major elements of the restructuring process were fully implemented by then, and partly because the advent of MMP has produced new institutional arrangements in politics. The initial Coalition between National and New Zealand First was precarious and unfamiliar territory, which discouraged movement in either direction. National was not

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68 George Chapman, Chairman of the Housing New Zealand Board, admitted publicly that it was difficult to get the right balance between commercial and social objectives. He also noted that the Minister had the power to direct the Board to change its Mission Statement, including the Statement of Corporate Intent. Later changes to its Mission Statement were presumably at the direction of the Minister.

69 McCully also dismissed the Chief Executive approximately two weeks before his intended departure from the position (Evening Post, September 19th 1997, p2).

70 See the following section for details.

71 Going into the election, New Zealand First’s policy had been a twenty per cent increase in the Accommodation Supplement and a three-year rent freeze for state tenants. The Coalition Agreement with National said nothing about a rent freeze, but did include: a ten per cent increase in the Accommodation Supplement; a review of the adequacy of the Accommodation Supplement and Special Benefit; the merger of Housing New Zealand, Community Housing Limited, and the Housing Corporation; and Housing New Zealand’s profit focus replaced with stronger social objectives. Apart from the Accommodation Supplement only increasing by five per cent, all of these steps were carried out before the Coalition was dissolved in 1998.
prepared to upset its then Coalition partner, and New Zealand First was satisfied with minor changes towards
greater social responsibility. Since the dissolution of the Coalition, National has carried on as a minority
government, further discouraging any major initiatives, which in housing policy might include selling major
portions of the state housing stock. What changes there have been have continued the trend towards increased
state intervention in the housing market, but in a highly targeted manner, and usually in the form of facilitation
and advice rather than direct financial assistance.

Murray McCully was still Minister of Housing following the 1996 Election, and he remained committed to the
principles behind the housing reforms, even if the implementation process had to be adjusted along the way to
allow for various factors. He accepted that some people were facing serious housing need, but he did not believe
the housing reforms were responsible for the situation. Instead, the most appropriate response was to encourage
the efficient functioning of the housing market by providing greater assistance to households who really need it.
He believed it was a responsibility of central government to address affordability issues through the
Accommodation Supplement and Special Benefit. But he also believed it has some responsibility on the supply
side, to fill the gap between what was provided by the private sector and what people needed, especially when
discrimination becomes an issue. He wanted to see the private sector grow to be able to cope better with some of
these issues, and does not believe the Government has to own a stock of rental houses.

This section has highlighted McCully's ability to stifle opposition to housing policy by using features of the
institutional context, which was one reason for his appointment as Minister. He oversaw the completion of many
aspects of the implementation process, but when it became clear the new policy would not address every
instance of housing need, he was also responsible for the introduction of several small programmes that
reinserted the state directly into the housing market. He also had difficulty with the commercial focus of Housing
New Zealand, and his attempts to pursue the Government's priorities with the organisation resulted in claims of
political interference. The next section considers the role in housing policy of the other major Opposition party,
the Alliance, and in particular Sandra Lee, who dealt predominantly with Murray McCully.

Alliance

The Alliance was the other Opposition party that consistently criticised the restructuring of New Zealand
housing policy in the 1990s, but it did not have the history, resources, or public profile of the Labour party. This
section looks at what strategies it adopted, especially in dealing with Murray McCully once Sandra Lee became
an MP.

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72 The Cabinet reshuffle on August 31st 1998 changed his title to Minister Responsible for Housing New Zealand and the Housing
Corporation, which has subsequently been shifted to Tony Ryall as Minister of State Owned Enterprises.
73 There are echoes in the recent publicity over the Tourism Board.
74 Unless referenced otherwise, material in this section is based on an interview with Sandra Lee on July 10th 1997.
Like Labour, the Alliance was overworked in Opposition between 1990 and 1993, because Jim Anderton was its only MP. Anderton was positive following a meeting with Murray McCully soon after the 1993 election, and he expressed hope there could be some minor changes in policy (Press, December 9th 1993, p25). However, the Alliance continued to be highly critical of the housing reforms and the Government’s performance, and felt McCully did nothing to change the direction of the housing reforms.

The Alliance’s housing policy always had a commitment to income related rents for state tenants, retaining the Accommodation Supplement for private sector tenants, and using a major building programme to generate employment and stimulate the economy. However, over the years, most mainstream political commentators have criticised the Alliance’s economic policy, leading to its gradual modification and repackaging. The promises on housing policy have remained intact, although its ability to fund them has been questioned.

**Sandra Lee**

The Alliance became more active when Sandra Lee (the only other Alliance MP between 1993 and 1996) took over as spokesperson on housing in 1994. Housing was a major issue for her electorate of Auckland Central, and on two separate occasions she showed McCully around substandard housing in the area. She believes what he saw genuinely shocked him, and McCully himself commented on the bad condition of the housing (Interview, July 8th 1997). Lee has tended to deal with cases on an individual basis and received prompt attention when she took them to McCully’s office. However, she also believes the policy of market rents and income support is fundamentally flawed, with the Accommodation Supplement little more than a subsidy to landlords. While McCully is good at dealing with specific cases, he will not discuss housing policy personally and Lee has to debate the issues with him through parliamentary speeches and questions.

This is another example of the difference McCully made when he replaced Luxton as Minister. Luxton tended to defend the housing reforms in an abstract sense which gave the Opposition room to debate them at that level, whereas McCully was able to minimise public debate by acknowledging largely individual problems and offering to fix them.

Lee attempted to rally public opposition to the reforms through her strong networks in the Maori community. She raised housing issues at every hui she attended but found it a difficult process. After one meeting in Auckland she talked to Pacific Island state tenants who were just as upset as other state tenants, but they had consistently voted National and saw no connection between their objections to government housing policy and who they voted for.

Lee was also interested in what happened to Council housing, because before entering Parliament she spent ten years on the Auckland City Council. Housing was a major issue during these years, and she believed the Auckland City Council was exacerbating housing problems with its recent policy of market rents and selling rental properties. Most of the Council tenants needed to stay in the inner city area because they had to access health and other services which were based there. In response, she continued to take an active interest in housing issues on the Auckland City Council. Lee was also the Alliance spokesperson on local government, and drafted a
private member’s bill aimed at forcing Councils to retain their housing or reinvest any sale proceeds in more housing. This was held up in the balloting process for more than a year, so came too late for the decision making process in Auckland.

**JOINT OPPOSITION BILL**

Lee saw a need to unite opposition to the new housing policy, and was happy to be part of a joint project with other Opposition MPs. Following a New Zealand Housing Network meeting in 1995 she worked with Paul Swain of Labour and Tau Henare of New Zealand First to produce a broad-based document they could take to Murray McCully. When this approach was unsuccessful a private member’s bill was drafted by the Labour Party and sponsored by one of its MPs, Jill Pettis.

The Housing Responsibilities Bill was designed to make Housing New Zealand’s priority focus the government’s social objectives rather than operating in a business-like manner. The bill did not attempt too much, because Labour wanted to retain the support of all the Alliance and New Zealand First MPs, keeping alive the possibility of defeating the Government in a vote. It took several months for the bill to get through the balloting process, but it eventually came up not long before the 1996 election. By this time the Government was even less willing to lose a vote, so the bill was allowed to proceed to the Select Committee stage unchallenged. However, a few weeks before the election, New Zealand First changed its housing policy and withdrew support for the bill in favour of increased spending on the Accommodation Supplement. The coalition between National and New Zealand First following the election meant a loss of support for the bill, and it was officially defeated in early 1998.

Like Paul Swain and the Labour Party, Sandra Lee and the Alliance put a high priority on changing the direction of housing policy, but only contributed to minor changes. Its problems were compounded by being smaller and having fewer resources than the Labour Party, as well as having to deal with Murray McCully, a Minister of Housing very adept at deflecting public criticism of the Government’s policies. Again, this illustrates the influence on policy of the New Zealand political system’s institutional configuration. Relatively strong Government Ministers are able to ignore the criticisms of Opposition parties, as long as those criticisms are not based on substantial public dissatisfaction that could represent an electoral threat to the Government. The resulting sense of frustration for Opposition MPs is likely to lower their expectations for change, which in turn encourages policy continuity.

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75 Non-government MPs are able to propose bills, but these do not have the same priority as Government legislation. A limited number proceed to the House after going through a balloting process. This combines new members’ bills with those that have been unsuccessful previously, so a particular bill may take several attempts before it proceeds.

76 See Chapter Five for details of decisions by the Auckland City Council and other local authorities.

77 There was some ill-feeling over Labour not waiting for a joint bill to be drafted, but this did not prevent the other parties supporting Labour’s bill.

78 This would be achieved through income-related rents for state tenants and maintaining a stock of at least seventy thousand rental properties.

79 The usual practice is for bills proposed by non-government MPs to be defeated at their first reading and not proceed to the Select Committee stage. In this case a slim majority and impending election aided the bill’s passage.
Conclusion

This chapter has outlined the role of politicians in housing policy and implementing the restructuring process. Government MPs were instrumental in driving and amending the changes to housing policy, primarily through John Luxton and Murray McCully as Ministers of Housing. These two presented consistent support for the principles behind the new policy, although there were differences in their personal styles and approaches to policy implementation, partly due to the different contexts they faced.

The restructuring of housing policy was implemented almost exactly as originally announced, although there were minor modifications. The effect of these was to reintroduce minimal state interventions in the housing market, outside the income support measures that continued to form the basis of housing assistance. This was partly a response to the lack of success in restructuring other areas of social policy, which altered the context, and partly a response to specific criticisms of housing policy. These modifications can be seen either as a slight hiccup for the Government or the successful restructuring of housing assistance to facilitate future reductions in state spending. The overall restructuring process could also be seen as a combination of systemic and programmatic retrenchment, in Paul Pierson’s (1994) model.

Opposition MPs publicly criticised the new policy frequently, but were largely ineffective because of successful responses from the Government and the institutional arrangements affecting politics in New Zealand. While their efforts contributed to Luxton’s replacement by McCully, they were constantly frustrated by the centralisation of power in the New Zealand political system.

This chapter focused on specific individuals because, while neo-institutionalist approaches are interested in the institutional arrangements and particular positions within them, the experiences of individuals illustrate how these are important for understanding the processes that unfolded. The next chapter uses a similar approach to consider the impact of central government departments, agencies and officials on the restructuring of housing policy.
Introduction

This chapter looks at the elements of central government bureaucracy involved with the restructuring of New Zealand housing policy during the 1990s. The term bureaucracy includes Departments, Ministries and other government agencies, as well as the officials that work in them. In the case of housing policy, the most relevant agencies are the Ministry of Housing, Housing New Zealand, the Housing Corporation, the Department of Social Welfare, and the Treasury.

It is important to consider the role of these organisations and individuals for several reasons. In terms of the neo-institutionalist perspective adopted in this thesis, both individual officials and agencies as a whole are affected by, and contribute to, the institutional context that influences political action. While politicians may make the final decisions, bureaucrats play a major role both before and after decisions are made. In addition, agencies and officials respond to their own pressures and motivations, and are not necessarily in complete agreement with the Government or other agencies.1

In housing policy there was general bureaucratic support for the restructuring process proposed by politicians, with the obvious exception of the Housing Corporation, but it entailed more than just attempts to reduce state spending. The systemic retrenchment (Pierson, 1994) of housing policy affected government agencies directly, through the dismantling of the primary existing agency, the establishment of two new agencies, and the modification of other agencies, policies and programmes.

Bureaucrats also have an impact on other actors in the housing policy field and are a significant link between politicians and the public, especially critics of the reforms and voluntary sector housing groups.

1 For example, the Human Rights Commission presented a report to the Prime Minister that came out of a hui held in February 1993. The report was critical of the changes to housing policy, in the context of the Government's obligations under several international covenants. This illustrates the potential for government agencies to disagree with the official Government line and suggest alternatives. On the other hand, the report was delayed so long that it never became a public document, illustrating the power the Government has to pursue its policy goals. (For an account of the hui proceedings, see Farmer (1993). Later details come from a conversation with a HRC official.) However, the HRC retained its viewpoint. A submission supporting Sandra Lee's (an Opposition MP) Local Government (Council Housing) Amendment Bill in 1997 suggested the Government might eventually breach its international obligations if remedial steps were not taken (HRC, 1997, p5).
All these issues make it important to understand the bureaucracy's particular institutional arrangements, which may also help explain how housing was so successfully restructured in comparison to other areas of social policy. This chapter examines these institutional arrangements and how they affected each of the relevant government agencies.

The first section considers the Housing Corporation, which was consistently attacked by the Treasury during the 1980s but defended by most other agencies. However, by 1990 most of the bureaucratic support for the Housing Corporation had dissipated, which allowed the incoming National Government to reconfigure the institutional landscape. The shift in focus from housing to income support saw the monolithic Housing Corporation, responsible for most aspects of housing policy, split into several fragments. At the same time, income support programmes were being gradually concentrated in the Department of Social Welfare. This effectively defeated the main potential sources of bureaucratic opposition to changes in housing policy.

The next section looks at the Treasury's role, including its lack of success in promoting housing policy changes until National won the 1990 Election. The Treasury was closely involved in preparations for the housing policy announcements in the 1991 Budget, including the Economic and Social Initiative in December 1990 and the Accommodation Supplement working group. Since then it has consistently argued against any proposed increases in spending on housing assistance, and for the complete dismantling of the Housing Corporation as the lender of last resort. Despite having a lot of Cabinet support, the Treasury has not always been successful with this advice, as politicians have made politically expedient decisions rather than on the basis of economic efficiency.

Thirdly, the response of the Department of Social Welfare is outlined. It gained new functions and extra funding that gave it a vested interest in the new policy configuration, so it was unlikely to offer dissenting advice. It was also restructured in a similar process to the Housing Corporation, although the new agencies were kept within a single organisation. The Department of Social Welfare has to take a broad overview of social well-being, so housing had to compete with other areas of social policy for funding and attention.

The section on the Ministry of Housing points out that it was unlikely to offer opposing views on housing policy to the Government because it was a product of the housing reforms and closely involved in implementing them. It was also a small agency heavily influenced by its Minister and senior officials. The Minister of Housing's dual responsibility for policy and operations was an unusual arrangement in the restructured public sector and created some tension for the Ministry of Housing. This was especially the case when it had to act as an intermediary between the Minister and Housing New Zealand, or the Community Funding Agency and other actors in the housing field.

Finally, Housing New Zealand's role is considered. It has peripheral status as an agency of central government but administers a large state asset and is the direct responsibility of the Minister of Housing. Politicians have also taken a close interest in its operations, especially Murray McCully. Housing New Zealand was also created specifically by the reform process, and has fully embraced the new commercial focus for state rental housing.
However, the tension between 'commercial' and 'social' objectives\(^2\) has been an ongoing problem for Housing New Zealand, mainly because the Government insists on retaining at least some social objectives.

The overall effect of this restructuring of central government agencies related to housing policy was to establish strong support for the commercial model of state housing assistance among officials. Ironically, it was left to the Government, who had initially proposed the split between social and commercial objectives, to promote social objectives through housing policy. From the politicians' point of view the pendulum had swung too far towards commercial goals.

**Housing Corporation**

This section looks at the Housing Corporation's role in the process of restructuring housing policy. Despite it being responsible for most housing policy in the 1980s, by 1991 there was little support for retaining its existing structure. The Housing Corporation's inability to defend the status quo and more comprehensive restructuring than similar agencies such as the Department of Social Welfare are considered with a focus on the institutional factors involved.

**Existing Role**

The Housing Corporation was established in 1974,\(^3\) and over the next fifteen years it became responsible for almost every aspect of the Government's housing policy, not just assistance programmes.\(^4\) It gave policy advice on housing matters to the Government and ran the Tenancy Bond Service.\(^5\) It was even proactive in planning responses to future housing needs; designing co-operative housing and comprehensive developments; and investigating alternative means of designing, building, and financing housing.

By the mid-1980s the organisation controlled around six billion dollars worth of state assets, and was an obvious target for privatisation to repay public debt. Almost every Government since the turn of the century had accepted a need for an active state role to alleviate the worst impacts of the housing market. In addition, state housing was recognised as an economic policy tool to create and maintain wealth, and at various times the building programme was stepped up to generate employment. However, these assumptions came into question and the

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\(^2\) 'Commercial' means operating in a business-like manner with a realistic return on invested capital, while 'social' means supporting Government aims on housing need, primarily low-income households. For a full discussion of the tension between these objectives and the different interpretations of how they should be implemented in practice, see the section on Housing New Zealand later this chapter.

\(^3\) The third Labour Government amalgamated the lending programmes of the State Advances Corporation and the rental housing administered by the Ministry of Works' Housing Division.

\(^4\) The Department of Social Welfare administered the Accommodation Benefit and the Department of Maori Affairs managed a small amount of rental housing and home loans for Maori and Pacific Island households, but the Housing Corporation was responsible for the bulk of the state rental housing and subsidised mortgages.

\(^5\) The Tenancy Bond Service was established in 1987 following the passing of the Residential Tenancies Act (1986) to hold bonds for residential rental properties and gave legal advice to tenants and landlords. Following the Housing Restructuring Act (1992) it was renamed Tenancy Services and administered by the Ministry of Housing, but it continued to operate in a similar manner.
necessity for and efficiency of the Housing Corporation was increasingly criticised during the 1980s, particularly by the Treasury.

**RESPONSE TO CRITICISMS**

The Corporation responded to these criticisms in various ways. Its submission to the Royal Commission on Social Policy in 1987 argued specifically against cash subsidies and defended the direct provision of housing assistance (Housing Corporation of New Zealand, 1988). It conceded the Treasury line that housing assistance is really an income support issue, but claimed that market failure in the areas of affordability, supply, physical standards, special needs groups, and discrimination meant the state should continue to intervene directly. Overseas experience showed that cash subsidies on their own do not address these issues. There would also be less innovation in housing design and finance, and no real cost savings for the Government. In addition, the Corporation rejected the idea of becoming a state-owned enterprise because this would be in conflict with its social responsibilities. However, it admitted that the efficiency and financial management principles of an SOE would be beneficial, and the submission pointed out that internal reforms in this direction had begun. It concluded that the Housing Corporation was the best agency to provide Government housing assistance because of its experience and existing networks.

Operationally, the Corporation responded to the criticisms by reforming some of its management structures. To counter claims that its assistance was poorly targeted, the proportion of its tenants in serious housing need was improved from under fifty per cent in 1987/88 to over eighty per cent by mid 1991 (McLeay, 1992, p172). The Housing Corporation briefing papers following the 1990 election continued to argue that state intervention remained necessary, but placed a much greater emphasis on internal efficiency reforms (Housing Corporation of New Zealand, 1990).

**LOSS OF SUPPORT**

When the newly elected National Government proposed major changes to housing assistance and the way it would be delivered in late 1990, the Housing Corporation continued to defend the status quo. Despite the attempts at internal reform its defence was ineffective, and staff at all levels of the Corporation began leaving, allowing the restructuring process to continue relatively unopposed. A Corporation report of the time (Saville-Smith, 1991) accepted the inevitability of some form of accommodation supplement, but also said that no country relies solely on a cash subsidy.  

Elizabeth McLeay (1992, p182) points out that the Housing Corporation had very little independent support, only some academics and a few marginalised pressure groups. This made it easier for the Treasury and other critics to portray the Housing Corporation as a self interested bureaucratic edifice, captured by or acting in

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6 Due to limitations such as narrow eligibility or low entitlement to control spending, not assisting home-buyers, and not addressing issues of housing quality, supply, or discrimination.
collusion with its client groups. By this stage it had also lost the support of other Government agencies. Prior to and including the Report of the Royal Commission on Social Policy in April 1988, departments such as the Department of Social Welfare, Maori Affairs, and Women’s Affairs had supported the retention of Government intervention in the housing market through the Housing Corporation. The Treasury had been almost a lone voice in criticising the Housing Corporation or suggesting that it should become an SOE. However, from 1988 onwards, other agencies had gradually become less supportive of the Corporation, culminating in their lack of opposition to the reforms announced in 1991.

**TRANSITION PHASE**

Once the Government’s policy was officially announced in the 1991 Budget, a transition phase began with the aim of restructuring the Housing Corporation into Housing New Zealand and the Ministry of Housing by July 1992. In April 1992 the Government announced that Housing New Zealand would be established as something other than a state-owned enterprise to allow stronger social objectives. This led to the resignation of Dennis Ferrier, the Chairman of the Housing Corporation Board, who claimed that it would not be able to run as an effective business with this level of political interference. In contrast, the Chief Executive was sacked the following month because he claimed the social objectives were only cosmetic. This tension between social and commercial objectives was to continue with the establishment of Housing New Zealand.

At the same time as planning its own restructuring, the Housing Corporation had to continue administering the rental housing and mortgage portfolio, which resulted in several problems. It was responsible for the first round of rent increases for state tenants beginning in October 1991, which eventually led to the Morrison case in the Tenancy Tribunal and retrospective legislation. It also oversaw the sale of the first group of mortgages that led to the Mortgage Corporation debacle. In 1992 Housing Corporation staff were investigated for serious misconduct over bribes for preferential treatment on the waiting list and irregularities in awarding maintenance

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7 The Housing Corporation preferred to represent itself with a public service ethos, and the arm of government best equipped to deal with the serious housing need that became an increasing problem during the 1980s.

8 Rather than a deliberate policy on the part of these Departments, this withdrawal of support was probably a result of the public sector restructuring programme embarked on by the fourth Labour Government. Agencies not already affected would have been careful about who they supported and the positions they took, and the Treasury (who favoured restructuring) was establishing itself as the dominant government agency.

9 For a full discussion of the tension between social and commercial objectives and the different interpretations of how they should be implemented in practice, see the section on Housing New Zealand later this chapter.

10 Ron Janes (Chief Executive) made this comment at a secret meeting of Housing Corporation staff, but details were leaked to the media.

11 See Chapter Three for details of these problems.
contracts.\textsuperscript{12} There was also a difference of interpretation with the Department of Social Welfare over when people with Housing Corporation mortgages became eligible for the Accommodation Supplement.\textsuperscript{13}

These problems did not cause the Housing Corporation as much trouble as might be expected, because its continued operations after July 1992 had a reasonably low public profile. Instead, the public tended to blame Housing New Zealand for these difficulties, because it was seen as the Corporation in a different guise despite Housing New Zealand’s best efforts to establish a separate identity.

\textbf{ONGOING ROLE}

The Housing Corporation’s role in the mortgage market may have been greatly reduced since July 1992, but its continued existence has looked more secure since Murray McCully became Minister of Housing following the 1993 election. In the 1994 Budget he announced a Home Buy scheme where state tenants could buy their houses using a ten per cent suspensory loan from the Housing Corporation as part of their deposit. The loan would be written off after seven years, and was intended to mean that tenants only had to raise five per cent of the purchase price to buy their house. In April 1995 he also announced a home ownership scheme for East Coast and Northland Maori, with Housing Corporation finance available for up to ninety five per cent of the purchase price. Both these schemes have only produced a small amount of work for the Corporation, but they indicate the Minister’s willingness to retain the Corporation as a lender of last resort.

To conclude this section, the Housing Corporation was unable to defend the existing housing policy, including its own role, because it had lost bureaucratic support in the face of criticisms from Treasury and was responsible for a large state asset. In a climate of public sector restructuring with a focus on economic performance maximisation, such a large asset was a prime target, if not for privatisation, then at least for restructuring to improve the return on investment. Its continued existence as a lender of last resort, administering specific small-scale programmes, is a matter of political expediency. These institutional factors (along with others) were also important in the roles played by other central government agencies covered in the rest of this chapter.

\textsuperscript{12} Gilbert Myles, a Government then Opposition MP, made these claims. He was unhappy that Coopers and Lybrand undertook the investigation because a former Housing Corporation manager was working in one of their offices. No criminal charges were ever laid, but Myles received the political and public attention he was seeking.

\textsuperscript{13} In April 1992 the Government announced that some of the Housing Corporation’s interest rates were already higher than the private sector, and the prime or unsubsidised interest rate would be set at the mid point of what was commercially available from then on. Some Housing Corporation mortgagors were paying nominally subsidised interest rates, and therefore ineligible for any assistance, but private sector mortgagors paying lower interest rates could receive the Accommodation Supplement when it became available. To deal with this problem it was announced in July 1993 that all Housing Corporation loans would be increased to the prime interest rate at the next review. This meant in theory that any low-income household paying a mortgage would be eligible for the Accommodation Supplement, but in practice Income Support staff still seemed convinced that anyone with a Housing Corporation loan was ineligible, and it took some time to clear up the confusion.
Treasury

While not directly responsible for the delivery of housing assistance or implementation of housing policy, the Treasury has input into any decisions that have spending implications. It contributed to the ideological framework behind the economic policy reforms of the 1980s, but only won Cabinet support for an alternative approach to housing policy with the election of a National Government in 1990. This allowed the Treasury to oversee the dismantling of its bureaucratic opponents and the institutional restructuring of housing policy to implement its alternative. It also meant the Treasury was closely involved in the changes to housing policy, particularly at the policy formation stage.

According to Jonathan Boston (1992, p200), the Treasury's thinking about macro-economic issues has generally followed international trends. In the early years of this century it held a classical view, which in the 1930s changed to a Keynesian view, and in the late 1970s it started to take on board monetarism. During the 1980s, the Treasury's post-election briefing papers to the fourth Labour government promoted a neo-liberal approach to both economic and social policy. While the views on housing expressed in these papers may not have prevailed at the time, they were to form the philosophical basis of the housing reforms brought in by the following National government.

1980s

The first explicit public statement of the Treasury's monetarist agenda came in their post-election briefing papers in 1984. The main focus was on macro-economic policy, with sections justifying an individualist approach to economic and social policy. Targeting benefits was emphasised, and a short section on housing was critical of Government intervention. The Treasury claimed that the existing system did not effectively redistribute resources, was poorly targeted, and had adverse effects on the rental market (New Zealand Treasury, 1984, p264). It also said that what appeared to be a housing shortage at the time was actually due to inadequate income, so a cash subsidy was a better response than direct provision by the Government (New Zealand Treasury, 1984, p267).

The Treasury briefing papers were a much larger document in 1987, with a separate volume devoted entirely to issues in education policy. Several lengthy appendices to the main volume defended the validity of an individualist perspective in social policy, concluding that cash assistance was preferable to direct provision in most situations. There was also a large section on housing, which was probably the most significant coverage (after education) of social policy. Using the principles espoused in the appendices, the Treasury argued that existing housing policy ignored important characteristics of the housing market, and the only major problem was affordability (New Zealand Treasury, 1987, p163). It conceded that discrimination may be worthy of Government intervention, but did not outline how, except to say that the Housing Corporation might still be useful in easing discrimination as a large landlord (New Zealand Treasury, 1987, p168).

The 1987 papers also contained criticisms of the Housing Corporation which were echoed in the 1991 Budget: assistance delivered through the Corporation was poorly targeted; provided limited choice; was not tenure
neutral; did not meet anti-discrimination goals; and was not contestable. As an organisation, the Housing Corporation’s efficiency was reduced by its monopoly; and the combination of social, regulatory, advisory, and commercial roles meant conflicting objectives, an inability to identify costs, poor asset management, and limited accountability (New Zealand Treasury, 1987, p167). The Treasury suggested the separation of policy advice and regulatory roles, and could see no reason why assistance should necessarily be provided through the Housing Corporation. It argued that the majority of low-income households are privately housed, and individuals should be able to make their own decisions about where to live (New Zealand Treasury, 1987, p165).

The greater than usual detail in the 1987 briefing papers may have been intended as a response to Labour MPs who were resisting the direction being taken by Douglas and the Treasury. In 1987 the Cabinet Policy Committee stated that the market could not meet everyone’s housing needs and there were problems of affordability, discrimination, and supply in some areas of the country. However, the committee also suggested criteria for assessing policy options that would have suited the Accommodation Supplement. The Treasury responded with a comprehensive housing supplement, while the Housing Corporation argued for the Accommodation Benefit to continue as a complement to the direct provision of housing. When the Royal Commission on Social Policy reported in April 1988 it agreed with the Housing Corporation’s position.

1990s

All this changed when National won the 1990 Election. The Treasury gained greater influence and ascended to a position of dominance within the bureaucracy. This was due to several factors, including public sector restructuring in the late 1980s that downsized the civil service, thereby reducing the possibility and strength of alternative advice given to the Government. At the same time, the Cabinet committee process was restructured, consolidating Treasury’s influence on crucial committees. The Treasury had also cultivated its relationship with Ruth Richardson and other senior National MPs while they were in Opposition, so when the new Government found itself facing a range of economic pressures, including a fiscal crisis, Treasury’s model of the economy and governance was embraced.

The Treasury briefing papers for the 1990 and 1993 elections were much smaller than in the 1980s, concentrating mainly on macro-economic policy. There was no mention of housing, and the main point about social policy generally was that if the Government wanted to reduce spending it was one of the most obvious areas. The Treasury’s direct involvement with the restructuring of housing policy began with the Economic and Social Initiative of December 1990, which it helped prepare. One of the initiatives was a review of housing assistance.

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14 The criteria included including horizontal equity, cost, tenure neutrality, and targeting.

15 The Treasury may have been confident that National would pursue an acceptable social policy line, or the Government may have thought it politically imprudent to publish the Treasury’s detailed advice on social policy matters.

16 The Treasury considered this review to be consistent with the National Party’s election manifesto, but some voluntary sector housing groups felt National had deliberately concealed its plans for housing (see Chapter Six for details).
which led to an Accommodation Supplement working group, responsible for designing the Accommodation Supplement before the 1991 Budget. The Treasury had two officials on the Accommodation Supplement working group, who strongly promoted the Department’s neo-liberal line. The Treasury was also able to contest the working group’s advice to Cabinet because it had spending implications. A report was commissioned on the United States experience of housing vouchers and how they might work in New Zealand.\textsuperscript{17} Despite supporting the concept of housing vouchers, the report pointed out some problems with implementing them in the New Zealand situation, which were never fully addressed in the final design of the Accommodation Supplement.

Following the 1991 Budget, the Treasury consistently advised against spending increases for the Accommodation Supplement or related benefits. Principles contained in the post-election briefing papers to the fourth Labour Government were still being applied, such as the influence of politicians and agencies making government inefficient. The Treasury also consistently advised that the Housing Corporation should be completely dismantled, but Murray McCully has retained the Corporation as a lender of last resort.

The Treasury laid the ideological groundwork for the restructuring of housing policy during the 1980s. If not for Labour’s particular attachment to state housing, the changes may have happened sooner. Once National became Government, there was more support for the Treasury’s view on social policy, and the alliance between Cabinet and the Treasury diminished the role of other agencies. This illustrates the way in which state actors combined to drive the restructuring process. The Treasury was unable to push through changes without Cabinet support in the 1980s, and the politicians would have found it hard overcoming a bureaucracy united in its opposition.

Department of Social Welfare

Another government agency directly involved in the housing policy field was the Department of Social Welfare, although housing was only a small part of its overall responsibilities. It delivered some housing assistance both before and after 1991, but its role was changed significantly by the new policy. This change was not so much in terms of the type of assistance delivered or who received it, because the Accommodation Supplement could be seen as a new version of the existing Accommodation Benefit with a slightly modified formula.\textsuperscript{18} Rather, there was a large increase in the amount of assistance delivered through the Income Support Service\textsuperscript{19} of the Department of Social Welfare. A corresponding drop in assistance through other sources made the Accommodation Supplement the primary instrument of Government housing assistance.

\textsuperscript{17} This report was done by Abt Associates from Cambridge Massachusetts. It was the subject of a Frontline documentary subsequently censured by the Broadcasting Standards Authority for being one-sided.

\textsuperscript{18} See Chapter Three for details of the Accommodation Benefit.

\textsuperscript{19} The names of agencies connected with the Department of Social Welfare have changed at least twice since 1990. Income Support Service is the name used in this thesis because it was the agency that delivered benefits and pensions for most of the period covered here. It was amalgamated with the Employment Service of the Department of Labour in 1998 to form a new agency called Work and Income New Zealand (WINZ).
The Department of Social Welfare initially expressed some reservations about the Government’s proposed restructuring of housing assistance, but following the 1991 Budget the Department was supportive of the new policy and its implementation process. The Department’s main focus was how to best implement administrative aspects of the new assistance regime. At a general level, this public support for the new policy reflects the Department’s accountability to its Minister. More specifically, its own restructuring process discouraged any dissension, and the new policy represented a welcome increase in Departmental responsibilities, with attendant funding.

**Restructuring**

The Department of Social Welfare went through a process of structural reform at the same time as the Housing Corporation. This resulted in the establishment of the Social Policy Agency, Income Support Service, and Community Funding Agency in May 1992 as distinct agencies, but still under the umbrella of the Department of Social Welfare. Like the Housing Corporation, the Department of Social Welfare had made some internal changes to its operating procedures in the late 1980s, in preparation for anticipated reforms (Smith, 1996, pp9-10). However, the main reason for the Department of Social Welfare remaining relatively intact was an acceptance by the Government that the new agencies were closely related and would benefit from a combined administrative structure (Smith, 1996, p11). In addition, the shift in emphasis towards income support in most areas of social policy meant the Department of Social Welfare needed to retain a coherent focus while other agencies were being reorganised.

Each of the new agencies in the Department of Social Welfare was involved in the process of restructuring housing policy to some extent. The Social Policy Agency was responsible for the Department’s policy advice to the Minister of Social Welfare and was involved with designing the Accommodation Supplement, including the working group prior to the 1991 Budget. It was also usually involved in the preparation of Cabinet committee reports that touched on housing assistance.

The Income Support Service administered the Accommodation Supplement and was usually consulted about practical aspects of implementing changes in it. Adjustments to the formula or regional limits were a major administrative exercise that could add further costs.

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20 When appearing before a Parliamentary committee in March 1991, the Director General of the Department of Social Welfare said they were not happy with the housing voucher systems used in the United States, but would implement whatever policy the Government decided on. The main problem, as the Department saw it, was vouchers being fixed at a certain level, regardless of actual housing costs. This meant tenants who could find cheap accommodation were able to pocket the difference.

21 A Corporate office and Tritec (computer support) were also established, but are not relevant to the restructuring of housing policy.

22 See Petrie (1998) for a detailed account of the Income Support Service’s restructuring experience. The focus is managing the process of change and it contains interviews with many of the key participants.

23 For example, changes to the regional limits of the Accommodation Supplement had been planned for October 1994, but when Cabinet modified the original plan, the increases had to be delayed until March 1995 because of high workloads and staff shortages in the Department of Social Welfare through January and February.
The Community Funding Agency (CFA) was responsible for funding the delivery of particular social services by external providers through a competitive tendering process. This meant it funded the provision of welfare services and emergency housing by voluntary and private sector organisations. The transition phase for this agency was awkward, particularly in relation to its funding of emergency housing, where it subsidised rent or mortgage payments as well as welfare services. The problems led to a partial rent strike by voluntary sector housing groups in Auckland over their loss of funding. There were also disputes between the Community Funding Agency and Housing New Zealand, who owned the properties concerned from July 1992 until the establishment of Community Housing Limited in October 1994. Part of the problem was that the Community Funding Agency's structure and procedures were still being established as they attempted to implement the changes, so staff and clients experienced frustration and uncertainty. Another issue was the use of new staff. Rather than being transferred within the Department of Social Welfare, many of the Community Funding Agency staff came from other Government agencies that had also been restructured, such as the Housing Corporation. This meant they were unfamiliar with the new organisation, its clients, and the unofficial or informal ways of working in different situations.

These new agencies had different spending priorities from each other, so minor tensions existed over how funding should be allocated. However, the Department's Director General resolved any disputes and a united front was presented to politicians and other government agencies. Of greater consequence were the occasional differences in spending priorities between the Ministry of Housing and Department of Social Welfare, which were debated at officials' and Cabinet committees (see the next section for details).

Overall, the Department of Social Welfare gained more funding and responsibility for housing assistance, but encountered teething problems with its new agencies. This was an example of the minor but irritating administrative problems the Government encountered with the implementation process for the new housing policy.

**Ministry of Housing**

Two new central government agencies emerged from the restructuring of the Housing Corporation and were formally established on July 1st 1992. Housing New Zealand took over the administration of the rental housing stock, and is dealt with in the next section. This section looks at the policy advice function taken up by the Ministry of Housing. As a direct product of the housing policy restructuring announced in the 1991 Budget and lead agency for the implementation process, the Ministry's experience of the new policy is important.

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24 See Chapter Six for details.

25 Community Housing Limited was established by Murray McCully following the 1994 Budget to co-ordinate the Government's social responsibilities in housing. See Chapter Three for details.

26 The Ministry of Housing also became responsible for Tenancy Services, but this had little relevance to the changes in housing policy. Indeed, some officials felt Tenancy Services belonged in the Ministry of Commerce, because it was a consumer protection agency. The focus in this thesis is the Ministry's policy advice role.

27 Unless referenced otherwise, material in this section is based on interviews with Murray Coppen, Rob Laking, Steph Drinnan, and Paul Lister.
Despite several staff transferring from the Housing Corporation’s policy unit, the Ministry made few challenges to the basic principles underlying the restructuring process. Reasons for this included the Ministry’s small size, support for the policy from both Ministers and some officials, and reduced access to the policy process for voluntary sector housing activists. This last point highlights the Ministry’s important role as a nexus for information sharing between different actors in the newly reconstructed housing policy field. Apart from the Minister (or a change of government), it was the main avenue of influence over the policy process, so could act as a gatekeeper. The Ministry also played an active intermediary role, either for the Minister with agencies such as Housing New Zealand, or between agencies such as Housing New Zealand and the Community Funding Agency. This situation illustrates the significance of restructuring the institutional arrangements in a policy field, especially when major changes to rationale and programmes are being attempted.

To better understand this point, the section looks in detail at the Ministry’s activities, personnel, and relationships with other actors in the housing policy field.

**Routine Operations**

One of the main tasks for officials in the Ministry of Housing, as with other central government agencies that provided policy advice, was to produce reports that politicians found acceptable. These reports are generally expected to be analytical rather than political, and many Ministers prefer a single proposed solution to the policy problem rather than several. The ideal is for officials to agree on the facts, the problem and how to analyse it, while possibly differing on recommended solutions. The reality is that individual officials and agencies are constrained by the context they work in.

Most reports prepared by officials are intended for the Cabinet committee process. Cabinet committees are the primary interface between the Government and its officials. Any decision taken by the politicians in Cabinet must first go through the relevant committee for advice from officials. Advice is often required from several agencies, so there are corresponding officials committees established to co-ordinate the reports on each issue. This means a typical report might start with junior officials in each of the relevant government agencies. Senior officials in each agency will then check these position papers before they are discussed in the appropriate officials committee. On major issues there may be a further step before a report gets to the officials committee. In the case of the housing reforms there was an Accommodation Supplement working group, as well as a working group on restructuring the Housing Corporation. These working groups reported to the Cabinet.

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28 It is possible that any Housing Corporation policy staff left in 1992 were relatively comfortable with the general direction of policy under the new National Government. More than one Ministry official said the reforms were about providing more equitable assistance through the Accommodation Supplement, which meant state tenants had to pay market rents.

29 There is a bureaucratic convention of ‘free and frank’ advice that Voyce (1997) suggests allows politicians and officials to work well together, but in the same article, Murray McCully is quoted as saying one way of getting around the Official Information Act is discussing issues verbally rather than asking for written reports.

30 This account of the Cabinet committee process is based on a range of interviews with officials and politicians. For a more detailed version see McLeay (1995) chapters 5 & 6.
committee on Social Assistance Reform (known as SAR to officials) through a connected officials committee (known as OSAR).

Once a paper reaches the appropriate officials committee a process of negotiation produces a joint paper. This is then submitted to the related Cabinet committee, although it may include minority recommendations from individual agencies. One official presents the report, which may be sent back for more work or become the Cabinet committee’s report. The whole process is quite hierarchical, and involves officials in vigorous debates with other agencies and politicians, although it is possible for a report written by a junior official to become accepted as Cabinet policy.

An added hurdle for officials preparing reports is having to take account of tensions between the Minister they are responsible to and the Cabinet committee. These committees exercise collective responsibility, so there may be considerable lobbying behind the scenes by particular Ministers to get the committee as a whole to accept their position. More than one official described McCully as keen to circumvent the Cabinet committee process if possible, because he preferred his chances of convincing Cabinet colleagues to accept his proposals rather than officials from other Departments. This was possible through adding late agenda items to the Cabinet Order Paper, which did not have to go through officials committees or have a report written, but could still result in a decision.

**SIGNIFICANT OFFICIALS**

Particular officials were significant in the establishment and ongoing operation of the Ministry. One of these was Rob Laking, who was ambivalent about the content of the new housing policy, but was a career civil servant with extensive experience of the Wellington bureaucracy. He had little knowledge of the specifics of housing before taking the position, but oversaw the Ministry’s establishment process and was Chief Executive until the end of 1995.

Another significant official was Murray Coppen, who fully supported National’s restructuring of housing policy and guided the implementation process. He set up the Ministry’s policy unit and was Policy Manager until 1998, second only to the Chief Executive in terms of policy advice. In the 1970s Coppen spent time with the Housing Corporation, and in the 1980s he worked for the Building Societies Association and the Mortgage Lenders Association. In these capacities he worked hard to get housing reform on the political agenda, and in 1986 he made submissions to Roger Douglas, the Minister of Finance at the time.\(^1\) Coppen is credited with having a major input into the housing policy in National’s 1990 election manifesto, and being a key contributor to the Business Roundtable’s position paper on housing.\(^2\) He was also part of the Accommodation Supplement

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\(^1\) He made a case for the Government withdrawing from direct intervention in the housing market, and suggested that even housing vouchers were too inefficient. Instead, low-income households should be eligible for a general income supplement, leaving the housing market to find its own equilibrium.

\(^2\) *Housing policy: some broader perspectives* (New Zealand Business Roundtable, 1991). This paper was written between the 1990 Election and the 1991 Budget.
working group as a private sector representative, despite being employed by the Inland Revenue Department at the time.

The combination of Laking and Coppen gave the Ministry of Housing relatively stable leadership until Laking left at the end of 1995. However, it also entrenched a tension between the traditional public service ethic and a neo-liberal approach to welfare. This tension was not always obvious, but Laking’s departure was used to appoint a Chief Executive more sympathetic to the direction of housing policy. Michael Wintringham had worked in the Treasury, the private sector, and the Department of the Prime Minister and Cabinet before coming to the Ministry of Housing.\(^{33}\)

**RELATIONSHIP WITH THE MINISTER**

Moving beyond the particular officials involved, an important aspect of the Ministry of Housing was its size. As a small agency with approximately seventeen staff in the policy section (including secretarial support staff) there was little opportunity to be proactive or engage in forward planning exercises. For the first couple of years after establishment the Ministry’s policy advice dealt almost exclusively with design and implementation details of the new housing policy.\(^{34}\) Following that it was kept busy responding to particular issues as they arose. Policy analysts spent most of their time researching and writing speeches for the Minister, or preparing answers to Parliamentary questions. The Ministry’s small size also meant there was a more direct connection than usual with the Minister, discouraging alternative views.\(^{35}\) In larger social policy Ministries, such as Health and Education, the size allowed a range of positions to be supported and debated internally, and possibly presented to the Minister with greater strength.

Another difference in the Ministry’s relationship with the Housing Minister was the portfolio’s dual responsibility for both policy and operations. This meant the Minister of Housing oversaw Housing New Zealand as well as the Ministry, which added an element of tension.\(^{36}\) In other social policy portfolios there has been a strict separation of policy from operations, so for example there was a Minister of Health responsible for policy as well as a Minister of Crown Health Enterprises until the 1996 election. This separation was considered an important element of the public sector reform process (Boston *et al*, 1991, 1996; Kelsey 1993, 1995), which raises the question of why the Government chose to keep both functions together in the case of housing.

On a day-to-day basis, the main point of contact between the Ministry and the Minister was the Chief Executive. There were regular meetings between the two, which sometimes included particular officials relevant to the specific issues being discussed. The Minister also met separately with the Policy Manager and policy analysts to

\(^{33}\) Wintringham departed within a year to become the State Services Commissioner, but was replaced by another former Treasury official.

\(^{34}\) Laking pointed out that because of this "the Government would not have entertained advice that the programme should have been scrapped, at least not without clear evidence that its objectives were not being achieved and that the alternative(s) would have been an improvement." (communication by electronic mail, February 9th 1999)

\(^{35}\) Cheyne *et al* (1997, pp137-139) make a similar point when they argue that public sector restructuring has made it difficult for Ministries to challenge policies or provide alternatives, because they are now required to pursue government ‘outcomes’.

\(^{36}\) The Cabinet reshuffle on August 30th 1996 eventually separated these two responsibilities.
deal with ongoing projects. How this process operated in practice was affected by the relationships between particular officials and Ministers.

Some officials talked of being frustrated at John Luxton's apparent indifference to policy options. In the early stages of the reform process Ministry staff did a lot of work on reports which presented a range of options, but Luxton seemed interested only in ways of 'fine-tuning' the process set out in the 1991 Budget.

As Chief Executive, Rob Laking dealt with both John Luxton and Murray McCully. His working relationship with Luxton was satisfactory, despite disagreeing on housing policy. McCully worked in quite a different way, which led to some tension with Laking. McCully engaged in a lot of informal politicking, and Laking felt there was an expectation for him to become involved in promoting the housing reforms. Laking saw this as inappropriate work for the Chief Executive of a central government Ministry, and avoided it as much as possible. He also saw it as his role to present the range of views on housing held by the public, but McCully paid little attention. McCully began to meet more often with Murray Coppen, because of his support for the principles behind the new policy and extensive knowledge of the housing finance market.

**RELATIONSHIP WITH OTHER AGENCIES**

As well as its dealing with the Minister of Housing, the Ministry had to liaise with other Government agencies. This was usually connected with reports to Cabinet committees, but could take a range of forms. For example, the Ministry often had to act as an intermediary between Murray McCully and Housing New Zealand, in an effort to resolve the ongoing debate over the appropriate balance between the company's commercial and social objectives.\(^{37}\) Similarly, part of the Ministry's function was to monitor the administration of emergency housing by the Community Funding Agency, but it often ended up acting as a peace broker in disputes between the Community Funding Agency and either Housing New Zealand or community housing providers.

There was also an initial dispute between the Ministry of Housing and the Treasury over who would monitor the performance of Housing New Zealand. The Ministry saw it as part of their role to monitor all aspects of Housing New Zealand, especially how it was meeting the Government's social objectives. On the other hand, the Treasury was expected to monitor the commercial performance of all state-owned enterprises, which it felt included Housing New Zealand. The issue was not fully resolved, with both agencies monitoring overlapping aspects of Housing New Zealand's performance. The Treasury monitored commercial performance, while the Ministry of Housing oversaw the Statement of Corporate Intent, which included both commercial and social objectives.\(^{38}\)

\(^{37}\) For a full discussion of the tension between social and commercial objectives and the different interpretations of how they should be implemented in practice, see the section on Housing New Zealand later this chapter.

\(^{38}\) When Bill Birch originally announced tax cuts in 1996, one of the conditions was that repayments on the national debt had to drop below thirty per cent of Gross Domestic Product. As part of reaching this goal Housing New Zealand assets were revalued, in this case by the Ministry of Housing rather than the Treasury.
The Cabinet committee process is where Ministry of Housing officials had the most contact with other agencies, and most decisions boiled down to the Ministry of Housing and the Department of Social Welfare against the Treasury.\textsuperscript{39} The first two agencies were supposed to be more concerned with equity issues, and prepared to spend money in dealing with them. The Treasury, on the other hand, was concerned with the fiscal implications of any policy, and reluctant to allow any spending it considered unnecessary. However, several officials also pointed out that the Department of Social Welfare had different spending priorities from the Ministry of Housing, and did not always support claims for more housing assistance.\textsuperscript{40}

**November 1994 Announcement**

The Cabinet committee process involves a number of agencies taking positions and resolving tensions with each other and politicians. This is best illustrated by looking at a specific example in detail, in this case the build-up to the Government’s announcement on housing assistance in November 1994.\textsuperscript{41}

A draft report (Ministry of Housing \textit{et al}, 1994) to the Cabinet committee on Social Assistance Reform (SAR) contained the same line of argument shown in several earlier reports by the Ministry of Housing (1993a, 1993b, 1994a, 1994b, 1994c, 1994d). Officials from the Ministry, the Department of Social Welfare and the Treasury prepared the report, in consultation with Housing New Zealand. It recommended an increase in the Accommodation Supplement regional limits for single person households across the country and every household size in the Wellington region.

This recommendation was designed to complement a proposed reduction in the twenty-dollar gap for the Special Benefit, and was supported by the Ministry of Housing and the Department of Social Welfare. They pointed out that the estimated cost of the recommendation was only five million dollars a year, while spending on the Accommodation Supplement was approximately ten million dollars a year below prediction. The Treasury did not support the recommendation because it felt that altered forecasts did not reflect genuine savings, and the existing limits for one-person households were sufficient.\textsuperscript{42} However, the Treasury also acknowledged that the Budget that year had promised a quick resolution to affordability problems, and that would not be possible if further appropriation was needed through the Supplementary Estimates process.

In the report, increasing regional limits on the Accommodation Supplement is presented as the only option for improving affordability. Officials rejected increasing basic benefit levels and other options for altering the Accommodation Supplement at an early stage. Despite beneficiaries accounting for ninety five per cent of

\textsuperscript{39} This was the view of Murray McCully as well as several officials.

\textsuperscript{40} Some officials commented that if the Department of Social Welfare had been responsible for housing assistance policy rather than the Ministry of Housing, there would not have been the same increases in funding for the Accommodation Supplement since 1992 because other areas of social spending would have taken priority. The recent shifting of the Ministry’s policy advice section to the Social Policy Agency following the August 30th 1998 Cabinet reshuffle may produce some changes in strategy.

\textsuperscript{41} This section is based on information from official documents of the time.

\textsuperscript{42} The Treasury cited figures that showed the median market rent for one-bedroom houses was affordable within existing regional limits. If the limits were increased, single people could access a higher quality of housing than other Accommodation Supplement recipients could.
Accommodation Supplement recipients, changes to benefit levels are routinely ruled out on two grounds. Only half of all beneficiaries receive the Accommodation Supplement, and only thirty per cent of recipients have an 'outgoings-to-income' ratio greater than forty per cent. 43 In other words, increasing basic benefit levels is considered undesirable because it would require a large spending increase and be inefficiently targeted.

There are also other ways of adjusting the Accommodation Supplement, such as decreasing the entry threshold or increasing the subsidy ratio. The entry threshold is the amount spent on accommodation before households are eligible for the Accommodation Supplement, currently twenty five per cent of net income for renters and thirty per cent for homeowners. If the thresholds were decreased a greater number of households would qualify, and those not already receiving the appropriate regional limit would get increased assistance. The subsidy ratio is the proportion of accommodation costs above the entry threshold covered by the Accommodation Supplement, currently set at sixty five per cent. An increase in this proportion would benefit households not already receiving the appropriate regional limit. The reason usually given for not considering these possibilities is that the Accommodation Supplement has not been in operation long enough to assess whether or not it is appropriate or necessary to change particular elements. Being the least expensive option is probably the main reason for choosing to increase regional limits.

This report also comments on the original transitional assistance package that was dropped earlier in the year. It involved reducing the Special Benefit gap (the amount of weekly debt not covered by Income Support) from twenty dollars to five dollars. 44 However, this change required thirty five million dollars in savings, which was originally going to come from changing the eligibility of boarders for the Accommodation Supplement. Concern from the Minister of Social Welfare about the financial impact on boarders led to Cabinet rejecting the original package in May 1994. Instead, it was decided to reduce the gap to ten dollars a week rather than five dollars. In the process, the usual sources that were supposed to inform decisions, such as statistics, reports, and recommendations from officials, were ignored.

This example shows how the Ministry of Housing and the Department of Social Welfare tended to agree on policy decisions, while the Treasury took a different position. However, they still managed to come up with a joint report to the Cabinet committee, admittedly with more than one recommendation on some issues. The example also shows the overriding role of Cabinet Ministers. Regardless of the information provided by officials, Cabinet makes what are ultimately political decisions.

43 Outgoings-to-income (OTI) is the official Government method of calculating the proportion of a household’s income spent on housing and differs crucially from the formula used by voluntary sector housing groups who research housing costs. With OTI, the Accommodation Supplement is subtracted from housing costs before calculating the proportion. Other researchers add the Accommodation Supplement to household income, because that is how people experience the process: they receive the Accommodation Supplement from Income Support and then have to pay their rent or mortgage. The official method has the advantage for the Government of consistently reducing the calculated proportion by about ten per cent, so the OTI figure of forty per cent is probably equivalent to the fifty per cent of income spent on housing used by the New Zealand Council of Christian Social Services & Salvation Army.

44 The gap is supposed to provide an incentive for households to reduce their debts, but Department of Social Welfare records showed that the main reason people applied for the Special Benefit was high housing costs. Officials and politicians both accepted that housing costs were hard to reduce, hence the proposal to lower the gap.
At a general level, even when politicians wanted to be fully informed they and officials alike were often frustrated by a lack of comprehensive information.\(^{45}\) As Policy Manager, Murray Coppen was in charge of the Ministry of Housing’s research programme, and saw no need for large-scale research because the changes needed time to take effect.\(^{46}\)

**Relationship with the Voluntary Sector**

The Ministry’s decision to delay evaluation of the impact of the housing reforms was hotly debated with voluntary sector housing activists, who believed the impact of changes had been largely negative. The critics also believed the Ministry should be responsible for monitoring that impact and responding as promptly as possible. This debate, and the antipathy of both Ministers of Housing towards the traditional voluntary sector housing groups, contributed to a gradual disintegration of the Ministry of Housing’s relationship with the voluntary sector.\(^{47}\)

This relationship was further strained by McCully’s expectation that the Ministry analyse research critical of Government housing policy within forty-eight hours. McCully wanted to respond quickly to any negative publicity, but the Ministry only gained early access to the research reports through good past relationships with voluntary sector housing groups. Voluntary sector groups became increasingly dissatisfied with McCully’s public responses, because he attacked research techniques rather than addressing substantive issues. Some groups began withholding information from the Ministry of Housing until it was released publicly, in an attempt to steer public debate towards the overall picture rather than focusing on details.\(^{48}\)

Some Ministry officials expressed a desire to see more voluntary sector involvement in policy formation, but pointed out that this was difficult under the Budget secrecy provisions, which was where most significant spending decisions were made. Perhaps the greatest voluntary sector input came in the area of Maori housing, because McCully was genuinely upset by what he saw in his tours of inner-city Auckland, the East Coast, and Northland. McCully dealt directly with iwi representatives from those areas to develop appropriate policy responses, which also involved officials in major assessment projects.

Overall, any attempts to present an alternative policy to the Government through the Ministry of Housing have been stifled by the following factors: the small size of the Ministry; the commitment of successive Ministers to the implementation process; a similar commitment from some senior Ministry officials; and the lack of influence

\(^{45}\) One official described Jenny Shipley’s exasperation as Minister of Social Welfare when Ministry of Housing staff responded to her requests for information by saying it was not available in a useful form.

\(^{46}\) Coppen also points out that large-scale research often just describes a problem, but as policy analysts they need to go beyond identifying problems and come up with policy options for the Government.

\(^{47}\) Laking, however, pointed out that the Ministry did in fact provide a number of reports to the Minister on the impacts of housing policy (communication by electronic mail, February 9th 1999). These reports covered distributional implications (based on access to DSW’s Accommodation Supplement database), possible forms of assistance for home ownership, and the future ownership of state rental housing. He also commented that combined research with the Social Policy Agency in 1995 was less useful than originally planned due to political considerations.

\(^{48}\) See Chapter Six for details.
from voluntary sector housing groups who may have supported an alternative position. The Ministry also facilitated communication between various actors in the housing policy field, and as such, was instrumental in establishing and entrenching many of the informal aspects of the new institutional arrangement. One of the key actors in the new institutional field was Housing New Zealand, and the next section considers that organisation’s experience as a peripheral agency of central government.

**Housing New Zealand**

Housing New Zealand was created as a result of the Housing Corporation restructuring, to administer state rental housing on a more commercial basis.\(^{49}\) Exactly how much more commercial had been a source of conflict between Housing New Zealand and the Government since the agency’s establishment. Despite not being a government Department or Ministry, there are several reasons for considering Housing New Zealand as part of the apparatus of central government. State housing was the largest single asset remaining in Government ownership, and there were no other shareholders. The Minister of Housing had direct responsibility for the agency and was informally consulted on relevant housing policy, even if it was not part of the Cabinet committee process. The public also perceived Housing New Zealand as a Government agency, and it was the target of several protests about housing policy.

**Market Rents**

Housing New Zealand was established in July 1992 when the first round of rent increases for state tenants was almost complete and the second round was about to start. The process was still quite flexible, and the criteria for calculating market rents was not finalised until late 1992. In the past, the Housing Corporation had not been too concerned with calculating accurate market rents, because tenants paid rent based on their income rather than the value of the housing. This meant the Housing Corporation had relied on outdated market rent figures to calculate the rent increases for the first and second rounds.\(^{50}\)

Partly because of the inaccuracy of the market rent figures and the length of time it would take to upgrade them, and partly because of adverse public reaction to the first round of rent increases, the Government made a political decision to soften the impact of the second round of rent increases. This was done by a combination of extending the length of the process and capping the amount of increase in each round. This should have been to Housing New Zealand’s advantage, but tenants and the general public tended to view Housing New Zealand as the Housing Corporation with a different name, and therefore equally responsible for all the failings of Government housing policy.

\(^{49}\) Unless referenced otherwise, material in this section is based on interviews with Philip Pigou and Tina Pope.

\(^{50}\) Over a period of time Housing New Zealand updated the valuations on the rental properties and established more detailed criteria for valuing different aspects of the properties, particularly outside features such as garages, fencing, and driveways.
CUSTOMER LIAISON OFFICERS

Housing New Zealand was established with fifty-six Neighbourhood Units in five administrative regions around the country. Offices were set up in retail shopping districts with frontages intended to give the impression of a real estate company. The Neighbourhood Units employed Customer Liaison Officers (CLOs)\(^{51}\) to administer portfolios of rental units and have more direct contact with tenants than the Housing Corporation had. Customer Liaison Officers made an effort to see every tenant at each step of the transition to market rents. Housing New Zealand was keen to see these situations handled carefully, so Customer Liaison Officers received intensive training.

Most of Housing New Zealand’s original staff came directly from the Housing Corporation, which created problems with the shift from a core public service to a company with commercial objectives and a limited social role. This was a problem for both the Customer Liaison Officers themselves and the management of Housing New Zealand. Customer Liaison Officers who were unhappy with the change eventually moved on or found a way of resolving or living with the tension. Some Customer Liaison Officers did not support the move to market rents and thought the worst impacts of the reform process were being disguised by special programmes such as the Tenure Protection Allowance. In response, these Customer Liaison Officers kept tenants well informed about the transition process and support entitlements from other sources, as well as encouraging them to complain through official channels, even if it was only an internal decision they were challenging. From a management point of view, the Customer Liaison Officers had to go through an extensive retraining process, led by the Neighbourhood Unit Managers. This was necessary not only to inculcate the new organisational ethos, but also to ease the change from specific divisions of labour in the Housing Corporation to Customer Liaison Officers dealing with every aspect of the units they were responsible for.

Customer Liaison Officers were also expected to meet certain performance targets in how they carried out their work. The main focus was moving tenants to market rents, maximising rent income, collecting arrears, and minimising vacancy rates. There were other targets, including the proportion of new tenants who fitted specific priority categories, such as being a low-income household.\(^{52}\) Commercial targets usually took precedence, but negative publicity from time to time led to a greater focus on priority applicants. The low-income target was originally a simple majority, but in the middle of 1996 it became one hundred per cent, and towards the end of 1997 Murray McCully asked Housing New Zealand to do more for priority applicants.

Customer Liaison Officers originally had a lot of discretion over how they responded to the performance targets. Some considered only their targets when placing applicants, while others took into account the suitability of the unit for the applicant and the suitability of the applicant for the building or neighbourhood. Customer Liaison Officers also originally had some control over the setting of market rents, but gradually the discretion was

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\(^{51}\) The title was changed to 'Tenancy Managers' in 1996, but the term 'Customer Liaison Officer' is used because that was the title for most of the period covered by this thesis. It also makes it clear that they were in direct contact with the tenants, rather than being involved in the management of the company.

\(^{52}\) Low-income is defined as earning less than five hundred dollars a week after tax, which covers more than half the population. A tenant or applicant's income is self-declared, and is not checked by Housing New Zealand.
Chapter Four – Agencies

removed in favour of Neighbourhood Unit Managers. Housing New Zealand has since conducted random audits of the market rents to discipline staff they think are being too lenient.

At the same time, Housing New Zealand officially moved towards a more ‘risk orientated role’ for Customer Liaison Officers. This allowed them some discretion but required that they accept and promote the organisation’s values. The reasoning was that staff would only perform to their greatest potential if they supported what the organisation was trying to achieve. This move probably had to wait for the new commercial ethos to replace the old public service values amongst the staff.

Customer Liaison Officers were always aware of the tension between social and commercial aspects of Housing New Zealand’s mission statement because of their close contact with tenants and the impacts of policy changes. Beyond the Customer Liaison Officers, this tension was manifested in different ways. Neighbourhood Unit Managers were expected to operate commercially but also had to respond to political directives. When Customer Liaison Officers saw political interference affecting decisions higher up in the organisation it undermined the company’s official position of taking a purely commercial approach.

**Neighbourhood Unit Managers**

Neighbourhood Unit Managers were the next step up from Customer Liaison Officers and had responsibility for the day to day operation of Neighbourhood Units. This meant they provided a link between tenants and the organisation’s senior management. Neighbourhood Unit Managers had more discretion than Customer Liaison Officers, but this varied over time. Many operational policies were not prescriptive and the implementation details had to be worked through and finalised at Neighbourhood Unit meetings. However, it was important to follow the prescriptive rules that did exist in order to avoid trouble.

Neighbourhood Unit Managers reported to the Rental Manager in their regional office, including formal meetings once a month. However, these sessions tended to be very general in their focus, and specific high profile cases were discussed more in the personal networks between Neighbourhood Unit Managers. Informal channels were also more effective for finding solutions to specific problems and providing feedback to senior management. Issues that could not be resolved were sent further up the organisation’s hierarchy, perhaps even as far as the Chief Executive, who quickly became involved in evictions or anything that appeared in the media. The Chief Executive also kept a close eye on any communication between Housing New Zealand and politicians. This meant that Customer Liaison Officers usually only had a few hours turnaround time on a Ministerial, because it then had to go through the Neighbourhood Unit Manager, the Regional Manager, and the Chief Executive.

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53 A request for information from a Minister, usually to answer letters from the public or a question in Parliament.
**INTERNAL RESTRUCTURING**

As well as the new commercial emphasis, Housing New Zealand staff had to adjust to a constantly changing organisation. The company went through a number of restructurings after 1992, averaging one a year. These usually involved staff cutbacks and/or rationalising the administrative structure. For example, within twelve months of establishment the two regions covering Auckland were amalgamated, and in August 1996 the number of Neighbourhood Unit Managers was reduced by renaming them Area Managers and giving them responsibility for two or three neighbourhood units each. This later restructuring affected all management personnel above Customer Liaison Officers, as far as the Chief Executive. The restructuring process had approximately doubled the number of properties Customer Liaison Officers were responsible for, and had lessened or enhanced the discretion of Neighbourhood Unit Managers at each step. For example, Neighbourhood Unit Managers originally had responsibility for spending on maintenance, but this was regionalised in 1995. When Area Managers replaced Neighbourhood Unit Managers in 1996 they regained control of the maintenance budgets.

This ongoing restructuring process has parallels in other areas of social policy, especially in terms of decision-making. The Housing Corporation had been a highly centralised organisation, although it made some attempts to strengthen its branch structure in the mid-1980s. One aim of the housing reforms announced in the 1991 Budget was to decentralise authority, and Housing New Zealand with its structure of Neighbourhood Units and Regional Offices certainly had more contact with individual tenants and more discretion in how to deal with them. However, after the initial establishment period, the several stages of restructuring gradually recentralised decision-making and authority. A similar process of decentralisation then gradual recentralisation can be seen in the health reforms undertaken over a similar period (Easton, 1994; Ashton, 1999).

**MAINTENANCE**

A major issue for Housing New Zealand in establishing itself as a distinctive new agency was maintenance on its rental properties, and it quickly embarked on a major upgrading programme. This was considered necessary because the Housing Corporation had neglected maintenance over the years, but critics claimed that it was a sprucing up exercise to prepare the asset for eventual sale.\(^{54}\)

There was constant debate within Housing New Zealand over what the balance should be between planned and reactive maintenance, and how to define those categories. For the first year Neighbourhood Units had a substantial budget to cover urgent maintenance and some upgrading, then in early 1994 money was made available if Neighbourhood Units could propose an acceptable spending programme. The following year control over maintenance spending was moved to Regional Offices, which meant Neighbourhood Units could no longer

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\(^{54}\) In addition, tenants complained that the programme seemed to focus on external appearance factors, such as a fresh coat of paint, rather than basic improvements like floor coverings and insulation. They were concerned this would mean increased rents.
guarantee tenants what work would be carried out or when. Regionalisation was an attempt to get uniformity across the country, but debates over priorities and spending levels proved difficult to resolve.55

**PROPERTY SALES**

Housing New Zealand was also affected by the Home Buy scheme announced in the 1994 Budget. This generated a lot of interest among state tenants, but very few have been able to buy their house. Many tenants could have afforded the weekly repayments, but they found it difficult to save the deposit and most mortgage lenders considered their incomes too low. A ten per cent suspensory loan from the Housing Corporation was supposed to address the deposit problem, but was viewed by lenders as a second mortgage rather than part of the deposit.56

In addition to the Home Buy scheme, each area of the country was given a target number of units to sell, to rationalise the rental stock nationally. The aim was to concentrate stock in the large urban areas and reduce it in the provinces, at the same time as diversifying the stock profile in terms of the number of bedrooms per unit.57

Decisions about which houses to sell are left up to Property Managers in each of the Regional Offices. Customer Liaison Officers do have some input, but they are concerned that the best properties have been sold, leaving them with the hard-to-rent ones.58

**SUBLETTING**

December 1994 saw a further adjustment in the implementation process for Housing New Zealand. In a significant departure from how the organisation had traditionally fulfilled its objectives, five hundred units with one or two bedrooms were leased from private landlords in Auckland. The aim was to manage these units on a trial basis because there was a shortage of similar Housing New Zealand stock.59

The Government said the move was needed because tenants preferred the security of the state as a landlord, and Housing New Zealand could facilitate the matching of tenants with appropriately sized housing. From Housing New Zealand and the Government were satisfied with the trial's progress, but Hamilton is the only other place a similar scheme has been tried (Ministry of Housing, 1996).

55 For example, after much discussion Housing New Zealand decided to polyurethane wooden floors rather than carpet them. The initial costs were about the same for both processes and carpet would have provided better insulation for tenants, but Housing New Zealand was concerned about the cost of replacement if tenants damaged or stole the carpet. To further complicate matters, floor coverings were technically considered capital expenditure rather than maintenance, so laying carpet had tax implications that would have involved the national office.

56 Housing New Zealand eventually reached a special arrangement with the ANZ bank, which would give tenants a loan, provided they had a perfect rent record over the previous twelve months. However, this did not appear to make much difference to the take up rate.

57 For example, the Christchurch rental stock has remained about the same level but in other areas of the South Island it is expected to reduce.

58 For example, stand-alone houses were more likely to be sold than multi-unit properties because a freehold title was easier to get and they appeared to give the company a lower rate of return. This left Customer Liaison Officers trying to rent out multi-unit properties that were harder to find tenants for.

59 Housing New Zealand and the Government were satisfied with the trial's progress, but Hamilton is the only other place a similar scheme has been tried (Ministry of Housing, 1996).
New Zealand’s point of view, ‘access to housing’ was the key phrase in its mission statement, which made it possible to focus on property management instead of owning a large rental stock.

As long as the scheme continues to be a commercial success, Housing New Zealand could become a large real estate agent with a client base beyond low-income households. Critics of the housing reforms saw the same possibilities, which raised concerns about the potential future sale of a significant portion of state rental housing.

**OBJECTIVES**

Probably the most significant ongoing issue for Housing New Zealand since its establishment was finding a balance between its commercial and social objectives that suited the Government. From Housing New Zealand’s point of view, it was a rental housing company that was not responsible for income support or housing policy. It felt the Government’s social responsibilities in housing should be fulfilled through the Accommodation Supplement and the Income Support Service. Housing New Zealand already had to administer the Tenure Protection Allowance and ‘Fifty-Five Plus’ programmes that created extra work and would more properly be handled by the Department of Social Welfare. Tenants and voluntary sector housing workers who complained to Housing New Zealand were told to see the Department of Social Welfare or politicians if they wanted policy changes. Housing New Zealand’s focus on its commercial role to the exclusion of all else was reinforced by its tendency to employ Chief Executives and other senior management from the private rather than public sector. When faced with difficult decisions, Housing New Zealand tended to take the option that made most sense from a business point of view.

The Government’s intention was for Housing New Zealand to operate in a more commercial manner than the Housing Corporation had, but it also wanted to minimise political embarrassment from decisions in a sensitive area. For this reason it monitored the company very closely, retaining operations and policy in the same Ministerial portfolio. From time to time the Government considered it necessary to encourage Housing New Zealand towards decisions that were not strictly commercial. In response, Housing New Zealand got concerned at what it perceived as excessive political interference from the Government.  

This disagreement between Housing New Zealand and the Government over how the commercial and social objectives should be balanced in practice created ongoing conflict and led to several public spats. Dennis Ferrier resigned as the Chairman of the Housing Corporation Board in April 1992 during the establishment process, claiming too much political interference. In July 1992 a report was leaked which said that Housing New Zealand’s business goals would override any social objectives, despite assurances by Bill Birch in April of that year that public concerns about a lack of social objectives had been heeded. The same month, Ron Janes left his position as Chief Executive of the Housing Corporation, because he was supposed to have said that the social objectives were only cosmetic to a secret meeting with staff that was subsequently leaked to the media. A high

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60 For example, when the rent increase process was delayed the Government covered the financial cost, but a bad impression was given of Housing New Zealand's management ability.

61 This followed the recall of a booklet outlining proposed staff cuts by John Luxton, the Minister of Housing.
profile eviction case in Auckland in 1993 prompted the intervention of John Luxton and Jenny Shipley as the Ministers of Housing and Social Welfare respectively.\textsuperscript{62} From this point on, in another concession to the Government’s political wishes, Housing New Zealand adopted a policy of avoiding evictions if at all possible, especially if the tenants were likely to go to the media.

Murray McCully’s appointment as Minister of Housing following the 1993 election did nothing to ease the tension. In August 1995 the Housing New Zealand Board took the unusual step of rejecting the Statement of Corporate Intent proposed by the Minister, despite a comprehensive consultation process. George Chapman, the Chairman of the Housing New Zealand Board,\textsuperscript{63} admitted publicly that it was a real challenge getting the right balance between commercial and social objectives. He also noted that the Minister had the power to direct the Board to change its Mission Statement, which included the Statement of Corporate Intent. Housing New Zealand did later change its Mission Statement without any public fanfare, presumably at the direction of the Minister, but the matter was far from resolved. In July 1996, McCully made a public plea to Housing New Zealand to put more emphasis on social objectives in its next Statement of Corporate Intent. He also said that natural tensions between social and commercial objectives meant the shareholder Minister had to be quite active.

When Brian Kennedy appeared before a Parliamentary Select Committee in September 1997 in his capacity as the Housing New Zealand Chief Executive, he was critical of the Government’s housing assistance policy. He claimed that market rents for state tenants were fine in principle but more income support was needed, particularly for single people and beneficiaries in Auckland. He based this claim on calculations done by Housing New Zealand, and suggested that the Ministry of Housing should be doing more analysis along these lines. Murray McCully responded to these criticisms by saying that Housing New Zealand set its rents too high and should take more notice of its social objectives.

Following this incident, the Chief Executive left his position a couple of weeks earlier than planned, and McCully announced new rent setting policies for Housing New Zealand. These would encourage the company to follow rather than lead the market, and would result in rent reductions for some tenants. He also announced new maximum vacancy rates and a programme of stock reconfiguration. A letter from McCully to Housing New Zealand at this time, leaked by an Opposition MP, gives an example of the ongoing tension. The letter said the company showed an unacceptable attitude to low-income tenants facing hardship, was not moving fast enough on poor quality housing, and used the Tenancy Tribunal inappropriately.\textsuperscript{64}

\textsuperscript{62} Housing New Zealand’s Regional Manager was critical of the interference by politicians and said he would proceed with an eviction if faced with a similar situation in the future. In this case the media tended to agree with Housing New Zealand. A NZ Herald editorial was typical of the media response when it talked of the undignified entry of two Ministers in election year antics.

\textsuperscript{63} George Chapman had been President of the National Party in the 1980s, and was brought in to replace Dennis Ferrier during the transition process.

\textsuperscript{64} This last point highlighted a deliberate policy by some Housing New Zealand Neighbourhood Unit Managers to speed up the rent arrears process. Neighbourhood Unit Managers resorted to the Tribunal because it was considered more efficacious than the Tenancy Mediation service and some tenants only responded to the threat of legal action.
OTHER AGENCIES

In light of this difficult relationship with politicians and a desire to establish a commercial identity, it was understandable that Housing New Zealand had distanced itself from other Government agencies. At the Neighbourhood Unit level there was no contact with the Ministry of Housing's policy analysts because the Corporate Office dealt with these matters. There are some dealings with local MPs and their offices, but Housing New Zealand staff were careful not to do them any favours. In general, Neighbourhood Units had few formal contacts with local authorities that provided rental housing. In many cases Housing New Zealand used its status as a major ratepayer during the annual planning process to make submissions that Councils should get out of rental housing altogether because it was a drain on ratepayers' money. However, at an informal level, Customer Liaison Officers referred people to Council housing when appropriate, or encouraged tenants to use Council hardship funds, such as the Mayor's Welfare Fund in Christchurch, to cover bond payments or rent arrears.

This lack of formal connection with Government agencies may have fostered a particular image and way of working that senior Housing New Zealand management wanted, but it made life difficult at times for the Customer Liaison Officers. An obvious example of this was a lack of co-operation with local offices of the Income Support Service. This made it difficult for Customer Liaison Officers to assure tenants of their entitlements or arrange payment of arrears from benefits. This lack of co-operation was often a factor in the eviction cases that produced negative publicity for Housing New Zealand.65

Housing New Zealand has marginal status as a central government agency, but was central to the restructuring of housing policy. This marginal status created problems in the agency's relationships with the Government, the voluntary sector and the public. However, it also enabled the Government to re-establish the housing policy field, changing the relationships between previous actors.

Conclusion

This chapter has discussed the experiences of the central government agencies and officials most closely involved in the restructuring of New Zealand housing policy during the 1990s. The Housing Corporation was responsible for most housing policy in the 1980s, but by 1991 there was little support for retaining its existing structure. This led to a major restructuring as part of the changes to housing policy, which was more comprehensive than for similar agencies such as the Department of Social Welfare. However, the Housing Corporation did retain a residual role as the lender of last resort for the Government.

The Ministry of Housing, which came out of this restructuring process, was responsible for policy advice on housing and as a small agency was closely connected with the Minister. There was early tension between senior

65 The problem was significant enough to be mentioned by the Chief Executive in submissions to parties involved in the Coalition talks following the 1996 Election. The submissions also included a call for increased housing assistance through the Income Support Service, the issue that led to a public disagreement with the Minister nine months later.
officials concerning the public service ethic and neo-liberal approaches to management, an example of the
difficulty the Government had gaining wide acceptance for the ideas behind the new housing policy.

The Department of Social Welfare gained more funding and responsibility for housing assistance, but
encountered teething problems with its new agencies. This illustrates the technical or administrative problems
the Government encountered with the implementation process.

In the 1980s the Treasury contributed to the ideological framework underlying the restructuring of housing
policy. It was also closely involved with the build-up to the 1991 Budget, but it had little to do with the
implementation process, except to encourage the Government to keep spending to a minimum in the face of
public pressure. Still, its dominance in the bureaucracy and general agreement with a Government that had a
clear sense of direction was crucial to the success of the restructuring process.

Housing New Zealand emerged out of the restructuring of the Housing Corporation, and conducted an ongoing
debate with the Government over the proper balance between commercial and social objectives. Despite its
marginal status as a Government agency, Housing New Zealand was the public face of the new housing policy,
so for political reasons the Government continued to exert some control over the organisation.

Overall, the experiences of these agencies show how state actors worked together to drive the restructuring
process. This was not enough on its own to ensure success, as shown in health and other areas of social policy,
but it was necessary for major changes to succeed. From a neo-institutionalist perspective, the major factor was
the successful restructuring of the central government agencies connected with housing, which changed the
politics of the housing policy field as well as the policies.
Chapter Five
Local Authorities

Introduction

The two previous chapters looked at the experiences of central government actors in the restructuring of New Zealand housing policy during the 1990s. This thesis argues that it was these actors who drove the restructuring process, but there were other actors involved. This chapter on local authorities and the following one on NGOs look at the responses from non-state actors to the central government initiatives in restructuring housing policy.

There are a number of reasons for looking at the responses of local authorities to changes in housing policy. There were direct and indirect effects on the provision of rental housing by local authorities, which met with a range of responses. Councils had a long history of providing subsidised rental housing, particularly for pensioners, and were the largest providers of such housing outside central government. With central government’s role becoming increasingly commercial, Councils were forced to assume more responsibility for welfare aspects of housing provision. Councils were also elected bodies, accountable to the public in a similar manner to central government, and some actors were involved in the politics of housing provision at both levels of government. The combined restructuring of both local authorities and central government housing institutions meant council housing was particularly vulnerable to change. Some Councils accepted central government’s ideological reframing of the housing policy field and applied it to their own role in housing provision. Considering the role of local authorities may also help explain why housing was more successfully reformed than other areas of social policy, because local authorities had little to do with the provision of healthcare or education.

From a neo-institutionalist perspective, it is important to consider the role played by local authorities because collectively they were an important actor in the provision of subsidised rental housing, particularly to the elderly. Paul Pierson’s (1994) notion of systemic retrenchment is also applicable on two levels. Changes to central government policy affected the future possibilities for local authority housing, particularly the withdrawal of subsidised loan money. Several Councils used systemic rather than programmatic retrenchment as a blame avoidance tactic when contemplating changes themselves.

1 At the same time, central government indirectly exacerbated the housing problems local authorities faced, with the ‘reconfiguration’ of Housing New Zealand stock. Unprofitable properties in less desirable suburbs were sold, increasing pressure on local rental markets. These changes were an attempt by central government to save money on social services, but may backfire if Councils are unable to deal with the worst cases (Assignment television documentary, May 1996).
This chapter argues that varied responses from Councils across the country were a result of different local circumstances. Factors included: the amount and organisation of existing rental housing; the political persuasions of elected Councillors; the effects of local body restructuring; and the level of organisation amongst tenants. Overall, Councils were more responsive to local pressures than central government, which in some cases encouraged retention and in others divestment of Council rental housing. A similarity between local and central government was the attention paid to elderly tenants during the restructuring process.

This chapter begins with a discussion of the local body reform process started in 1989 and the background to local authority involvement in subsidised rental housing. It then looks at some of the factors behind the regional variation in local authority responses to the restructuring of housing policy, and the relationship between central and local government. This is based mainly on four case studies that provide a detailed look at how particular local authorities have responded: Auckland, Palmerston North, Wellington, and Christchurch.

Background

This section outlines the major reorganisation and amalgamation of local authorities that took place in 1989. Along with the restructuring of central government housing policy announced in the 1991 Budget, it was a significant factor in the changes to Council housing during the 1990s considered in the rest of this chapter. The involvement of local authorities in the rental housing sector prior to 1990 is also outlined in this section.

Local Government Reform

One of the immediate effects of local government reform was to reduce the number of local authorities from 625 to 94 (Bush, 1995, p87). Further adjustments resulted in the development of 12 regional councils and 74 district councils, including 15 city councils (Bush, 1995, p 112). In terms of membership, the local body amalgamations made little difference to the traditional pattern of 'independents' controlling Councils rather than 'party-backed' Councillors. Elections since amalgamation have continued to return approximately 85 per cent of the Councillors as independents (Bush, 1995, pp 88, 101). This lack of clear party allegiance in local body politics distinguishes it from the central government experience in New Zealand and, along with the different historical legacies of rental housing stock discussed in the next section, helps explain regional differences in housing policy.

Bruce Hucker, an Auckland City Councillor and senior lecturer in planning at Auckland University, claims the larger local authorities resulting from amalgamation have reduced the access and influence of the average citizen (Hucker, 1997, p54). However, Graham Bush (1995, p218) points out that there has traditionally been a low

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2 Regional councils are a relatively recent phenomenon, so have not built up a stock of rental housing, but city and district councils have been involved for a number of years, some of them since the 1930s. From here on, the term 'local authorities' refers to city and district councils, as these had a much greater involvement in rental housing than regional councils, both before and after amalgamation in 1989.

3 Following the 1992 election, Auckland, Manukau and Christchurch were the only Councils controlled by a single party (Bush, 1995, p101). In Auckland it was the Citizens and Ratepayers, while in Manukau and Christchurch it was the Labour Party. These three Councils are also the largest, with 24 members each.
level of public participation in all aspects of local government, and Hucker acknowledges that local authorities have not usually been a site of vigorous policy debate (Hucker, 1997, p57). One reason for this low level of public participation is the limited range of powers granted to local authorities by central government (Bush, 1995, p172; Palmer, 1993, p23).4

Despite this apparent lack of power, there were still a number of local and national actors who attempted to influence Councils’ policy and practice. Business sector interest groups such as the Business Roundtable, Chambers of Commerce, the Manufacturers’ Federation, and the Employers’ Federation have sought lower rates through spending cuts.5 Local residents’ associations and ratepayers groups have also tended to campaign against increased spending (Bush, 1995, p191), but advocacy groups from the community sector have usually encouraged Councils to adopt or expand social programmes.

While some of the independent Councillors had backgrounds in the business or voluntary sectors, few independents developed platforms that explicitly stated such influences, and Councillors were not the only target of interest group pressure. Bruce Hucker (1997, p55) claims that the amalgamation process has led to a shift in power from elected councillors to senior council staff.6 While this has occurred to varying degrees around the country, the local body reforms certainly encouraged Councils to establish significant assets and services as stand-alone units, and staff have assumed greater responsibility than previously for the day-to-day operations of those units.

These changes to the structure of local government have affected the provision of subsidised rental housing by most Councils. The clearer split between decision-making by elected Councillors and operational management by staff had particular implications for public supporters of Council housing.

**LOCAL AUTHORITIES AND HOUSING**

Local authority involvement in subsidised rental housing has a long history, with great variation between regions. For example, Christchurch City started building rental housing in the 1930s using subsidised loans from central government, while some local authorities have never built or operated rental housing. Many local authorities have only a small number of houses but most of the larger urban councils like Auckland, Manukau, Wellington, Hutt Valley and Christchurch have been significant players in their local rental markets.

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4 A proposal to give Councils a 'power of general competence' as part of the local body reform process was unsuccessful (Bush, 1995, p99).

5 Business interests were often publicly accused of exerting too much influence, and a Business Roundtable paper on local government reform in 1995 prompted critical responses from the Public Service Association (Harris, 1996) and Labour Party (Norhhey, 1995) amongst others. Some Christchurch City Councillors, sick of the ongoing submissions they considered ideologically driven, publicly criticised the Business Roundtable during the 1996 Annual Plan process. This elicited a response from Doug Meyers, a prominent member of the Business Roundtable, who made a quip about the People’s Republic of Christchurch that has generated a bumper sticker campaign in Christchurch.

6 Hucker points out that if elected councillors are no longer the key players in decision-making processes, anticipated efficiency gains through a clearer division of labour are negated by the attempts of community members to lobby senior staff. He also suggests that corporatisation or privatisation of Council assets and services becomes more likely if there is less direct control by Councillors, and through them the public (Hucker, 1997, p56). This analysis has parallels with a similar move by central government to a clearer split between executive and administrative functions.
Until recently most council housing was intended to provide subsidised rents for pensioners, and by far the majority is still used for this purpose (Bush, 1995, pp149-150). However, in the 1970s central government made low-interest loan money available for a wider range of purposes, including community development and urban renewal projects. Most Councils have both pensioner and community housing, although the balance varies between regions.

The 1989 local body reforms affected how local authorities provided rental housing, most obviously through an emphasis on minimising activities, especially those not considered ‘essential’. This meant Council housing was constantly on the agenda, usually driven by Councillors and staff who were keen to sell the housing or charge market rents. Those in favour of retaining the rental housing were always on the defensive, and regardless of how many times they successfully defended the Council’s involvement, they knew the issue was likely to come up again the following year. Community housing was more vulnerable under this process than pensioner housing.

The housing reforms announced in the 1991 Budget were the next major influence on Council rental housing, with both direct and indirect effects. Indirectly, the rent increases for state tenants placed greater pressure on the subsidised rental housing operated by local authorities. Directly, the low interest Housing Corporation loans which had enabled most Councils to buy or build rental housing were increased to market interest rates, either by one per cent a year or at the next review. While some of the early Council loans had review periods of twenty-one or ninety-nine years, most Councils faced an increase in the mortgage costs for their rental housing.

This left the affected Councils with a decision about how to fund their rental housing. The options included selling, shifting to market rents, increasing rents enough to be self-funding, using rates money, or refinancing the loan. One factor that influenced the decision in each area was the age of loans and therefore the debt-to-equity ratio. In cases where this was still quite high and Councils were unwilling to pay for the extra interest out of rates, it led to sales of the rental stock or substantial rent increases. Another factor was the balance between community housing and pensioner housing, which many Councils considered separately. In most areas pensioner housing was a significant majority of their stock, and usually attracted greater public support.

The vulnerability of community housing was of little interest to central government politicians, who were more concerned about the role of local authorities in the politically sensitive area of pensioner housing. This resulted in a survey by the Department of Internal Affairs in 1995, which found that all seventy-four local authorities owned at least some pensioner housing (Crowe, 1996). Most Councils were not charging market rents, and the average actual rents were approximately two thirds of the average estimated market rents for the different house sizes. Only seven of the local authorities reported selling any pensioner housing since 1990, and the two largest

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7 These terms were not used universally. Some Councils talked instead of ‘elderly person’s housing’ and ‘general rental housing’. For the sake of uniformity the terms pensioner and community housing are used throughout this thesis.

8 Staff are generally less susceptible than elected Councillors to community pressure or ‘public good’ considerations, so their increased role in the management of functions such as rental housing has shifted the balance in favour of commercial considerations.

9 The average was 187 units, and Christchurch had the most with 2,126 units.
of these (Hamilton and Waitakere) still retained a substantial stock. Very few of the local authorities were completely debt free, but nearly all of them had more equity than debt in their pensioner housing. Seventy per cent of the Councils had self-funding pensioner housing, while the remaining 30% used rates money to some extent. When asked about changes to their present policy, 69% predicted no change, 14% planned to increase rents to market values, and 11% intended to sell at least some units, amounting to 1.8% of the total pensioner housing stock.

These are the most recent figures for pensioner housing collected on a national basis, but they quickly became outdated as Councils responded to local contingencies. Even less information is available on changes to community housing since 1990. This lack of information led to part of this research being case studies of four Councils, which are presented in the following section.

Case Studies

This section considers the experiences in rental housing of four particular Councils, and how each has responded to the combined impacts of local government reform and housing policy restructuring. Auckland, Wellington and Christchurch City Councils were selected as case studies because they were all large urban centres with significant rental housing stocks, but had each responded differently to central government initiatives and local conditions. Palmerston North was selected because it illustrated the situation outside the major urban centres but still had a substantial involvement in rental housing.

After describing the experiences of these four Councils, this section draws out the implications for local authorities more generally. The main conclusion is that there was significant regional variation in the situations that Councils faced, the resources they had available, and hence, the responses they made to changes in central government housing policy. Based on arguments similar to those used to justify changes in central government policy, Councils decided to reduce or consolidate their role in rental housing. The four case studies also illustrate various aspects of the connection between central and local government. While there was not a lot of interaction between the two, there were similarities in how they dealt with the process of evaluating and modifying housing policy.

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10 The total sales amounted to 60 units, or 0.4 per cent of the national stock.

11 The Gisborne Housing Advisory Group (a voluntary sector organisation connected with the New Zealand Housing Network) carried out a similar survey for all Council housing in 1993, but there was a poor response.

12 The interviews for these case studies were conducted in the second half of 1997, so the information presented applies to the situation before the 1998 local body elections.
The Auckland City Council\(^\text{13}\) has been dominated by a political grouping called Citizens and Ratepayers since the 1950s.\(^\text{14}\) Between 1995 and 1998 the Council consisted of seventeen Citizens and Ratepayers Councillors, two Labour, two Alliance, and three independents (who tended to support the Citizens and Ratepayers line). Despite this consistent dominance by Citizens and Ratepayers, amalgamation of several small local authorities saw Auckland City expand and control shift to the suburbs surrounding central Auckland. Prior to amalgamation, most Auckland Councils had some pensioner housing, but Auckland City was the only one with a significant amount of community housing. This meant the reconstituted Council included several politicians familiar with pensioner housing but not community housing.

It is not surprising then that the Council has treated its pensioner and community housing quite differently. Pensioner housing has been considered a core business throughout the 1990s, whereas community housing has not.\(^\text{15}\) Pensioner housing numbers approximately 1,700 of the 2,350 total units, and until recently rents have been held at sixteen to twenty two per cent of the Guaranteed Retirement Income. An early proposal to charge market rents to give tenants access to the Accommodation Supplement was defeated, but in 1996 there was a shift away from income related rents. Flat rates based on the market value of the housing were introduced, in a possible move towards eventual market rents.

There has never been a serious suggestion to sell off the pensioner housing, but soon after amalgamation the Council began a process of withdrawing from community housing. However, this shift in policy proved to be difficult, despite extra impetus given by central government housing reforms. In 1990 the Council decided to sell forty-six flats, and consider the sale of five hundred others on a case by case basis as they became available. The housing reforms announced in the 1991 Budget provided the Council with further justification for its decision, and community housing was shifted to market rents as soon as possible, with the expectation that tenants would apply for the Accommodation Supplement.

However, it took almost five years for the complete sale of the remaining community housing to be proposed in the 1996 Annual Plan process,\(^\text{16}\) and this proposal was met with a strong public response. It was the single most

\[^{13}\text{The Auckland City Council covers only part of the Auckland metropolitan area. The other City Councils were Manukau to the south, Waitakere to the west, and North Shore to the north.}\]

\[^{14}\text{Unless referenced otherwise, material in this section was based on an interview with Bruce Hucker (Auckland City Councillor on the Alliance ticket and senior lecturer in planning at Auckland University) on September 4th 1997.}\]

\[^{15}\text{Their exact status is unclear. Councillor Bruce Hucker does not recall a specific decision being made about the core business status of pensioner or community housing, but on an Assignment television documentary in May 1996, Mayor Les Mills said that community housing was not a core business in Auckland, whereas pensioner housing was, so sale of the community housing was probable. He also said it had always been a central government responsibility to deal with the homeless, and local authorities have only become involved since the recent availability of low interest loans, but those have gone now.}\]

\[^{16}\text{Local authorities publicise their proposed activities, programmes and expenditure for the coming financial year in a draft Annual Plan which is open to public submission before being finalised.}\]
commented-on issue in public submissions, which were overwhelmingly against the proposal, although the Business Roundtable and the Building Owners and Managers' Association (BOMA)\textsuperscript{17} supported it.

A Tenants' Action Group established in 1991 and based in Freemans Bay was active during the decision making process. It established a high public profile through protests and media coverage. This, combined with the concerns of several Citizens and Ratepayers Councillors about the possible effects, meant the final vote in October 1996 was closer than expected. However, once the decision to sell the community housing was made, the Citizens and Ratepayers Councillors adopted the party line.

This was not the case for tenants, who organised several forms of resistance in conjunction with Bruce Hucker, an Alliance Councillor and Planning lecturer at Auckland University. A complaint has been laid with the Office of the Race Relations Conciliator, on the grounds that the Council decision unfairly disadvantages Maori and Pacific Island tenants. According to Bruce Hucker, who laid the complaint, it is the first time the Race Relations Office has decided to investigate a case that explores the connections between unlawful discrimination, institutional racism, and public policy.\textsuperscript{16} There are also at least a dozen tenants taking cases to the Tenancy Tribunal based on breach of contract or incorrect notices of rent increase.

Originally, the Council and the Minister of Housing seemed hopeful that Housing New Zealand would buy all the Auckland City Council flats as a going concern \textit{(Assignment} television documentary, May 1996), but this did not happen. This setback, along with continued opposition from tenants and the wider public, meant sales began but at a much slower pace than originally intended. It also led to several concessions from the Council to ease the sales process. Firstly, the decision to sell added three forms of tenure protection for tenants that had not been in the original proposal. Secondly, the Council pursued a policy of giving first option to tenants, with a seven per cent discount on the purchase price. A special deal was arranged with the BNZ to recognise the discount as part of the tenant's deposit and waive administration fees.\textsuperscript{19} Further, the Council considered a policy of requiring new owners to charge five per cent less than market rents for a set period after purchase. Finally, the Council commissioned two independent surveys from Phoenix Research on the impact of the sales process.\textsuperscript{20}

Despite first suggesting the sale of some community housing in 1991, it took the Council approximately five years to formally propose the sale of all community housing. This coincided with the Council needing an injection of funds for its Britomart and America's Cup projects. The original reasons given for selling were that subsidised rental housing for low-income households was not a core business of Council, and the capital invested

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\textsuperscript{17} This is the official voice of commercial landlords who have become quite vocal in recent years because they usually pay large rates bills under differential rating systems. It is active in most urban centres.

\textsuperscript{18} It is based on section 65 of the Human Rights Act (1993), that deals with indirect discrimination.

\textsuperscript{19} This type of arrangement took Housing New Zealand at least 18 months to organise for tenants who wanted to use the Home Buy scheme.

\textsuperscript{20} This last measure was prompted by negative tenant reaction to social impact reports prepared by Council staff as part of the original proposal. These reports did not consult tenants or take into account class, gender, or ethnic inequalities. Bruce Hucker and his colleagues at the University of Auckland's Department of Planning produced their own report once the decision to go ahead with the sales was made, which was critical of the Council's decision and processes. The Council originally announced there would be three independent surveys, but support from the tenants was so low that only two have been carried out. These do nothing to dispel the negative picture painted by the Hucker report.
in housing did not realise a high enough rate of return. Despite the community housing being self-funding and requiring no rate money, this line of argument was used again in 1996, but it has been suggested that there was a new impetus for the sale of Council housing. The Britomart project and waterfront redevelopment for the America’s Cup needed finance, and community housing was the most valuable asset that could be easily sold. Some Councillors have publicly denied this connection, but reports by Council officers explicitly linked the income from sales of Council housing with the feasibility of the Britomart project.

**Palmerston North**

Palmerston North offered a slightly different picture from the major urban centres, with approximately one hundred community housing flat\(^{21}\) and four hundred pensioner housing units.\(^{22}\) Following the 1991 Budget there was a formal decision by the Council to treat the two types of housing differently. Community housing was shifted to market rents, on the understanding that increases would be offset by the Accommodation Supplement, while pensioner housing rents were kept at twenty five per cent of the tenant’s income. The Council also employed liaison officers to work with the pensioner housing tenants.

Each year the status of both types of housing was considered, although pensioner housing was usually a formality. The possibility of sale was never seriously discussed because it had low debt and required no rate money. The sale of community housing, on the other hand, was carefully reconsidered each time, partly because it was on valuable inner-city land. The local Chamber of Commerce\(^{23}\) advocated selling the community housing because it considered the rate of return too low. Sale was also actively promoted by at least two of the Palmerston North City Councillors who were local property investors.\(^{24}\) However, the Council considered a six per cent rate of return on the asset reasonable and decided not to sell its community housing as a whole, although it did approve the sale of staff housing on a case by case basis.

Housing activists found it hard work organising tenants to oppose the sale of Council housing in Palmerston North. Tenants speaking at Council meetings caused some embarrassment, but their input appeared to be largely ignored, which did not inspire further activity.\(^{25}\) The decision to increase rents for community housing went through relatively unopposed, and the retention of community housing relies more on the goodwill of particular Councillors than concerted opposition from tenants.

\(^{21}\) Known as general rental housing in Palmerston North.

\(^{22}\) Unless referenced otherwise, the information in this section comes from interviews with Roni Fitzmaurice, a Palmerston North City Councillor 1992-95, and Kevin Reilly, a community worker for the Manawatu Tenants Union.

\(^{23}\) Called the Commerce Centre in Palmerston North.

\(^{24}\) When the issue of a conflict of interest was raised by other Councillors, it was decided that they would not benefit directly from any sale, so could take part in the decision making process. A similar situation arose with the Napier City Council, where Harry Lawson had also been President of the New Zealand Property Investors Federation from 1991 to 1996. He declared his interest and excused himself from any debates, but he did sit through hearings where the local Property Investors’ Association made submissions. There are probably a number of local authorities where Councillors are also property investors, which does raise an issue of conflict of interest. See the relevant section of Chapter Six for further discussion.

\(^{25}\) Kevin Reilly and Roni Fitzmaurice both made this point.
An interesting project has been developed in a partnership between the Council and community groups. The Council decided to sell a block of community housing in 1994 because it was making a loss, only had fifty per cent occupancy, and the tenants were considered unreliable. The community sector suggested that two particular groups could lease the block of flats from the Council for emergency accommodation and a halfway house. This arrangement has been very successful, with the Council retaining ownership and having a guaranteed income, while the community groups manage the property, cover their costs, and provide a service. The occupancy rate increased to ninety-five per cent, and in January 1999 the block of flats was sold to a community group representing the tenants (Manawatu Evening Standard, January 14th 1999).

**Wellington**

Wellington was one of the few City Councils where pensioner housing did not enjoy privileged status.\(^\text{26}\) When subsidies were removed from central government loans following the 1991 Budget, distinctions in allocating pensioner, community and staff housing were dispensed with. Council housing was built in the 1920s and 30s to address problems with physical standards and shortages. Following World War II the housing was designed to develop undesirable land and attract Council staff to the city, mainly single workers. In the 1960s the building programme turned to multi-unit high-rise complexes. By the 1990s this meant few council units were stand-alone houses, but the bedsits were becoming increasingly unpopular because they were unsuitable and difficult to afford. Two thirds of the Council’s units were in the inner city area, where land had become more desirable and values had rapidly increased in recent years. This mismatch between housing need and the Council’s rental housing stock was identified in its 1994 core service review, and was part of the justification for a rent increase to eighty per cent of private sector equivalents. If Council housing was no longer meeting serious housing need, it may as well generate a greater rate of return to provide funds for other uses.

The Wellington City Council has traditionally had a large number of independents as elected members. Out of twenty Councillors in 1997, only one was Labour and two were Alliance, while the four Citizens members did not necessarily agree on specific issues. This meant most decisions were made in \textit{ad hoc} coalitions. In terms of housing, there was reasonable support for the retention of its pensioner units but an even split over selling the community housing, so the issue was hotly debated at each core service review. Councillors in favour of selling argued that an eight percent return on investment was not good enough. Those against selling pointed out that this only considers the book value of the housing stock, but the units pay for themselves in cashflow terms without using any rate money. The Council has so far decided to retain its community housing, although the Mayor’s casting vote was required in May 1997.

In Wellington the Council tenants were highly organised, motivated by several rent increases and the constant threat of sale. Ongoing protests by tenants over these issues have gradually won public support in Wellington and encouraged the Council to retain its housing. However, lobbying by tenants in recent years for a joint-\(^{26}\) Unless referenced otherwise, the information in this section comes from an interview with Sue Piper, a Wellington City Councillor on the Labour ticket for the last 12 years.
management trust has been opposed by otherwise sympathetic Councillors, who were concerned that it might be a step towards privatisation in a situation where most tenants could not afford to buy their units.

The Wellington City Council was also prepared to publicly challenge the Government over the direction and details of housing policy. In April 1991 it said the Accommodation Supplement would lead to more applications for its rental housing (Evening Post, April 11th 1991, p16), and in June 1992 it was critical of the lack of social objectives for Housing New Zealand (Evening Post, June 12th 1992, p16). In March 1993, the Mayor at the time, Fran Wilde, defended the Council’s decision to increase its rents by claiming that the Government was indirectly responsible, which drew an angry response from John Luxton, the Minister of Housing.27

**CHRISTCHURCH**

Christchurch was one of the earliest local authorities to build rental housing, starting in the 1930s.28 In 1997 it had approximately 2,550 rental units, of which 2,150 were pensioner housing.29 The rents for pensioner units were significantly cheaper than the private sector, and community housing costs were around eighty percent of private sector equivalents. Tenancy Liaison Officers visited the tenants on a regular basis, similar to Palmerston North staff, but were also responsible for maintenance on the properties.30

Like Auckland, Christchurch is a city where local body amalgamation was a more significant influence on the Council’s provision of rental housing than the 1991 Budget. Prior to 1989 there was a broad-based consensus on the Council about its involvement in rental housing, but following amalgamation new Councillors from other areas challenged the housing programme, so it was necessary to rebuild the consensus slowly.

Pensioner housing was never seriously suggested for sale, although the need for units in expensive parts of town was questioned, without much success. The first real challenge to the Council’s involvement came from some Citizens Councillors who proposed selling the community housing. This was defeated, partly because the units did not have separate titles, but mainly because the tenants were well organised in their opposition. Despite many of them being elderly, and therefore eligible for the cheaper pensioner units, they did not want to move because they had lived in their rental housing for, perhaps, twenty years. Tenants turned up for hearings on the Annual Plan and held meetings in their units,31 which convinced the Council to retain its community housing even

27 Wilde pointed out that market interest rates for Housing Corporation loans meant the Council had to find further funds for its housing, and she felt rent increases were preferable to ratepayer subsidies, because the housing would be less vulnerable if it was self funding. Luxton believed the decision was in the Council’s hands, and it should not try and avoid responsibility.

28 Unless referenced otherwise, the information in this section comes from an interview with David Close, a Christchurch City Councillor on the Labour ticket, who was chair of the Community Services Committee 1992-95.

29 In Christchurch, pensioner housing was called elderly person’s housing, and community housing was called general rental housing.

30 The work of Tenancy Liaison Officers became increasingly difficult in recent years, with a growing number of former patients of local psychiatric institutions as tenants. These tenants became eligible for pensioner housing when it was also made available to people with disabilities.

31 David Close suggested that Councillors did not like being confronted with the people they were effectively evicting, and was surprised tenants had not managed to achieve more in Auckland.
though Labour was in the minority at that stage. Enough Citizens Councillors accepted the value of a continuing involvement in subsidised rental housing, as long as it did not draw on rates.

Next, some Citizens Councillors argued that the Council should increase the rents of both community and pensioner housing, for two reasons. Firstly, it was not getting a high enough return from its investment, and secondly, reserves were needed to cover maintenance costs. On the first point, supporters successfully argued that the housing stock did not belong to ratepayers. The initial funding had come from central government in the form of subsidised loans and grants specifically for housing, not investment purposes, and was being held in trust for the people of Christchurch. It was also pointed out that the only extra funding came from tenants’ rents, not rate money. The second point about maintenance costs was dealt with by a major internal study, which showed that slight rent increases would maintain and replace the housing stock on a sustainable basis. In response, rents were increased gradually by small amounts, to boost a housing fund that already existed for maintenance and replacement costs.

The final challenge to the Council’s involvement with rental housing came when some Citizens Councillors argued that this fund should only be used to upgrade pensioner units. The reasoning was that the pensioner housing was older than the community housing, and had generated most of the surplus. Other Councillors felt the fund should be used to buy or build new community housing, because there was greater need in this area and community housing tenants had contributed more to the surplus on a proportional basis through their higher rents. Disagreement over how to proceed meant the housing fund was left untouched for several years, but eventually the Council announced two joint projects with community groups and the availability of $10m to expand its rental stock. So in contrast to many other local authorities, the Christchurch City Council was expanding rather than reducing its role in rental housing. It is significant that, along with Palmerston North, its new projects were partnerships with the private or voluntary sectors, rather than central government.

Another distinction from most other local authorities was Christchurch’s lack of concern over losing low interest loans from the Housing Corporation as a result of the reforms announced in the 1991 Budget. The age of the Council’s loans meant that many of them were substantially paid off, and the rest were set at approximately 3.5 per cent interest with no provision for review. As interest rates were increased, the Council refinanced elsewhere because it could borrow at 2 per cent below the Housing Corporation’s new rates. This was due to a combination of its ‘AA’ credit rating with Standard and Poors and the large amounts it borrowed to cover a range of activities, not just housing. This is an advantage that most smaller Councils would not have, but should be possible for the larger urban local authorities.

There were also benefits that went with the removal of restrictive Housing Corporation lending criteria. For building purposes the Housing Corporation would only lend the bare minimum, which usually led to fairly basic units in cheaper parts of town. In recent years the Council has improved the quality of its units by using

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32 David Close pointed out the similarity with dog license fees, which were collected by local authorities but could not be used for general rating purposes.

33 This announcement was made in October 1997, but had been hinted at in November 1995. At that stage the Council was still divided and the local Property Investors Association stated publicly that the private sector could provide rental housing more efficiently.
additional money from its housing fund. Loans for upgrading from the Housing Corporation also had strict criteria, such as how many units had to be done in one complex at a time. This meant the Council could never manage to upgrade more than about twenty units in a year because it took a long period to get enough empty units in one complex. Once the subsidised loans were withdrawn, along with their restrictive criteria, the Council used its own money to embark on a remodelling programme that covered 80 units in the first year and 100 in the second. Doing the upgrades on this scale was more cost effective for the Council, because it could achieve economies of scale and maintain a higher occupancy rate.

The Housing Corporation loans also placed age, asset and income restrictions on prospective Council tenants. The removal of these gave the Council greater flexibility in catering for housing need. It could provide for those whose assets exceeded the previous limits but were insufficient for the purchase of a property. It could also help meet an acute shortage of accommodation suitable for psychiatric patients discharged to the community in the process of deinstitutionalisation.

As well as being keen to retain and expand its own role in rental housing, the Christchurch City Council was prepared to challenge central government's direction in housing policy. When the reforms were first announced, the Council sent a delegation to Wellington that suggested central government should pass the responsibility for public housing to local authorities. Funding for this scheme would be available if the Accommodation Supplement was scrapped. While John Luxton appeared receptive at the time, his response a month later was to reject the suggestion. In July 1995 a Government MP was critical of Labour and the Alliance for ignoring $500m of Government housing assistance. David Close, chairperson of the Council's Community Services Committee at the time, responded publicly with case studies of the impact of increases (Press, July 4th 1995, p5), and later that year a report by Council staff blamed Government housing policy for the poverty trap faced by many in the city. This drew a scathing response from the Minister of Housing, Murray McCully, as did a further Council report in 1997 on women and poverty.34

**REGIONAL VARIATION**

These case studies allow several conclusions to be drawn about the involvement of local authorities in the provision of rental housing, and how it has changed in the 1990s. The main conclusion is that there have been varied responses to the housing reforms announced in the 1991 Budget throughout the country, based on different local contexts. Some Councils moved to reduce their role in housing, usually based on a distinction between pensioner and community housing, while others consolidated or even increased their housing stock. Similar arguments were used around the country to justify these responses, but were more or less successful in particular areas. Tenant reactions also varied. This range of responses reflected the differing impacts of local body reform; the sensitivity of elected Councillors to local influences; and the different involvement by each Council in the local rental market prior to 1991.

34 As described in Chapter Three, McCully attacked the methodology of the research rather than addressing the issues it raised.
The 1991 Budget announced that Housing Corporation loans for Council housing, which had previously been subsidised, were to be shifted gradually to market interest rates. The different ages of the loans had a major impact on the decision made by each Council about its continued involvement in rental housing. In Christchurch, which had mainly older loans, the changes had little effect, and may have even encouraged the Council to consolidate and increase its role in housing. By contrast, the Hutt City Council was a relatively young local authority with recent Housing Corporation loans. This meant a high debt-to-equity ratio and a huge increase in the cost of its rental housing with the move to market interest rates. It became one of the first local authorities to sell all of its rental housing. Most Councils were closer to Christchurch than Hutt City in terms of debt, so the increased interest rates were manageable. However, Councils that were already keen on change, such as Auckland, used the 1991 Budget announcements to justify their plans.

With the withdrawal of Government subsidies, most Councils also had to consider the extent to which their housing was self-funding. If it already attracted a rates subsidy, the increased interest charges would have been unpopular with ratepayers, whereas housing that was self-supporting could probably absorb the slight increase in costs. An example of the latter was Christchurch, where small rent increases across the board continued the self-funding nature of the rental housing, including maintenance and replacement costs. However, being self-funding was no guarantee of retention. Auckland decided to sell its community housing, despite it being self-funding, because it was not considered a core service.

Similar arguments were used across the country to support proposed changes, but with varying levels of success. Rent increases for community housing in Auckland and Palmerston North were justified by the availability of the Accommodation Supplement. Similarly, all the Council housing in Rodney District was sold because it was deemed too costly for ratepayers. However, in other parts of the country it was successfully argued that the Accommodation Supplement would only partially cover any rent increase, because rents were so low to begin with and the Accommodation Supplement was not a 100 per cent subsidy.

Another major argument used in most areas was that Councils were getting a low rate of return from their large capital investment in rental housing. In Auckland, Palmerston North, and Wellington, the value of the asset was emphasised, and in several other areas the argument swayed Councils to raise rents or sell their housing. In Wellington and Christchurch it was suggested that housing should be sold where land values were high, but in both cases sales did not eventuate. In Auckland and Wellington, where the Council rental housing was already self-supporting with no use of rate money, this argument was the main impetus behind changes in local authority housing, along with high land values. In contrast, Palmerston North and Christchurch rejected the argument, on the grounds that the original money was a loan from central government, specifically for housing purposes. Despite this argument, conservative Councillors who might otherwise have been in favour of reducing their role in rental housing were happy enough to continue in most cases, provided the housing was self-funding.

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35 The Mayor of Rodney said on national television that anyone who needed housing assistance could go to the Department of Social Welfare (Assignment television documentary, May 1996).
Related to this was the argument that rental housing was an inappropriate service for local authorities to provide. This argument was promoted by central government, based on the philosophy underlying local government reforms since 1989. It was used effectively in conjunction with the low rate of return argument for Councils that wanted to cut back on their rental housing services.

Tenants and other interest groups reacted differently around the country to these moves by local authorities, which prompted further action or adjustments from the Councils. In Auckland there was a very organised response by tenants to the proposed sale of community housing. This included public protests and legal challenges, which slowed down the process but did not stop it. In Palmerston North, the tenants were not very organised, and their objections seemed to have little impact on Councillors. Wellington Council tenants were already highly organised, due to a community development initiative by the Council, but there was still a question mark over their effectiveness. In Christchurch, tenants influenced the decision not to sell community housing, but that was never seriously under threat, and the small rent increases for both community and pensioner housing has drawn a muted response.

Other local influences include business interests such as the Business Roundtable and the Building Owners and Managers' Association, and community groups from the social service sector. Joint projects between Councils and community groups in Palmerston North and Christchurch may appear to provide models for partnership, but there are questions about how many such arrangements could be supported by community groups around the country and how willing other local authorities would be. Some community groups have already asked to manage Council housing, both community and pensioner, but Councils have not been keen on the idea. Most community groups cannot afford to buy the units outright, but most Councils are seeking to divest themselves of the housing altogether, rather than just contract out its management.

These varied responses to the restructuring of central government housing policy were based on local possibilities and constraints. One of the key elements in setting each context was the process of local body reform that began in 1989. Amalgamations affected the political composition of some Councils, their awareness of housing issues, the relationship between elected Councillors and senior staff, decisionmaking processes, and the potential for public input. In Auckland the Council shifted from an inner-city focus with a history of both pensioner and community housing, to a more suburban, small-business focus, with little experience of community housing. This contributed to the Council's decision to sell its community housing. A similar situation occurred in Christchurch, but in this case the new Councillors eventually accepted the previous consensus.

This difference of outcome is partly explained by the political interests that controlled these Councils. In Auckland the conservative Citizens and Ratepayers could have been expected to reduce the Council's role in rental housing, while the retention and possible expansion of this role by a Labour dominated Council in Christchurch was hardly surprising.
Apart from Manukau City, the remaining Councils were all dominated by Independents; a situation that remained unchanged by the amalgamation process. Their greater sensitivity to local influences and personality politics may have been another factor in the different responses around the country. In Wellington a large number of independents meant Council involvement in housing was constantly being reconsidered. This was encouraged by the general direction of the 1989 local body reforms. The emphasis of the legislation allowed the process to be driven by Councillors keen to sell their housing stock or charge market rents.

Another factor in local contexts was different roles in rental housing prior to 1991. One difference was the balance between pensioner and community housing. In most regions pensioner housing was a significant majority of the Council rental stock. However, in some areas, like Wellington, local conditions resulted in more community than pensioner housing. Another factor was the role played in the local market by Council rental housing. In Auckland and Christchurch it represented a significant proportion of the rental housing occupied by the elderly. Community housing on the other hand was not so significant, except perhaps in some of the provincial towns where it made up the entire rental market. When combined with greater public sympathy for pensioners this helps explain why community housing was generally more vulnerable than pensioner housing. Even for Councils like Wellington where community housing was the majority of their stock, it was still a less significant part of the local rental market than their pensioner housing.

**RELATIONSHIP WITH CENTRAL GOVERNMENT**

Beyond the effect of local conditions on Council responses, the four case studies allow conclusions to be drawn about the relationship between central and local government. The first point is that local authorities have been relatively low profile in public debate about the direction of central government housing policy, despite many being directly affected by increased interest rates for Housing Corporation mortgages. The main exceptions are Wellington and Christchurch City Councils, who have been prepared to criticise the Government publicly.

Secondly, while central government economic and social policy has encouraged local authorities already thinking of reform, the Government has expressed little direct interest in their rental housing. John Luxton felt that local authorities faced the same issues as central government, with waiting lists created by the subsidised rents and a lack of decent maintenance programmes. Murray McCully’s main interest was encouraging Housing New Zealand to follow each sales process and put in tenders if appropriate. On the other hand, Opposition MPs

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36 Manukau City Council was controlled by Labour, and also retained its rental housing stock.

37 It raised the issue of a possible conflict of interest for Councillors who were also property investors when decisions about Council housing were being made. The Palmerston North and Napier City Councils each took different approaches to this issue, and there were probably other Councils facing the same situation.

38 For instance in Auckland the approximate numbers were 1,700 and 650 for pensioner and community housing respectively, and in Christchurch the split is 2,100 and 400.

39 The same was probably true in many of the smaller local authorities, even with significantly fewer units.
have maintained some contacts with local authorities, and Sandra Lee of the Alliance drew up a private members bill designed to protect council housing.40

It was also useful to draw comparisons between local and central government with regard to their experiences of housing reform. Firstly, there was a parallel between the favourable treatment of pensioner housing at a local level and central government moves to provide greater protection to elderly state tenants. It would appear that the low-income elderly were a sensitive issue for both local and central government.

A second comparison was the way in which decisions about housing policy were not made in isolation. For central government, decisions about housing policy were strongly connected to policy on income support and other spending decisions. At the local level, a range of issues could affect housing decisions. In August 1993 the Gisborne District Council did a survey on the physical standard of housing in its area, and found that overcrowding and poor sanitation had led to an overabundance of scabies and lice (NZ Herald, August 28th 1993, p2). The Council’s response was to campaign for building standards to be relaxed so people could afford to build minimal but adequate shelter. For the Hutt City Council, selling its rental housing provided funds for a wastewater treatment scheme (Assignment television documentary, May 1996). Similarly, the Auckland City Council decided to sell its community housing just at the time it needed a capital injection to fund the Britomart and Americas Cup waterfront developments.

Thirdly, there was the issue of how long it took to go from proposal, to decision, to implementation. Contrary to what might be expected, the process could be just as drawn out at the local level as in central government, due to legislative requirements designed to encourage public participation in the decision-making process.41 In Auckland, the sale of community housing was first proposed five years before it was eventually decided on. Even then, the implementation process had been slowed by negative responses from tenants and the public. Similarly in Christchurch, proposals to build more rental housing or enter joint projects with community groups had been held up by lengthy consultation processes among Councillors and with the public.

Finally, it should be pointed out that local authorities were closer to the public than central government, which had various implications. It could have meant the public expected them to be more responsive, but instead may have made them more susceptible to interest group capture, whether that was local business interests or community groups. It could have also meant greater accountability to the public, which made blame avoidance even less likely than for central government. Local authorities appeared to have had more trouble implementing major change than central government, and were very sensitive to being confronted with the obvious losers from any proposed changes.42

40 This bill was submitted early in 1996 in an effort to protect the Auckland and Wellington Council housing in particular, but it was delayed in the balloting process until September 1997 and defeated on the first reading.

41 In some cases there was a high level of public involvement in Council processes, while in others the procedural formalities could be quite time consuming even with little public input.

42 The Mayor of Christchurch illustrated this nicely when she commented that central government is trying to get out of providing social services and pretends the problems do not exist. Local authorities could try the same thing, except the politicians live in the same community as the people affected by their decisions (Assignment television documentary, May 1996).
Conclusion

This chapter has looked at responses from local authorities to central government initiatives in restructuring housing policy. Councils said little publicly about the direction of housing policy, and central government politicians showed a similar disinterest in local authority housing.

The main conclusion is that the responses from Councils varied across the country depending on local circumstances. Some Councils reduced their role in housing while others increased it, tenant reactions varied, and attempts to justify the responses faced a mixed reception. These responses were affected by the political complexion of each Council, different configurations of existing rental housing stock, and the added impact of local body reform. The closer proximity to constituents of local authority politicians than their central government counterparts encouraged greater public accountability, but it also increased the influence of local interests.

Overall, decisions to raise rents or sell housing attracted a lot of publicity, but the majority of Council housing remained intact. Community housing was affected more than pensioner housing, but it reflects central government priorities that the only serious investigation into the impact of changes concentrated on pensioner housing, a more politically sensitive issue. Central and local government have both found it expedient to fine-tune housing changes to favour elderly tenants.

This chapter does not attempt to be a comprehensive review of how Councils have responded to changes in central government housing policy, but it does give an indication of various local influences that have affected decisions around the country. The next chapter considers the other major non-state actor by looking at the role of NGOs in the restructuring of housing policy this decade.
Chapter Six
Non-Government Organisations

Introduction

This chapter considers the responses of non-government organisations (NGOs)\(^1\) to the restructuring of housing policy announced in the 1991 Budget, and their involvement in the implementation process. At a general level, considering the roles of NGOs is important in highlighting the part played by some of the marginal yet significant actors. The existing literature on welfare state retrenchment and social policy implementation tends to focus on action at the political or bureaucratic centre (for example see Mazmanian & Sabatier, 1983; Pressman & Wildavsky, 1984; Goggin et al, 1990; Marsh & Rhodes, 1992; Hill, 1993).\(^2\)

While a central argument of this thesis is that state actors drove the restructuring process, in terms of the neo-institutionalist analytical perspective outlined in Chapter Two it is still important to look at the roles of NGOs for at least four reasons. Firstly, NGOs have different perspectives from state actors on how the institutional arrangements of the housing policy field enabled or inhibited their participation. Secondly, the restructuring process significantly altered the participation of most NGOs. Thirdly, criticisms by some NGOs modified the implementation process. Finally, regardless of their attitude towards government housing policy, NGOs are crucially involved in its implementation at the local level.

The chapter is split into two sections, distinguishing between NGOs that were broadly in support of the housing reforms and those that were opposed.\(^3\) The first section focuses on the Property Investors' Federation, the Real Estate Institute of New Zealand, the construction industry, and the Business Roundtable. These groups provide particular perspectives and experiences, and represent the range of views in support of the principles behind the restructuring of housing policy, especially the idea that the housing market operates better without state intervention. However, none of the groups were reliant on the housing reforms, and all of them considered other

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1 The phrase 'non-government organisation' (NGO) is used in this thesis to refer to any organisation that is not part of the government sector, meaning central and local government and their attached agencies. Some agencies like Housing New Zealand might consider themselves NGOs, but they are still closely linked to central government, even if they do have a high level of commercial and operational autonomy. 'NGO' covers both the private business sector and the voluntary or community sector, although NGO supporters of the changes to housing policy tend to be from the private sector while NGO opponents tend to be from the voluntary sector.

2 Even the so-called 'top-down/bottom-up' debate in the implementation literature (for example see the main text references and O'Toole, 1969) only goes as far as 'street-level bureaucrats'. If consumers or advocates are considered at all, it is usually their interactions as unproblematic aggregated interest groups with the central actors that are mentioned.

3 The emphasis here is on 'broadly', because NGO supporters may have disliked some of the implementation details, while opponents may have opposed the underlying principles, or policy details, or both.
events more significant to the housing market or their own operations. Claims that these groups were influential in the housing reforms are hard to substantiate, but the interests of politicians and these NGOs clearly coincided on housing policy, and the network of informal contacts between them was strong. This section is considerably shorter than the following one on NGOs opposing the reforms, primarily because the supporters were heavily involved in the decisionmaking process leading up to the 1991 Budget but have had little to do with the implementation process.

The section on NGOs opposed to the restructuring of New Zealand housing policy this decade focuses on public critics, and covers two distinct groups: direct consumers of central government housing provision and assistance; and voluntary sector groups who supported the consumers or had some other interest in housing provision. The main consumers of central government housing services were people who rented from the Housing Corporation or its successor Housing New Zealand (commonly referred to as state tenants), and low-income households who had subsidised mortgages with the Housing Corporation. State tenants were the most vocal in their opposition to the changes in policy, so this chapter concentrates on their role almost exclusively. Voluntary sector groups opposed to the new policy included tenants' advocates, social workers who dealt with low-income households, and community-based social policy researchers. They represent a diverse range of views, but the phrase 'housing workers' is used in this thesis to describe them collectively, because it was a term they used to refer to themselves.

Housing workers were united in their opposition to the principles and detail of the changes to housing policy, particularly the shift from income-related rents to market rents for state tenants, but responded in a variety of ways. Most made use of the available political and legal channels, while more militant groups organised protests, and some conducted their own research to monitor the impacts. However, several factors reduced the effectiveness of their responses.

The influence these community groups enjoyed with the Labour government during the 1980s did not continue under National. The Government was able to slightly modify the implementation process to address the most politically damaging criticisms while retaining the general direction intact. The Housing Corporation and Department of Social Welfare were restructured in the midst of the policy changes, so housing workers had to adjust to a different operating environment as well as challenging Government policy. Critics who wanted to publicly debate more general aspects of housing policy were frustrated by the media's almost exclusive focus on the plight of state tenants. Housing workers became increasingly fragmented at the national level during the

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4 Other reasons for the brevity of this section include the time and space constraints of an MA thesis and my stronger personal connections with (and therefore better access to) voluntary sector housing groups opposed to the reforms. There is also limited evidence of public statements or activity by these groups since 1991, probably because they were in favour of the general direction of housing policy. The one exception was the Business Roundtable, whose views were relatively well documented because it made public comments about a wide range of economic and social policy. This in turn prompted responses from people opposed to its views, which added to the media coverage. The Roundtable also wrote and published reports that acted as formal position papers on most of the policies it commented on, leaving more documentary evidence. In contrast, the media did not consider housing policy so significant compared with health, education, or economic policy. They paid less attention to comments by groups whose main focus was housing, such as the construction industry, real estate agents, and even the Property Investors' Federation. This gave critics little opportunity or need to respond, which further minimised the media coverage. (The Property Investors' Federation did receive slightly more media coverage than the other groups mentioned because it was prepared to make strong statements. However, the main reason for more information on the Property Investors' Federation in this thesis is interviews with two officeholders.)
1990s and faced a tension between using the new programmes to get the best for their clients and opposing the direction of housing policy.

To elaborate on the roles of NGOs opposed to the restructuring of housing policy, the section on NGO opponents considers the perspectives and experiences of three particular groups: the State Housing Action Coalition (SHAC) who represented state tenants; and the New Zealand Housing Network (NZHN) and New Zealand Council of Christian Social Services (NZCCSS) who represented housing workers around the country. It then discusses the responses of housing workers more generally.

**NGOs in Support**

This section considers the perspectives and experiences of the Property Investors' Federation, the Real Estate Institute of New Zealand, the construction industry, and the Business Roundtable. These groups represent the general range of views for NGOs that supported the restructuring of housing policy. They agreed with the principles behind the restructuring (especially the idea that the housing market would operate better without state intervention), but were not highly active in supporting or resisting particular aspects once the process began.

The most significant role for these NGOs appears to have been during the decisionmaking process, but it is difficult to assess how influential they were. Most of the NGOs expressed dissatisfaction with some details of housing policy and their level of influence with central government. Politicians also downplayed the role of these organisations, but their interests coincided over housing policy and the network of informal contacts between them was strong. In the face of public sympathy for opponents, the Government probably welcomed any expression of support for the new housing policy.

In addition, none of these NGOs relied on the changes to housing policy, and they all considered other events more significant for their own operations or the housing market in general. The Property Investors' Federation was more interested in the passing of the Residential Tenancies Act (1986); the Real Estate Institute thought declining interest rates over the 1990s had a greater impact on housing sales; and members of the construction industry, whether large companies or small operations, were well aware that state housing only accounted for a small portion of the building market.

**PROPERTY INVESTORS' FEDERATION**

One supporter of the changes to housing policy announced in the 1991 Budget was the New Zealand Property Investors' Federation, which represented residential rental property owners (more commonly referred to as

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5 Most of these groups could be more thoroughly researched, and other actors left out altogether could usefully be investigated. For example, in the finance sector, trading banks are the main providers of residential mortgages, and it would be helpful to know their views on housing policy and the housing market in the 1990s.
This was a confederation of regional associations who wanted a national voice for lobbying purposes but retained a large amount of autonomy. Rental property owners were a diverse group of people, many of whom did not belong to the Federation. However, the organisation had the best claim to representing private sector rental property owners, and was considered to speak on their behalf by politicians and officials.

Many rental property owners were outraged at the passing of the Residential Tenancies Act in 1986, which led to an increased political profile for the Property Investors’ Federation. The Residential Tenancies Act (1986) was the first piece of legislation to state explicitly the rights and responsibilities of both rental property owners and tenants. Previously, general laws of contract had covered the renting situation, but the new legislation recognised the disparities between property owners, for whom it was a business investment; and tenants, whose basic human right to shelter was involved. However, the Federation saw it as an unwarranted intrusion by the state, and became more involved in lobbying central government. The Federation considered the Act a result of successful lobbying through the 1980s by tenants’ advocacy groups, and felt it had to have a similar presence. It also found a willing ally in the National Party, which was in Opposition at that stage.

In addition to the new rental legislation, the Property Investors’ Federation was concerned about high inflation rates making rental property an unattractive investment option, and the Housing Corporation dominating the rental market. In response, the Federation suggested there was no shortage of rental accommodation, just tenants’ ability to pay for it, so the Housing Corporation should stop building and lease private sector rental properties for its tenants (Estate, Summer 1990/1991, p34).

By 1990, this increase in organised lobbying had resulted in more attention from the National Party at an official level. Jim Gerard, the National spokesperson on housing at the time, wrote an article for the Property Investors’ magazine Estate, acknowledging the Federation’s concerns without stating a specific policy response. Roger McLay, another National MP, went further at the Federation’s conference later that year, hinting at the introduction of a cash subsidy if National won the upcoming election (Estate, Summer 1990/1991, p32). This also points to the personal sympathies of some National MPs for rental property owners. For example, Roger McLay attended several Federation conferences in his personal capacity as a rental property owner, and was the National spokesperson on housing prior to Jim Gerard. The possibility of a sympathetic audience partly

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6 The phrase ‘rental property owner’ is used in this thesis in preference to ‘landlord’, because the latter term has some negative connotations and is non-inclusive.

7 A substantial proportion of rental property owners had only one unit, which they may have inherited or bought as an investment for retirement. They were less likely to be involved with the Property Investors’ Federation than the minority of rental property owners who derived their main income from managing properties, and owned the majority of private sector rental housing.

8 Although the Act did provide greater legal protection for tenants, it was also consistent with the Labour Government’s model of public sector restructuring.

9 As Minister of Housing 1987-1989, Helen Clark had implemented a new building programme for the Corporation.

10 The Government adopted a similar policy in 1994, when Housing New Zealand leased five hundred private sector rental units in Auckland on a long-term basis for subletting to tenants who wanted smaller accommodation. See Chapter Six for more details.

11 This personal connection with rental property owners still exists among National MPs. I attended select committee hearings on the Residential Tenancies Amendment Bill in 1997 where two of the three National MPs talked of their experiences as rental property owners, including the bad tenants they had to deal with. It would be difficult to find many MPs who had lived in low cost rental housing for any length of time, making it that much harder for them to relate to tenants who face this situation.
explains why the Property Investors’ Federation worked behind the scenes with minimal publicity; while tenants and their supporters, who were not so warmly welcomed, carried out most of their policy debate in the public arena.

When National won the 1990 election and announced its intention to review the delivery of housing assistance, the Federation increased its lobbying efforts (Estate, Autumn 1991, p15). The Property Investors’ Federation was generally supportive of the changes to housing policy contained in the 1991 Budget, and reiterated a lot of the rhetoric used by the Government to justify the restructuring. The move to market rents for state tenants was considered the most significant step, because state housing no longer had a price advantage over the private sector. The Federation also approved of delivering housing assistance through a separate agency, because this allowed the possible future sale of state rental housing.

Many critics of the new housing policy claimed that the Accommodation Supplement would end up as profits for rental property owners, and contribute to rent increases in most areas of the country. The Federation responded that the rental housing market was strongly driven by the economics of supply and demand, and greedy rental property owners would go out of business. It also claimed that rents had only gone up significantly in Auckland, where other factors were at work.

Regardless of its approval for the changes to housing policy following the 1991 Budget, the Property Investors’ Federation saw the Residential Tenancies Act (1986) as a more significant event. However, despite good relationships with the Ministers of Housing since 1990, rental property owners have been unsuccessful in getting the Act repealed or substantially modified.

The lack of success in this area contributed to a view among rental property owners that they were not properly listened to by politicians, the public, or the media. They believed that cases of bad treatment for tenants received more media coverage than the thousands of satisfied tenants, and greater public sympathy for state tenants resulted in the Government slowing down the rent increases process. This lack of public status was even more galling because rental property owners saw themselves as the people who kept the industry going by investing

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12 In response to these comments, Tony Ward (telephone conversation, February 1999) said National MPs had little direct involvement with the Property Investors’ Federation itself. He also pointed out, along with Harry Lawson (telephone conversation, February 1999), that the lines of communication always remained open with the Labour Party. Helen Clark and Phil Goff have both addressed the Federation’s national conference.

13 For example, in May 1994 the president of the New Zealand Property Investors’ Federation said the restructuring of housing policy had worked, and any implementation delays or reversals were a step backwards.

14 They also acknowledged the role of rent increases for state tenants in rising private sector rents.

15 The Consumer Price Index shows rents rose 36.5% between December 1991 and December 1996, although the Property Investors’ Federation attributes most of this to fluctuations in the Auckland market (Tony Ward, interview 1997; Harry Lawson, telephone conversation, February 1999). However, the cost of housing was constantly cited as the main contributing factor to inflation through the mid-1990s, whether it was rising house prices, interest rates, or rents.

16 For example, when John Luxton commented that rental property owners needed tighter self-regulation in August 1991, the Property Investors’ Federation responded that the Government should first change the tenancy laws. City Councillors took a similar position in interviews for this thesis, regarding local body amalgamations as more significant for Council housing than changes to central government housing policy.

17 There have been two amendments to the Act, both containing only minor technical changes.
their life savings: they made the rental housing available, while tenants were just the customers. In the face of all this, rental property owners took comfort in the belief that supply and demand drove the rental housing market in the long run, so it would eventually adjust to whatever regulatory environment was imposed on it.

**Real Estate Institute**

Like the Property Investors’ Federation, the Real Estate Institute of New Zealand felt the announcements on housing assistance in the 1991 Budget were less significant than other aspects of central government policy or the national economy. For the Real Estate Institute, declining interest rates over the 1990s had the most impact on housing sales because home buying became more affordable for most households, including those on low incomes.\(^{18}\) The Accommodation Supplement had little obvious effect on home buying, and even for renters it was not considered the best means of delivering assistance, because it could easily be ‘ripped off’ and had an inflationary effect on the rental market. The Real Estate Institute felt well consulted by politicians over most issues, partly as a result of using a public relations firm for lobbying.\(^ {19}\)

**Construction Industry**

The construction industry can be divided into two significant groups: large construction companies, some of which diversified and became transnational corporations; and smaller companies and self-employed builders, who did a substantial amount of contract work for the larger companies. These two groups did not always have the same interests in central government housing policy, so there was not a single, united view on the restructuring of housing policy since 1991 from members of the construction industry. This, along with the low priority accorded to housing policy by the media, helps explain the low public profile of the construction industry.

One example of a large construction company is Fletchers.\(^ {20}\) It was established as a building company in the 1920s and grew into a transnational corporation with interests in forestry, pulp and paper, steel, and building materials by the 1980s.\(^ {21}\) The company began to expand in size with the building of state housing in the 1930s, although it was put at financial risk in the early years. James Fletcher (Snr) believed state housing was good for the country, even if not necessarily for the company, because it provided meaningful work at cheaper rates than unemployment relief. He even promoted the concept of state intervention among fellow businessmen, and was prepared to build all the state houses himself, regardless of the cost. The perception that Fletchers grew to dominate the New Zealand construction industry as a result of building state housing in the 1930s and 40s is only

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\(^{18}\) It is also believed there was room for further reductions because banks still made a healthy profit. Tougher competition in the Australian banking sector meant margins were lower there.

\(^{19}\) The firm organised meetings with appropriate politicians on issues of particular concern to the Real Estate Institute.

\(^{20}\) The company has gone through several name changes over its 80-year history, but as a family firm this word has remained a constant, and is an easily recognisable abbreviation.

\(^{21}\) Material in this section on Fletchers comes from Parker (1994) unless referenced otherwise.
partly correct. It only worked on a fifth of the state houses built during that time, but its large workforce allowed it to bid for wartime construction contracts, which proved lucrative.

This ideological and financial connection to state housing gradually waned over the years, and by the 1980s the company’s stance had changed considerably.\(^\text{22}\) It had been run for nearly 40 years by Jim Fletcher (Jnr) who was an accountant by trade rather than a builder. It had also diversified its business operations and become a transnational corporation. In terms of construction, the focus had become rent-to-buy schemes for low cost housing, with little reliance on government assistance.\(^\text{23}\) This meant the construction arm of the company was ideally placed with regard to housing policy: it could tender for any future government building programmes, or take advantage of a change to cash assistance for consumers through its rent-to-buy scheme. The company as a whole probably preferred a move to open market policies that would benefit its other businesses.

Smaller companies and self-employed builders, on the other hand, were more reliant on a buoyant housing market than larger construction companies, and probably preferred a continuing state involvement. In April 1992, the Master Builders Federation called on the Government to stimulate the construction industry and domestic economy by updating maintenance on government and education buildings (Press, April 8th 1992, p4). The Federation also called for increases to the Accommodation Supplement, presumably because it was available to low-income home buyers. However, builders of any size were probably not too concerned about the changes to housing policy because state housing represented only a small portion of the new building market. In addition, factors other than Government housing policy had a greater impact on the viability of the construction sector during the 1990s. Wood prices rose sharply at one point, and real interest rates remained high, dampening the real estate market in most areas outside Auckland.

**BUSINESS ROUNDTABLE**

The New Zealand Business Roundtable (NZBR) was made up of Chief Executive Officers from major corporations, similar to its United States namesake.\(^\text{24}\) It was established in the mid 1970s, and, along with the Chambers of Commerce that refocused on general policy around the same time, succeeded the Employers Federation as the widest ranging business group. The Business Roundtable and Chambers of Commerce quickly gained influence because their general focus allowed them to promote free market ideas with little concern for the effects of reforms on particular sectors or companies. The Roundtable became more firmly established with the appointment of Roger Kerr as executive director in 1986. Its programme since then has been based on the

\(^{22}\) For example, a submission by Fletcher Residential to the Royal Commission on Social Policy in 1987 saw the free market as the most efficient way of providing housing. It recommended: freedom and security of tenure; partnership between central government, local government, and the private sector; targeted public assistance with horizontal equity; a long term housing strategy to keep costs down; minimal public intervention in the finance market; macroeconomic policy that delivered low interest rates and hence affordability; and improved standards of accommodation in poorer regions (Fletcher Residential, 1987).

\(^{23}\) These schemes were particularly popular in West Auckland, which had some of the most rapid urban expansion in the country in the 1980s.

\(^{24}\) One aim of the United States organisation was to balance the perceived power of unions in the political arena. It is ironic that the New Zealand Business Roundtable enjoyed such success lobbying the fourth Labour Government, considering union support was crucial to Labour being elected.
consensus in thinking of a wide range of business leaders, established between 1979 and 1984 by the 'Top Tier Group' (Roper, 1993, pp162-164).  

In relation to housing, the Business Roundtable made its position quite clear with the release of a report entitled *Housing Policy: Some Broader Perspectives* in April 1991. This response to the December 1990 Economic and Social Initiative portrayed housing policy as primarily an income support issue. The proposed housing reforms were considered a step in the right direction, but the replacement of all ‘in-kind’ and voucher assistance by general income support programmes was preferable (NZBR, 1991, p68). The Housing Corporation was criticised for inefficient management and monopolising low-income lending and rental markets, while the tax structure was thought to unfairly favour home-ownership over renting (NZBR, 1991, pii).  

The housing reforms subsequently announced in the 1991 Budget were generally well received by business interests. Anything that reduced Government spending on social services or state intervention in open markets was considered good for business. The Business Roundtable itself said little publicly about housing policy after the 1991 Budget. It appeared to be unconcerned about implementation details once the restructuring process had begun.  

Like Treasury, the Business Roundtable was often accused of having undue influence in the policy formation and decision making processes, especially with regard to social policy. However, it is difficult to assess the extent of its influence. If individual members of the Roundtable gained benefits from the range of reforms introduced by governments since 1984, it was without wielding much direct influence through formal channels (Mansfield, 1990, p132). This points to the importance of informal contacts, which is how the Roundtable tended to operate. It preferred direct contact with Cabinet Ministers rather than going through officials or public relations staff (Deeks, 1992, p5).  

More generally, strong financial backing gives businesses an advantage over trade unions and voluntary sector welfare groups when it comes to influencing the electoral and policy processes. Ample funding allows companies to advertise, improving their public image; maintain lobby groups; fund political parties and academic research; offer incentives to state sector policy analysts; and buy controlling interests in various media. However, the influence of business interests is hardly stable, and business interests are not always united. Sectoral groups like the Manufacturers Federation and Federated Farmers often disagreed with each other (Deeks, 1992).

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26 The report had much in common with the 1987 Treasury briefing papers, but pushed for even more radical reform.

27 For example, in February 1992 Labour's spokesperson on housing accused the Government of paying too much attention to the Business Roundtable.

28 Deeks (1992) also suggests that in times of relative affluence other interest groups have a greater chance of being heard. This raises the question of how much influence business interests have during economic recession, such as New Zealand has been facing in the 1980s and 90s.
This section has considered the role of NGOs that supported the changes in housing policy, particularly during the decision-making stage of the process. The next section looks in more detail at NGOs that opposed the restructuring, whose role was most significant during the implementation process.

NGOs Opposed

Most consumers and housing workers were totally opposed to the restructuring of housing policy to begin with. While the Government and its agencies may have been frustrated at delays in the implementation process, for critics any alterations were too little too late. As it became clear that the Government was not about to change its mind on the principles underlying the reforms, housing workers gradually began to accept the new system. By the time of the final rent increases for state tenants in July 1995, when all the changes announced in the 1991 Budget had been implemented, most housing workers were more concerned about the specific circumstances of their clients than changing the fundamentals of Government housing policy.

This came about for several reasons: the Government successfully addressed the more blatant problems while leaving the basic policy intact; the public sector restructuring of key housing institutions proved an energy-sapping distraction; and the national co-ordination of housing workers became increasingly fragmented. This section traces the process whereby institutional reconfiguration of central government housing policy leads to changes in the ends housing workers pursue and the means they use, and how that process stabilises or entrenches the new regime rather than weakens it.

This section begins by looking at the experiences of three key NGOs: the New Zealand Housing Network (NZHN); the New Zealand Council of Christian Social Services (NZCCSS); and the State Housing Action Coalition (SHAC). These particular groups were chosen because SHAC enjoyed a high profile representing the interests of state tenants, while the Housing Network and NZCCSS were the main voices of housing workers at a national level. This leads into a chronology of significant events, followed by a general discussion of the different responses from consumers and voluntary sector groups opposed to the restructuring of housing policy.

Housing Network

The New Zealand Housing Network was one of the largest national groups involving housing workers, and the only one devoted exclusively to housing. It was a loose coalition of voluntary sector groups and individuals with an interest in housing policy. The main aim was to promote access to adequate, appropriate and affordable shelter for all New Zealanders. Members included: tenants’ advocacy groups; voluntary sector groups or community workers who dealt with a range of welfare issues, not just housing; social policy researchers who worked in the voluntary sector; and some consumers such as council or state tenants. The Network was formally

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29 The organisation's name was deliberately chosen so the acronym would sound like “shack”, and that was what members and the media commonly called it, so this thesis uses the initials when referring to the organisation.

30 Material in this section is based on personal experience working in the field for five years and several interviews with housing workers.
established in 1982 in response to a housing shortage affecting most parts of the country. During the 1980s it was active in the Residential Tenancies Act and Shelter for All campaigns discussed later this section, and was a central organising point for most housing causes or groups.

The Housing Network consistently opposed the underlying philosophy and design details of the housing policy restructuring announced in the 1991 Budget. It preferred to see more government intervention in the housing market through the direct provision of state houses at subsidised rents, along with a diverse range of smaller programmes designed to address specific problems. This opposition to restructuring as a whole glossed over the positive aspects of change, such as increased assistance for private sector renters or the availability of assistance to low-income home-owners with private sector mortgages. Most members of the Network believed there were few positive aspects, and many of the benefits claimed for restructuring were just government rhetoric open to debate. However, the Network preferred to conduct that debate through the appropriate legal and political channels, rather than use the civil disobedience tactics adopted by groups such as SHAC (see later this section).

This view of the changes in housing policy led the Housing Network to organise or be involved with most of the protests outlined in the chronology of events later this section. It marked significant dates in the implementation process, such as July 1st 1993 and July 1st 1995, as well as organising its own protests, such as the National Housing Day in October 1994.

Relationships

The Housing Network’s relationship with central government changed dramatically with the election of a National Government in 1990. The Network’s high public profile and relative success in lobbying central government during the 1980s was partly due to many of its members having close ties with the Labour Party. Not only was it clear that the new government had quite a different perspective on housing policy, but the direct access to politicians the Housing Network had enjoyed up to that point was no longer possible.

The relationship with the two Ministers of Housing between 1990 and 1998, John Luxton and Murray McCully, proved difficult. The Government considered the Housing Network as an organisation and many of its individual members too critical to add anything constructive to public debate about the direction of housing policy. As a result, the Ministers and their officials rarely agreed to meet with members of the Network, and the two parties were engaged in a running media battle. By July 1992 John Luxton was accusing groups of spreading misinformation (Press, July 1st 1992, p8) and the Housing Network was challenging the Government’s figures at every possible opportunity. Murray McCully took up where John Luxton left off, and routinely dismissed any

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31 Most of the voluntary sector groups or individuals referred to in the chronology of events later this section had been associated with the Housing Network at some stage, and in most cases were speaking on behalf of the Network.

32 For example, in December 1990 the Government claimed that $110million trimmed from the Housing Corporation budget would have little impact on housing need, but housing workers challenged this claim. Among them was Charles Waldgrave, a social policy researcher at the Lower Hutt Family Centre and Pakeha National Co-ordinator of the New Zealand Housing Network for much of the 1990s. His analysis of the implications of this cut, combined with the announcements in the 1991 Budget, are contained in the Sunday Forum’s report (Waldgrave & Frater, 1991).
research critical of housing policy, on the grounds that the methodology was 'unscientific' and 'non-representative'.

Partly due to this frosty relationship with the Government, most prominent members of the Housing Network at a national level maintained direct connections or sympathies with one of the Opposition political parties (Labour or the Alliance) throughout the 1990s. However, at a local level, each region had members who were more inclined to be politically conservative, and in some cases members were active in the National Party. They could have supported similar goals to other housing workers but chosen to influence housing policy through the Government's party apparatus, or may have had quite different motivations for being involved in the field. Some housing workers saw it as charity work, while others were committed to concepts of community development. There were also tensions between supporters of the traditional welfare state and those who wanted to use this period of change to encourage a move towards something more radical. These different motivations made it difficult for housing workers to organise a national network and present a united front to central government and the public, especially when central government did not seem to be responding to any of their concerns. It was easier to maintain a united front during the 1980s when the Network was relatively successful, because members had access to Government MPs at the local level as well as through the national organisation.

Soon after the 1990 election, the New Zealand Housing Network experienced an internal split that saw most of the Auckland members leave and form their own organisation, the Greater Auckland Housing Collective. This meant some of the more active groups were no longer members, and some individuals (like Major Campbell Roberts of the Salvation Army) used other national organisations to push for changes in housing policy. The Network was predominantly urban-based, and the loss of the country's major urban centre meant its effectiveness as a true national voice on housing issues was diminished. This weakness, along with the tensions described in the previous paragraph and limited access to central government politicians and officials, saw the energy invested in the Network slowly dissipate. While the Greater Auckland Housing Collective was quite active locally, it was left up to other organisations to maintain a strong national voice for housing issues, especially the New Zealand Council of Christian Social Services, which is discussed next. An unintended consequence of the restructuring process was less rather than more concerted efforts from NGOs that were opposed.

33 For example, in February 1994 McCully called the Family Centre's estimate of serious housing need 'guesswork' (NZ Herald, February 3rd 1994, p1). Later that year he said the churches should have approached him before getting involved in the New Zealand Housing Day, which he described as a publicity stunt producing no constructive policy proposal (NZ Herald, October 17th 1994, p1). He even criticised work carried out by a market research firm on behalf of the Ministry of Housing and Department of Social Welfare, because it produced results embarrassing to the Government (Dominion, August 2nd 1996, p1).

34 Despite some factional tendencies between Labour and Alliance supporters within the Network, this was not the cause of the split. Most of the Auckland housing workers were connected with the Labour Party, and the more prominent members remaining in the Network also favoured Labour. Instead, the split was a result of different ways of working and personality clashes that had remained submerged during the 1980s, when co-operating had been politically productive. With channels of political influence blocked by the new regime in housing, these differences became more pronounced and there seemed little point in working together.

35 It should be pointed out that there were always individual Auckland members of the New Zealand Housing Network, and after a few years of separation there were moves towards reconciliation or at least co-operation between the two groups.
COUNCIL OF CHRISTIAN SOCIAL SERVICES

The New Zealand Council of Christian Social Services (NZCCSS)\textsuperscript{36} was the most vocal national organisation on housing issues after the Housing Network. Apart from the void left by the split within the Housing Network, a key reason for this outspokenness was the significant role played by Major Campbell Roberts of the Salvation Army, who was President of NZCCSS for most of the 1990s. The Salvation Army had been involved in the provision of emergency housing since the 1970s, which Campbell Roberts was involved with for several years in Dunedin and South Auckland, before taking a position in Wellington as the National Director of Social Services. He had also been active in the Housing Network throughout the 1980s, and wrote the section on housing for the April Report of the 1987 Royal Commission on Social Policy.\textsuperscript{37}

Against this background, Campbell Roberts was asked to be the voluntary sector representative on the Accommodation Supplement working group established as a result of the December 1990 Economic and Social Initiative. The working group was expected to design an Accommodation Supplement that would take into account fiscal constraints, provide greater choice for consumers, and be tenure neutral (Bolger \textit{et al}, 1990, p82). There was a broad range of members on the working group, which gave the appearance of consulting widely,\textsuperscript{38} but the Treasury officials kept suggesting changes consistent with their point of view just before reports were submitted to the Minister of Housing or Cabinet. The Government’s determination to introduce an Accommodation Supplement became clear when the working group delivered a report pointing out the significant problems of supply, quality and discrimination under a cash subsidy regime (Davidson, 1991, pp1-2). The Government’s response was to reconvene the working group with a substantially different membership.\textsuperscript{39} Subsequent reports accepted the concept of an Accommodation Supplement and confined their comments to the mechanics of implementation (Cowie, 1991, pp1-3). The Government’s control over working group membership illustrates its success at thwarting opposition attempts, in this case by procedural means.

\textit{Activities}

The frustrating experience of community consultation contributed to regular criticisms of housing policy by NZCCSS, although it was more willing than the Housing Network to acknowledge positive aspects of the changes. Its position was stated clearly in a paper that claimed the Accommodation Supplement would lead to a

\textsuperscript{36}This is a separate organisation from the New Zealand Council of Social Services. NZCOSS was larger than NZCCSS and included most of its members, but made few public statements on housing issues.

\textsuperscript{37}At the time of the split between the Housing Network and Auckland housing workers, Campbell Roberts was working in Auckland. Regardless of his personal views on the split, he had to maintain a good working relationship with Auckland voluntary sector groups and the range of national organisations he continued to be involved with. Given this situation, the New Zealand Council of Christian Social Services was the best way for Roberts to promote housing issues (particularly Auckland ones) at the national level.

\textsuperscript{38}The inclusion of voluntary and business sector representatives was a change to the traditional composition of officials' working parties. The politicians' intention had been to challenge the entrenched positions of agencies and officials, but the experiment was considered a failure. Instead of disrupting the vested interests of officials, the new members questioned basic assumptions underlying the standard operating procedures, slowing down the time-honoured processes for getting work got done in the Wellington bureaucracy.

\textsuperscript{39}It also seemed implausible that Cabinet could reach a well-informed decision when the working group's final report was one of seventy-five that Cabinet had to consider over a weekend (Roberts, interview, July 1997).
blow out in costs, was a direct subsidy to rental property owners, and showed the Government was focused on economic factors to the exclusion of social ones (NZCSS/Roberts, 1992).40

In challenging government housing policy, NZCSS drew on resources, knowledge of the field, and lobbying experience. It conducted an ad hoc survey of foodbank clients in August 1992, showing that some state tenants were paying 60 per cent of their income on rent (Press, August 11th 1992, p6). These findings were supported in May 1993, when NZCSS released Department of Social Welfare figures that were not usually available, indicating a third of state tenants would pay more than half their income on rent (NZ Herald, May 28th 1993, p2).41 This early work was followed up with more comprehensive surveys of foodbank clients, producing annual reports from 1994 to 1996 entitled Housing the Hungry.42 NZCSS also wrote post-election briefings in 1993 and 1996 for incoming MPs, specifically on poverty, the elderly and housing. These contained arguments about the direction of social policy, along with supporting statistics and suggested alternatives.

NZCSS was more moderate politically than the Housing Network. While it opposed the direction of housing policy under National, it was always prepared to acknowledge what it thought were positive aspects, and accept even minor changes if it thought they were in the interest of its clientele. This willingness to work within the confines of existing housing policy meant the organisation had a better working relationship with government officials than the Housing Network, although Murray McCully still considered Campbell Roberts too 'politically motivated'.43

**STATE HOUSING ACTION COALITION**

Despite the wide-ranging changes to housing policy, state tenants were the most obvious losers, and one of the few affected groups to respond in an organised manner. Most housing workers campaigned on behalf of state tenants at some stage,44 but the State Housing Action Coalition (SHAC) was the most vocal critic whose

40 This paper includes the history of housing assistance in New Zealand, the Government's rationale for the reforms, and an alternative position. John Luxton responded that the paper was 'airy fairy'. The existing system had been designed in the 1930s and grown incrementally in an ad hoc manner. By contrast, the new Accommodation Supplement was carefully designed to be as fair as possible (NZ Herald, February 20th 1992, p2). However, the paper has been widely quoted by academics, officials, and even politicians, because it clearly presents the standard criticisms of housing assistance delivered through a cash subsidy.

41 As Minister of Housing, John Luxton responded that the figures were out of date, and rent increases would not be complete until July 1995.

42 Once again, the response of the Government to these surveys was to criticise their methodology, rather than address the issues raised.

43 McCully's idea of the 'reasonable' voice of the voluntary sector was Richard Buttle and Des Britten (Interview, July 1997). These were the Anglican City Missions for Auckland and Wellington respectively, who made few, if any, public comments on housing issues.

44 In this regard housing workers faced a similar problem to Opposition MPs. They were aware that a variety of people had been affected by the changes in policy, but public attention was most easily focused on state tenants. However, if critics sought publicity only for state tenants, they were left open to claims of supporting 'special privileges' for a largely 'disreputable' group.
membership was predominantly state tenants. SHAC was established in Auckland soon after the 1991 Budget, but despite efforts to build a national organisation, its influence did not spread much beyond Auckland.  

SHAC believed that rents for state tenants should remain income-related, and was not prepared to accept market rents under any circumstances. It also took a more direct approach to political action than other voluntary sector opponents of the new housing policy, including house occupations where state tenants were threatened with eviction, a rent strike, and Tenancy Tribunal cases challenging the legality of the rent increases.

**Activities**

SHAC’s tactic of occupying state houses met with mixed results. An April 1993 protest in Mt Roskill to prevent the eviction of a state tenant resulted in an agreement for regular repayments of rent arrears over a long period (*NZ Herald*, April 17th 1993, p17). A significant occupation occurred in similar circumstances two months later, this time over the eviction of the Asi family. It received extensive media coverage, which became embarrassing to the Government when a large contingent of police with riot gear was called in. Housing New Zealand was encouraged not to attempt any further politically sensitive evictions, regardless of its legal rights or financial losses. Following this, a protest then occupation by SHAC disrupted the auction in July 1994 of four Housing New Zealand properties in St Heliers, an upmarket Auckland suburb (*NZ Herald*, July 13th 1994, p3; *NZ Herald*, July 16th 1993, p3), and the properties were eventually sold by tender (*NZ Herald*, July 19th 1994, p3). The SHAC occupation of an evicted state tenant’s house in December 1995 saw police in riot gear arrest 20 people (*NZ Herald*, December 15th 1995, p1). There was, however, little public sympathy for the tenant, because the eviction was a result of persistent complaints from neighbours rather than rent arrears (*NZ Herald*, December 30th 1995, section 3 p1). SHAC’s credibility was damaged by this protest, and there were few occupations or protests after that.

SHAC’s partial rent strike started in September 1993, when approximately 50 state tenants refused to pay more than 25 per cent of their net income (Peter Hughes, telephone conversation, February 1999), the level of rent before the 1991 Budget. Nearly all the rent strikers were based in Auckland, with a small amount of support in

45 There were various possible reasons for this. Auckland had a large number of state tenants concentrated in particular areas, but so did Porirua, the Hutt Valley, and Aranui. The difference may have been higher land values and therefore rent increases in Auckland, combined with an active and enthusiastic organiser in the form of Peter Hughes. He was a member of the Socialist Workers Organisation, a new incarnation of the Communist Party of New Zealand. His pivotal role in the establishment of SHAC was a departure from the Party’s usual tactic of joining existing groups and encouraging coalitions to promote working class interests. It possibly felt it could gain credibility with the working class by strongly defending state housing. It may have thought the connection between the working class and state housing was stronger than other social policy areas such as health and education, where the middle class had a greater direct interest. Hughes himself (telephone conversation, February 25th 1999) suggested that Labour Party supporters encouraged state tenants to be moderate in their demands and wait for a new government. The Labour supporters also offered the cautionary tale of the Porirua rent strike, where state tenants had to pay back all their arrears. SHAC was aware of that situation and had structured their rent strike to avoid similar problems, but was unable to convince state tenants outside Auckland.

46 Neighbours complained about loud parties and threatening behaviour, and SHAC saw it as a matter of principle to defend state tenants, despite being a departure from the normal focus. It claimed that racist attitudes from the neighbours and Housing New Zealand were at the centre of the dispute. Protesters returned the night after the arrests and maintained a vigil outside the property until the end of the year, but there was no publicity over the eventual outcome.
Wellington and other North Island centres (Otago Daily Times, September 2nd 1993, p3). When the rent strike began, tenants were hopeful that SHAC would win the Lawson case in the Auckland Tenancy Tribunal. The case challenged the rent increases for state tenants under international conventions such as the United Nations Charter of Human Rights, and claimed that Housing New Zealand was not meeting its social responsibility objectives by imposing market rents. In April 1994 the Tenancy Tribunal agreed that Housing New Zealand was failing to meet its social obligations to low-income tenants, but the case was sent to the High Court because the Tenancy Tribunal lacked jurisdiction (Evening Post, April 13th 1994, p3). The case took a further two years to finally be resolved in the High Court, but it was finally lost in November 1996 (NZ Herald, February 1st 1997, p10). By February 1997 Lawson and SHAC were still defiant, and promised to continue the rent strike, supported by further occupations (NZ Herald, February 1st 1997, p10). However, by this stage the number of state tenants on the rent strike had dwindled to approximately 20, due to tenants shifting house, dying, or simply giving up under the pressure.

A lack of formal legal avenues to pursue did not deter SHAC though. What made SHAC distinct from most other voluntary sector organisations campaigning on housing issues was its willingness to ignore legal restrictions and use confrontational tactics to appeal to broader concepts of justice and morality. This was a response to a perception that the legal system was biased against state tenants, especially when the Government passed retrospective legislation. Overseas, tenant protests led to an increase in public sympathy when they successfully showed that the existing legal situation was unjust or immoral (Murphy, 1994). However, in the New Zealand context the Government benefited from a lack of public sympathy for state tenants, and too few of them became involved in protest action for it to be effective.

**Relationships**

SHAC’s activities created particular relationships with politicians, housing workers and the media. The confrontational tactics alienated SHAC from central government politicians and agencies. While there were some meetings, they were few and far between, and not very productive from SHAC’s point of view. Even Opposition MPs, who other housing workers had found quite responsive, often rebuffed SHAC.

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47. The Christchurch contact for SHAC said apathy had foiled attempts to organise a rent strike there (Press, August 2nd 1993, p2), while an unconnected Christchurch group with similar aims had earlier said a rent strike was impractical because most state tenants had rent deducted from their benefit at source (Press, March 23rd 1992, p1).

48. Joan Lawson was the first applicant in the case and an articulate spokesperson in defence of the traditional state. As a retired nurse she was also just the kind of elderly state tenant that generated public sympathy. Housing New Zealand dismissed the rent strike as a ‘non-event’ (NZ Herald, September 27th 1993, p3), but a further 150 tenants were awaiting the outcome of the Lawson case before deciding whether or not to join.

49. Some of these arguments were based on a similar case in March 1992, when the Wellington Tenancy Tribunal found it was illegal to charge state tenants more than 25 per cent of their net income in rent (Press March 23rd 1992, p1), but this decision was later overturned.

50. Housing New Zealand won a separate case seeking the eviction of a rent striker in January 1994 (NZ Herald, January 22nd 1994, p12), but this was not enforced in light of the Asi family occupation, and pending the outcome of the Lawson case. Housing New Zealand applied for similar eviction orders on all the rent strikers, and kept records of the rent arrears, with the intention of eventually recovering the debt.

51. SHAC organised more people for the rent strike, but wanted them to join in one large group to maximise the impact.

52. In one instance, David Lange (the Labour MP for Mangere, in Opposition at the time) personally paid a tenant’s debt claimed by Housing New Zealand (which later proved to be incorrect) to prevent a SHAC occupation, and publicly warned people against getting involved with SHAC (NZ Herald, November 10th 1993, p3).
The Combined Beneficiaries Union (CBU) was another voluntary sector group in Auckland with similar aims and tactics to SHAC. Their relationship did not begin well, with a public meeting in November 1992 to organise a rent strike that degenerated into an argument over the best tactics. CBU was keen on an immediate start, while SHAC had been organising for nine months and wanted to wait until there were at least 2,000 state tenants involved. In addition, Poverty Action, a more moderate coalition of voluntary sector workers, was concerned about tenants being evicted in any form of rent strike. However, despite this shaky start, the two organisations co-operated on most public protests but continued to work separately.

Apart from CBU, SHAC's relationship with voluntary sector groups was ambivalent. On the one hand, SHAC put a lot of time and energy into organising the largest protests against government housing policy, and many housing workers wanted to show solidarity with state tenants. This meant some joined SHAC and helped organise protests, while others attended the protests, particularly on high-profile issues. On the other hand, mainstream voluntary sector groups saw some of SHAC's tactics as too extreme, especially if they wanted to carry on a dialogue with the government rather than just confront it. SHAC regularly found itself unwelcome, and rarely received invitations to meetings between government officials and voluntary sector housing groups, even when they were held in Auckland.

However, SHAC's tactics meant greater media coverage and a higher public profile than more moderate housing workers could manage, although it was not necessarily positive. As early as February 1992, Peter Hughes was quoted as the SHAC spokesperson when John Luxton suggested that state tenants who found the rent too high should shift, share, or take a boarder (Evening Post, February 25th 1992, p3). After that, Hughes or SHAC were regularly quoted or covered, particularly in the Auckland media. At a national level, confrontations between protesters and police made good pictures for television.

The official Communist Party of New Zealand newspaper, Workers Voice, described the occupations and protests as "significant victories in SHAC's struggle to defend state tenants" against the "high-handed attitude" and "new hard-line policy" of Housing New Zealand (Workers Voice, May 1st 1993, pp8-9). A different view was taken by Metro in an article on SHAC's occupation in support of the Asi family, when it said "a pressure group turned an errant rent payer into a pawn in a political skirmish, seduced the gullible media, and conned us all" (Corbett, 1993). The article also explained this disquiet as merely "teething problems" with the new housing policy.

Even supposedly less partisan elements of the media could present quite different versions of SHAC's activities. In the protest over the sale of St Heliers state housing, one of the houses was occupied overnight. In Auckland

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53 For example, several voluntary sector housing groups took part in a SHAC occupation of St Heliers state houses in July 1994 (NZ Herald, July 13th 1994, p3). The protest was related to the sale of state houses, which had been accelerated by the Home Buy scheme announced in that year's Budget. There was also strong support for a CBU protest over an elderly state tenant being forced into a caravan park by the sale of her home in October of that year (NZ Herald, October 30th 1994, p12).

54 SHAC's uncompromising stance was intended to be in the long-term interests of state tenants by protecting their access to affordable housing. This was in contrast to housing workers who were prepared to work within the new policy framework for the immediate well-being of their clients.
the New Zealand NZ Herald (July 16th 1994, p3) reported that police broke down the doors, while in Wellington the Evening Post (July 16th 1994, p3) said the protesters left quietly. These two accounts are not mutually exclusive, but they paint quite a different picture of the events that took place.\textsuperscript{55} This may reflect different sources of information, different experiences of earlier protests, or different editorial policies.

The experiences of these three NGOs opposed to the restructuring of housing policy illustrate the range of responses from the voluntary sector. The section continues with an outline of significant events from that perspective, before discussing the responses more generally.

**CHRONOLOGY OF EVENTS**

**1980s**

During the 1980s housing workers presented a particularly united front, in part because the fourth Labour Government appeared more receptive to their views than previous Governments, although they had mixed results. Lobbying by well organised tenants’ advocacy groups resulted in the Residential Tenancies Act (1986), a major improvement in rights for both public and private sector tenants. Following this success, a loose coalition of tenants’ and housing advocacy groups called ‘Shelter for All’ campaigned for a statutory obligation on the Government to ensure everyone was adequately housed.\textsuperscript{56}

Many politicians and officials were opposed to this statutory obligation, including Helen Clark, who was Minister of Housing at the time. In the United Kingdom, homelessness legislation passed in 1977 had resulted in escalating costs and little discernible improvement in the homelessness situation.\textsuperscript{57} In New Zealand there was a lack of resources necessary to deal with the problem, and a lack of research on the actual extent of serious housing need.\textsuperscript{58} In light of this, Helen Clark opted for a more comprehensive points system for allocating state houses, instead of a statutory obligation to house everyone.\textsuperscript{59}

\textsuperscript{55} Peter Hughes (telephone conversation, February 1999) later confirmed that both accounts were correct, they just focused on different things.

\textsuperscript{56} Draft homelessness legislation had been drawn up in 1987, but the Shelter for All coalition did not agree with all its provisions and would not support it. When Jonathan Hunt became Minister of Housing in 1990, he agreed to introduce amended legislation that the coalition supported, but he was thwarted by Labour’s election defeat (Ferguson, 1994, p252). Jim Anderton drew up a private member’s bill in 1991 based on the 1987 draft legislation, and this time voluntary sector housing groups supported it. However, the National government had a large majority and prevented the bill from being introduced.

\textsuperscript{57} Housing workers believed the different circumstances in New Zealand would mean a statutory obligation could be more successfully implemented here, in particular, national coordination by central government would be more effective than the piecemeal efforts by local authorities in the United Kingdom.

\textsuperscript{58} This problem was partially addressed when the National Housing Commission produced a new estimate of serious housing need as part of its final report in 1988. Previous estimates of homelessness had been derived from the Housing Corporation’s waiting lists, but the new estimate was based on a detailed framework designed by the Commission. It showed a larger problem than expected, which provided ammunition for advocates of cost cutting who said the issue was too big and too costly to handle through a statutory obligation.

\textsuperscript{59} Phil Goff began reviewing the points system in 1984, and the process continued until Helen Clark’s refinement of the allocation procedures was finalised in 1989.
State tenants and housing workers were also less than successful with the Porirua rent strike of 1987. This was a local response to the national introduction of graded rents by Phil Goff, in a move towards market rents for state housing (Ansley, 1987; Thorns, 1993). Although Helen Clark replaced Goff soon afterwards as Minister of Housing, the rent strikers were left with significant debts.

During this period, the Treasury and business interests were advocating the privatisation of state housing and the introduction of a cash subsidy. This approach found some favour with Roger Douglas and Phil Goff, but once Helen Clark became Minister of Housing it failed to gain Cabinet support. Most voluntary sector housing groups were not directly involved in these debates because they happened outside the public arena.

This real but limited access to decision makers by housing workers during the term of the fourth Labour government was based on working with Labour while they were in Opposition prior to 1984. The same was not done with National MPs during the 1980s, which meant housing workers had little influence once the National government’s intentions became clear in the December 1990 Economic and Social Initiative.

1991 Budget

By the time of the 1991 Budget, most housing workers knew to expect substantial changes to housing policy. As it turned out, housing was only one of many reforms, so instead of a broad range of community support, most of the resistance and public protest was left to those who suffered directly from the policy changes, in particular state tenants. The issue was gradually picked up during the 1990s by voluntary sector groups with a wider interest in poverty, but only after the new policy was in place and its impacts became clear.

The 1991 Budget emphasised the notion of horizontal equity, where households in similar financial circumstances received similar levels of assistance. The Government claimed this ‘tenure neutrality’ was ‘fairer’ because it removed differences in assistance for state tenants, private renters and homeowners, based on who they rented or borrowed money from. This rhetoric also cast opponents of the new policy as advocates of ‘special privileges’ for state tenants, rather than supporting a ‘fair go’ for all.

For their part, housing workers were concerned that the Government was associating horizontal equity with ‘fairness’ in a way that disguised the intentions and impact of the changes to housing policy. If the new form of assistance was inadequate to provide a minimum level of housing, its ‘fairness’ was irrelevant. Supplying state housing with subsidised rents was a more effective means of addressing problems in the housing market than cash payments to individual households, which could be insufficient or used for something other than the intended purpose. Cash subsidies were also regarded as inefficient, because the Government was no longer

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60 Some general criticisms of the 1991 Budget by the voluntary sector included housing as a key element. For example, the Sunday Forum was a coalition of mainstream Christian churches whose assessment of the impact of the 1991 Budget included a chapter on housing (Waldegrave & Frater, 1991).

61 An example of this stance was a statement by the Manawatu Tenants’ Union in April 1992 that freedom of choice was not affordable for all tenants (Evening Post, April 1st 1992, p20).
able to influence the rental market, so rental property owners could raise rents to capture the extra income, leading to an inflationary spiral.

State tenants and their supporters were also concerned about the notion of market rents. The first round of increases for state tenants began in October 1991, and amounted to half the difference between the previous income-related rents and the new market rents. Most state tenants had not realised how large this increase would be, and complained that the market rents calculated by Housing New Zealand were too high, considering most of the houses had no carpet or curtains. Some of them challenged the rents in the Tenancy Tribunal, but only a handful succeeded because it was difficult to prove by legal standards that the rent was unreasonably high.

April 1992

The impact of the first round of rent increases drew public attention to the changes in housing policy, particularly the plight of elderly state tenants. In April 1992, in the face of widespread public criticism of its social policy reforms, the Government softened the purely commercial focus of Housing New Zealand by announcing that it would not be established as a state-owned enterprise (NZ Herald, April 29th 1992, p5). However, these changes were not nearly enough for housing workers.

The Accommodation Supplement and rent increases for state tenants were the main focus for housing workers, while the restructuring of the Housing Corporation was not of immediate concern. This restructuring was viewed by housing workers as a way of strengthening bureaucratic support for the Government’s reform agenda. Housing New Zealand was established with a much stronger commercial focus than the Housing Corporation, and the Ministry of Housing was too small to offer alternatives to the Minister’s position. However, housing workers eventually found that day-to-day dealings with Housing New Zealand and the Ministry of Housing were different from what they had been used to with the Housing Corporation, and they had to adapt to the new environment. Previously, the Housing Corporation had been responsible for government housing assistance and housing workers could act as advocates for state tenants, but Housing New Zealand ignored all appeals to hardship and directed housing workers to the Income Support Service if tenants needed financial assistance.

August 1992

The general public was also unconvinced by the changes announced in April 1992. In August of that year the Government announced delays in the rent increase process for state tenants, and changes to the details of the Accommodation Supplement. This was a response to public criticisms from a broad range of interests about the

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62 The lack of carpet and curtains in most state houses was a result of tenants being prepared to accept slightly substandard conditions in return for subsidised rent, and the Housing Corporation not keeping up with maintenance because it had low income from tenants. Where carpet, curtains, or other chattels were provided it was usually because a previous tenant had supplied them, and technically the Housing Corporation was allowed to charge rent for these items. This had not been an issue when rents were income-related, but the move to market rents highlighted the disparity.

63 For example, the Wellington Social Services Council said that the first round of rent increases had been harsh, and changing the structure of Housing New Zealand was not enough (Evening Post, May 16th 1992, p11). It asked Prime Minister Jim Bolger to halt the reforms and undertake a community consultation on the best way forward for housing assistance. It was also claimed that the elderly were still living in fear of the rent increases (Evening Post, May 29th 1992, p12).
first round of rent increases for state tenants, particularly the impact of the matching policy on elderly state tenants. It was also politically expedient to delay the full impact of the rent increases until after the 1993 election, especially since approximately seventy thousand households faced with a significant increase in fixed costs could create substantial negative publicity for the Government.

Housing workers were dissatisfied with the August 1992 changes because they had complained publicly about various aspects of the housing reforms, but the Government only responded when it realised that elderly state tenants would be hit hard. Many pensioners had been state tenants for forty years or more, some were World War II veterans, and many still lived in the three or four bedroom houses where they had raised their children. This made them especially vulnerable to the matching policy contained in the original version of the Accommodation Supplement, which allocated assistance based on the number of people in the household regardless of the rent charged. A new Tenure Protection Allowance announced in August 1992 was aimed specifically at state tenants over 65 years old, and the matching policy was replaced with regional limits on the Accommodation Supplement based on household size. The new design would have almost the same effect as the previous one for everyone else, but the pressure on elderly state tenants had been eased.64

The modifications can be seen as a strategic response by the Government, retaining the central thrust of the restructuring while alleviating its effects on those with the most political influence. Greypower had become a political force to be reckoned with, and the organisation did not hesitate to support elderly state tenants. While negative stereotypes may have encouraged the public to accept rent increases for younger state tenants, pensioners enjoyed almost universal public sympathy. The Government was unconcerned about alienating seventy thousand state tenants who traditionally voted for Labour, but the elderly and their supporters were a far more significant voting bloc.

In addition, the plight of elderly state tenants provided the kind of human interest stories the media liked to focus on, especially television. Elderly state tenants received a lot of coverage, and highlighted broader issues in relation to the restructuring of housing policy. The changes announced in August 1992 effectively stifled media interest in elderly state tenants, and dampened public debate on the wider issues.

Housing workers were also annoyed about the new asset test for the Accommodation Supplement announced in August 1992. An income test had been hinted at, and was considered reasonable by housing workers, but the asset test was unexpected and unwelcome. The low level of cash assets allowed before entitlement began to be

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64 The problem of mismatching in state housing was not a new one. The only major purpose-building of state housing for the elderly was in the 1930s and 40s, so by the 1970s many elderly state tenants who used three or four bedroom houses to raise families no longer had any children at home. In response, the Government encouraged local authorities to build pensioner housing in 1971 by raising the amount of subsidised loan money available through the Housing Corporation. In 1982 the Government announced that the need had been met and withdrew its favourable lending conditions, which slowed Council building programmes through the 1980s (Ferguson, 1994).

65 It had succeeded in forcing the new National government to back down on its plans to introduce a surcharge on the Guaranteed Retirement Income.
cut ($2,700 worth for a single person and $5,400 for two or more) was also considered draconian. Overall, state tenants and housing workers saw the changes announced in 1992 as minor and achieving little. Critics were challenging the fundamental concept of the Accommodation Supplement, but the Government was only adjusting design details.

**Community Funding Agency**

Wider public sector reforms also undermined opposition to the changes in housing policy, for example the restructuring of the Department of Social Welfare in 1992 (see Chapter Four for details). It meant that housing workers had to defend the funding base of their own organisations, as well as advocating on behalf of state tenants and others disadvantaged by the changes to housing policy. With the creation of the Community Funding Agency, voluntary sector welfare organisations were no longer funded with bulk grants, but by contracts for specific programmes that only met partial costs. The amount of new paperwork required was onerous, and took some lateral thinking to find categories that were applicable or might yield some funding.

Emergency housing providers were particularly vulnerable to this new arrangement and were doubly affected by the restructuring of the Housing Corporation. Not only did they have to defend the funding for their programmes but they also lost the ‘peppercorn’ rentals ($10 a year in most cases) they had been paying previously. A survey of Auckland’s emergency housing needs in 1992 concluded that more housing was needed (Maynard, 1992), but in November of that year a process was announced for community housing to be moved to market rents or interest rates (Press, November 27th 1992, p4). This was designed to coincide with the introduction of the Accommodation Supplement in July 1993, and would be offset by subsidies equivalent to the Accommodation Supplement residents qualified for. From the housing workers’ point of view the big problem with this arrangement was the assumption that occupation of the community housing would be close to 100 per cent, but operators had to cover the costs of any vacancies.

Growing frustration with this new funding system and increased rents led to a rent strike by Auckland emergency housing providers. It received ample media coverage, to the point where Jenny Shipley (Minister of Social Welfare at the time) flew to Auckland for a meeting. She offered groups on the rent strike a special deal...
where they could pay $10 a week rent, rather than the proposed market rents. Some groups refused the deal on principle, returning their emergency houses, but the Salvation Army accepted it (Roberts, interview, July 4th 1997). Again, public opposition resulted in a Government response that relieved pressure on a specific issue without changing the direction of the implementation process. This in turn meant opposition to the new regime as a whole was dissipated rather than becoming more focused.

**June-July 1993**

Around this time, the Combined Beneficiaries Union in Auckland was responsible for the Morrison case, the voluntary sector’s most significant legal victory over the Government. The case was based on a legal technicality relating to incorrect notices of rent increase issued by the Housing Corporation. The Government failed in two appeals against the original Tenancy Tribunal decision, so passed legislation under urgency that retrospectively validated all Housing Corporation rent increases. Housing workers complained that this law breached the Bill of Rights (NZ Herald, June 24th 1993, p9), and it reinforced their cynicism about the Government’s disregard for state tenants and public opinion. Many housing workers saw this as the first real opportunity for state tenants to demonstrate the extent of their dissatisfaction with the Government, and at the same time have some of their rent money refunded. Public sessions were organised in several centres for state tenants to sign a mass application to the Tenancy Tribunal, but this action was overtaken by the retrospective legislation.

State tenants and housing workers around the country marked the introduction of the Accommodation Supplement on July 1st 1993 with protests and press releases. For example, Age Concern said that the elderly were still worried sick about the rent increases, and the Accommodation Supplement was going to be no help (Press, June 16th 1993, p10; Otago Daily Times, June 16th 1993, p4). Earlier confrontations had indicated the Government was not about to back down on the restructuring of housing policy, but voluntary sector critics made an effort because it was an election year.

**Housing Corporation Mortgages**

The plight of low-income households facing increases in the interest rates on their Housing Corporation mortgages never received as much public attention as rent increases for state tenants. Nevertheless, housing

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70 New Ministers of Housing and Social Welfare following the 1993 election, and the transfer of community housing to Housing New Zealand, led to a request for the Salvation Army in Auckland to pay full market rents. However, the rent strike continued for two and a half years because there was no time limit put on the original deal. The Salvation Army eventually agreed to start paying market rents early in 1997.

71 It justified this unpopular move on the grounds of unacceptable costs to the taxpayer. Sixty thousand dollars had already been paid out to tenants connected with the Morrison case, $60 million would have to be repaid if every eligible state tenant applied for a refund of the first rent increase, and a total of $290 million would have to be repaid for every rent increase since the relevant legislation was enacted in April 1987 (NZ Herald, June 24th 1993, p9). This latter scenario was a distinct possibility, because SHAG had already lodged the McQueen case in the Tenancy Tribunal, making claims on behalf of all state tenants based on similar arguments to the Morrison case. It was held over until the Morrison case was decided, and the retrospective legislation effectively finished it.

72 John Luxton announced limits on the third round of rent increases for state tenants soon afterwards, and denied it was a reaction to criticism about the retrospective legislation (NZ Herald, June 24th 1993, p1).

73 This was a result of: the smaller number of people affected; the public perception of home ownership as an investment choice rather than worthy of assistance; and the fact (often pointed out by the Government) that some of the affected households were not low-income anymore, while plenty of low-income households struggled with private sector mortgages.
workers still had to deal with the issue. One outcome was confusion between the Income Support Service and the Housing Corporation over entitlement to the Accommodation Supplement for people with Housing Corporation mortgages. Neither Government agency was completely sure of when people qualified. Income Support staff seemed convinced that anyone with a Housing Corporation loan was not eligible for the Accommodation Supplement because they were receiving subsidised interest rates. However, in April 1992 the Government announced that Housing Corporation interest rates would be increased to market levels as soon as possible, so that all Housing Corporation mortgagors would be eligible for the Supplement. Some Housing Corporation interest rates were already higher than the private sector but borrowers did not qualify for Income Support assistance, while some private sector borrowers were paying lower interest rates as well as receiving the Supplement. From that point on, enquiries to the Housing Corporation were referred to the Income Support Service, but staff were unclear on which Corporation borrowers qualified and which ones did not.

Attempts by housing workers to secure the Accommodation Supplement for eligible Housing Corporation borrowers were frustrated by the new structure of the Department of Social Welfare in two ways. Firstly, the relationship between the Housing Corporation and the Income Support Service was not well established, so information was not being effectively shared. Secondly, the housing workers were dealing with new staff and new structures, which made it difficult to convince Income Support staff they were genuine, or at least knowledgeable. Some housing workers eventually re-established good working relationships with Income Support, but it took time, and was not helped by the new corporate ethos and an ongoing restructuring process. The institutional consequences of public sector restructuring again affected housing workers, this time at the micro-level in their advocacy on behalf of particular clients.

Another issue housing workers had to deal with was the sale of Housing Corporation mortgages to the Mortgage Corporation. This proved disastrous for borrowers, the company and the Government, something housing workers had predicted prior to the sale. Mortgage holders were consistently charged higher interest rates than most other borrowers, along with a penalty fee if they refinanced elsewhere. The only consolation for housing workers was that the controversy publicly embarrassed the Government, and allowed critics to question the wisdom of the housing reforms as a whole. It also provided one of the few legal victories for consumers, when several people successfully challenged the penalty fee in the Disputes Tribunal. Others failed, but enough won to embarrass the company and the Government.

1994

Following the 1993 general election, National's slim majority ensured there would be no repeat of the social policy reforms in the 1991 Budget. Murray McCully became the new Minister of Housing, and one of his first acts was to freeze the fourth round of rent increases for state tenants.

The 1994 Budget announced the rent increases would begin again, but only after special transition provisions were designed. The same Budget included the "Home Buy" scheme for state tenants, which was dismissed by housing workers as generally unaffordable because very little financial assistance was available (Evening Post, July 2nd 1994, p2). Negative publicity caused by the role of property speculators in the Home Buy scheme (NZ Herald, May 28th 1994, p19) created some embarrassment for the Government. More importantly, from the
housing workers' point of view, it discredited the scheme as a whole by suggesting that any future sales would be to business interests rather than tenants.

Partly as a response to the announcements made in the 1994 Budget, the New Zealand Housing Network organised a National Housing Day for October 1994, to highlight the hardship inflicted by the new regime and promote a return to income-related rents for state tenants. The day was also prompted by a sense that the implementation programme was almost complete, and the impacts on consumers, especially state tenants, were becoming more severe. Mainstream Christian churches took part in the National Housing Day, and released a joint statement suggesting the Government should place the same priority on social spending as debt retirement, in preference to tax cuts (NZ Herald, October 17th 1994, p1). This drew an unusually high level response from Jim Bolger, Prime Minister at the time. He claimed the restructuring of housing policy had not pushed people into poverty, and was never designed to save money but to improve the fairness of housing assistance (Press, October 18th 1994, p2). A couple of weeks later a special Cabinet meeting was held, and the Government announced that state tenants and unemployed youth would be the first to benefit from any Budget surplus the following year (Dominion, October 28th 1994, p2).

Soon after this, the Government made an announcement that had been planned for some months about the special transition provisions for state tenants facing rent increases. These included a further delay to the rent increases until January 1995, some increased regional limits for the Accommodation Supplement, a reduced 'gap' for the Special Benefit, and a new programme offering security of tenure to state tenants aged over fifty-five.

Around the same time, it was announced that Housing New Zealand was about to begin a trial process of leasing five hundred one or two bedroom rental units from the private sector in Auckland. Housing New Zealand considered it necessary for the purposes of subletting, due to a gap in its own portfolio, but critics of Government housing policy viewed this move with suspicion. Adding to earlier concerns about the Home Buy scheme, repositioning Housing New Zealand as a property management company meant there was no need for it to actually own any houses, which was seen as a further step towards the possible privatisation of state housing.

**Monitoring Impacts**

An issue of ongoing concern for housing workers was the inadequate monitoring of impacts of the changes to housing policy. If critics were correct, negative effects for consumers in the housing market should have been visible, particularly state tenants. However, central government agencies did little monitoring of the housing market or the impacts of restructuring. Officially, this was because the new housing policy needed time to find a

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74 This was in the context of wide public debate over what to do with the Government's first projected Budget surplus in nearly twenty years.

75 The Government added the proviso that any spending should not over-stimulate the economy or skimp on debt repayment.

76 The Government also conceded that despite these adjustments, up to 10,000 state tenants were still expected to face affordability problems. However, by this time housing workers were less enthusiastic in their responses to central government announcements, and the public seemed to take little notice.
suitable equilibrium, but the Government was in no hurry to monitor unfavourable outcomes, and trusted the ideological framework behind the restructuring process. Housing workers had to do most of the research themselves, using limited time and resources.

One example of this work was the series of *Housing the Hungry* reports from the New Zealand Council of Christian Social Services discussed earlier this section. Another example was a 1994 report from the Lower Hutt Family Centre, which estimated serious housing need had approximately doubled nationally over a five-year period (Waldegrave & Sawrey, 1994). Politicians and officials publicly criticised the report’s methodology rather than respond to the substantive issues raised, despite it being based on a sound research technique developed and used by the National Housing Commission several years earlier (National Housing Commission, 1988). Similar responses greeted smaller scale efforts that painted a negative picture of the impacts at a local level.\(^77\) The New Zealand Poverty Measurement Project carried out more comprehensive research on the impact of the housing reforms.\(^78\) Its most recent published findings, based on the government’s Household Economic Survey from 1991 to 1993, suggested that housing costs were the largest single cause of poverty in New Zealand (Waldegrave *et al.*, 1996).

In addition to carrying out their own research, housing workers also publicised government spending figures on housing and interpreted the impact of government policy announcements.\(^79\) For example, a voluntary sector housing group pointed out that the amount budgeted for housing in the fiscal year 1991/2 was $391 million, but the actual amount spent was only $59 million (*Press*, April 30th 1992, p8). Most of this difference was due to a reduction in loans granted by the Housing Corporation, but the Government was in no hurry to publicise these figures. Similarly, in 1995, housing workers pointed out that officials had miscalculated the positive outcomes of changes to the Accommodation Supplement and Special Benefit announced in November 1994 (McGurk, 1995). The issue hinged on whether or not Family Support was included in the Special Benefit calculation, and in this case some housing workers were more familiar with Income Support regulations than Ministry of Housing officials. If officials were unable to calculate these entitlements correctly, politicians’ claims about the level of spending on housing were open to question, but housing workers had a hard time establishing their credibility in the mind of the media and the public.\(^80\)

\(^77\) For examples of these local reports see the Christchurch Housing Network (1994), Brosnahan (1996), and a survey of housing conditions through the regional branches of New Zealand Council of Social Services in 1995.

\(^78\) The Poverty Measurement Project combines social policy researchers from academia and the voluntary sector, including Charles Waldegrave of the Lower Hutt Family Centre and New Zealand Housing Network.

\(^79\) Partly because the media sought critical comment on most announcements, and partly because housing workers saw many of the Government’s claims for the benefits of its policy as too extravagant.

\(^80\) The increased regional limits on the Accommodation Supplement announced in November 1994 were due to be introduced in July 1995. Voluntary sector housing groups claimed that most of the extra Supplement funding would never be paid out, because many eligible households also received the Special Benefit, which would be reduced by an equivalent amount for any increased income. This meant few tenants would be better off, and the Government would spend very little of the amount promised in November 1994. Officials responded by pointing out that the Special Benefit gap had also been reduced, so most of the eligible households could claim an extra $10 a week. However, when the basis of the officials’ calculations were checked by voluntary sector groups, it became clear that the Ministry of Housing had mistakenly not included Family Support as income in its Special Benefit calculations, and overestimated the number of households who were underpaid.
Given this chronology of events, and the specific experiences of the Housing Network, the Council of Christian Social Services and SHAC, the rest of this section presents an overview of the responses from voluntary sector organisations opposed to the restructuring of housing policy.

**DISCUSSION**

The rest of this section discusses overall responses to the restructuring of housing policy by NGOs who generally opposed the original decision and the implementation process. It considers the analysis of housing policy by these NGOs; the action they undertook as a result of that analysis; their connection with other actors in the housing policy field; and aspects of their internal organisation, both those affected by the changes to housing policy and those that affected their responses to the restructuring process.

**Analysis**

The consumers of Government housing assistance and housing workers encompassed a diverse range of views as well as forms of organisation and methods of resistance, but were united in their opposition to the principles and detail of the new housing policy. Most housing workers agreed with the Government's analysis that a shortage of rental housing was no longer the issue it had been in the early 1980s, and that by 1990 the main problem facing most of their clients was affordability. However, the Government’s proposed solution was considered unacceptable by many housing workers, who had several objections to the direction housing policy was taking. For many critics, the most significant change announced in the 1991 Budget was the increase to market rents for state tenants. It was predicted that these would push up rents in the private sector and the cost of buying a home. It certainly led to increased bonds for new state tenants, because rents were higher and Housing New Zealand demanded the full bond legally possible, which the Housing Corporation had not done.

Market rents for state houses were also seen as the first step towards privatisation of a valuable Government asset. Although the Government did not embark on a comprehensive sale process, there were several signs of preparation for such an eventuality. Changing the proposed structure of Housing New Zealand so it would no longer be subject to the State Owned Enterprises Act (1986), and therefore claims for compensation under the Treaty of Waitangi, would ease any future sale process. An expensive maintenance programme once Housing New Zealand was established could potentially have been preparing the asset for sale. The Home Buy scheme announced in the 1994 Budget may have helped some individual state tenants, but the Government made no commitment to replacing any houses sold, and property speculators took advantage of loopholes in the process. The successful leasing and subletting of private sector rental units by Housing New Zealand made it feasible to operate purely as a property management company, leaving one less reason for it, or the Government, to own a substantial stock of rental housing. Housing workers objected to all these moves towards privatisation because public housing was an asset built up by taxpayers over many years. Any profit made from the sale of central or local government housing would be at the expense of present and future low-income households.  

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81 The policy initiatives were sufficiently ambiguous for the Government to be able to present them as enhancements of the state's role in housing, countering any suggestion that wholesale privatisation was being planned or prepared for.
State tenants were the obvious losers in the restructuring of housing policy and received the most publicity, but housing workers saw wider impacts than that. Everyone's circumstances can change so they might need housing assistance in the future, and there were other significant aspects to the changes in housing policy. In particular, relying solely on the Accommodation Supplement may address issues of affordability, but presented other problems for housing policy. A cash subsidy had only an indirect effect on the supply of rental housing, and did nothing to improve physical standards or reduce discrimination. The Government was also unable to influence prices, so there may have been an inflationary effect as rental property owners put up rents, Accommodation Supplement payments rose, and so on. This meant a cash subsidy was less efficient than the direct provision of rental housing, and may have cost more for the same level of housing assistance. Adjustments to the details of the Accommodation Supplement, particularly the Tenure Protection Allowance for elderly state tenants, were seen as a public relations exercise, with no fundamental change to a system which was only fairer in the sense that it made people equally poor. Everyone was made insecure, rather than at least some low-income households being guaranteed security of tenure through the direct provision of subsidised state rental housing.\footnote{Most housing workers interviewed for this thesis were cynical about the supposed benefits from the housing reforms for private tenants or low-income mortgagors. However, they also admitted that they would expect to see people with problems, rather than those who were better off.}

**Action**

This analysis of the defects in government housing policy led to several practical responses. Most critics of the reforms made use of the available political and legal channels. Political channels included submissions on legislation; writing to MPs and newspapers; working closely with Opposition MPs; getting questions asked in Parliament; organising public meetings; using the media; going to conferences, and developing a rapport with Select Committee clerks, Press Secretaries, Private Secretaries, and Ministry of Housing officials through regular contact. Legally, several cases in the Tenancy Tribunal challenged the increase to market rents for state tenants. The most successful was the Morrison case, but other state tenants were prevented from using the same legal loophole by retrospective legislation.

More militant groups or workers (such as SHAC and the Combined Beneficiaries Union) organised protests, occupations of state houses, and a partial rent strike. However, housing workers found state and council tenants hard to organise, despite the negative impacts of the new policy. There were several possible reasons for this: state tenants did not want to risk the roof over their head; the speed of the reforms may have caught state tenants off guard, especially if they were waiting for the Accommodation Supplement to compensate them for the first rent increase; the impacts of the changes may not have been as negative as housing workers predicted; and state tenants may have felt powerless in the face of the Government's overall reform programme and style of politics. This last point is illustrated by the Morrison case, where the Government passed retrospective legislation under urgency to prevent millions of dollars being refunded to state tenants. This disillusioned both the tenants and housing workers, especially when the Government appeared to escape with little public disapproval.
Housing workers also produced research and reports of their own, in response to a perceived lack of impact monitoring by the Government. The most significant of these were probably the estimate of serious housing need produced by the Lower Hutt Family Centre in 1994; the series of *Housing the Hungry* reports by the New Zealand Council of Christian Social Services from 1994 to 1996; and the ongoing work by the New Zealand Poverty Measurement Group, indicating that changes in housing assistance were the single largest contributor to poverty in the 1990s. There were also several smaller scale reports on the local situation in Dunedin, Christchurch, Palmerston North, and Auckland.

**Connections**

Voluntary sector critics of housing policy had a variety of relationships with other actors in the implementation process. In terms of government politicians, the influence that voluntary sector housing groups enjoyed during the 1980s did not continue under National. Despite complaints from state tenants and housing workers about various aspects of the new housing policy, the Government’s most significant response came when it realised that elderly state tenants would be hardest hit by the original matching policy. This showed Government concern about losing the elderly vote in the face of an increasingly powerful superannuitant lobby, as much as addressing the ‘fairness’ of housing policy. Slowing the rent increase process for state tenants could also be viewed as an attempt to delay the worst impacts of the changes until after an election year. Most housing workers were so disillusioned with lobbying the Government that their energy went into electing a new one.

On the other hand, traditional connections between housing workers and Opposition politicians continued in a mutually beneficial manner. While the arrival of the Alliance gave voluntary sector critics of housing policy an alternative channel, links with the Labour Party remained strong. Opposition parties made use of the existing voluntary sector networks and organising experience of housing workers to try and generate public support for their stance on housing issues. Several national protests were initiated by the Labour Party but organised at a local level by housing workers. Housing workers also regularly wrote submissions in support of private members bills submitted by Opposition MPs. The rise of the Alliance in the 1990s gave housing workers an alternative ideological stance to Labour, but the Alliance did not have the same resources or contacts to organise large scale opposition to housing policy. Many housing workers who supported the Alliance in principle took part in actions organised by Labour.

The relationship between housing workers and government agencies was often difficult, because of their opposition to Government policy. The restructuring of the Housing Corporation and Department of Social Welfare at the same time as major policy changes meant housing workers had to adjust to a different operating environment as well as challenging Government policy. In some cases housing workers established good day-to-day relationships with Housing New Zealand and Income Support Service for the benefit of their clients, while in others the good relationship with the Housing Corporation and Department of Social Welfare was not carried

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*83* The most successful of these was the "Housing Responsibilities Bill" which managed to get to the select committee stage as a result of political manoeuvring leading up to the 1996 general election.

*84* Labour's record during the 1980s and what it would do if returned to power were still viewed with suspicion by some housing workers.
over. There was little point in debating policy matters with the new agencies, whose commercial focus meant they refused to discuss what they saw as political issues. This was an important point of tension for housing workers, who were trying to make the new policy work for their clients but oppose its general direction.

Most housing workers became involved to some extent in debates over local authority housing in their areas. While the main focus remained national housing policy, because this delivered the greatest benefits to the housing workers’ clients, local politicians were more accessible. However, the level of success depended very much on local conditions. In most cases the goal was simply to protect the existing stock and subsidised rents, but some Councils were more receptive than central government.

Another key relationship for housing workers was with the wider public. Due to a lack of influence with the National government, housing workers constantly had to appeal to the public for support in bringing pressure to bear on the politicians. This meant using the media as much as possible, who had their own agenda in presenting a story. Reporters were usually more interested in emotive claims or human interest stories, and the details of housing policy were seen as too complicated or boring in most cases. To consistently get coverage, housing workers were faced with exposing their clients to public scrutiny or using the same tactics as politicians, such as exaggerating the significance of claims or glossing over inconvenient points. The plight of elderly state tenants was usually covered sympathetically, while protests by SHAC were often portrayed as ‘rent-a-mob’ demos. Print journalists tended to be critical of SHAC’s tactics, but the protests usually made good television, which was not the case with detailed discussion of housing policy.

Internal Issues

Finally, it is important to consider issues of internal organisation. Each time an aspect of government policy was changed, voluntary sector housing groups had to reassess their programmes and organisational structure, in light of the changing needs of the people they dealt with and their own reliance on central government funding. Most voluntary sector housing groups faced an upheaval in their funding base with the restructuring of Department of Social Welfare. The newly established Community Funding Agency operated under different principles and priorities, and the providers of emergency housing were particularly affected. Not only was the basis of their funding changed, but the number of residents also dropped as preferential access to state housing became less desirable.

Another issue was the fragmentation of housing workers at the national level. The New Zealand Housing Network was established to address housing policy issues in 1982, but it had little coverage outside the major urban centres, and most Auckland housing workers left in 1991. As a result, the New Zealand Council of

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85 Some housing workers suspected that Housing New Zealand’s willingness to work with voluntary sector housing groups was an attempt to co-opt them into implementing a policy they were fundamentally opposed to.

86 For details see Chapter Five.

87 For example in Christchurch, where the Council was keen to retain and even expand its involvement in rental housing, the Tenants’ Protection Association appealed to the Council rather than central government with its paper “A View from the Community” (Tenants’ Protection Association, 1995).
Christian Social Services became more vocal on housing issues. This was not surprising because many housing workers either worked for or were members of mainstream Christian churches that had a strong social justice strand, such as Catholic, Anglican, Salvation Army, or Methodist. It must have helped these voluntary sector workers and groups to be backed by such powerful institutions.

However, not all voluntary sector opponents of the housing reforms were church-based, and even those that were presented a diverse range of responses to the housing reforms. Firstly, there were those who could be called housing activists, such as SHAC, who did not work full time in the field but objected strongly to the Government’s housing policy and believed in direct action. Other housing workers were ambivalent towards the tactics adopted by activists, but challenges to the legal basis of the reforms were based on appeals to higher principles like justice and morality.

A second response came from social service agencies that worked full time in the field and supported most of what the activists do. They strongly opposed the detail and principle of Government housing policy, but were committed to the welfare state and prepared to work within the current political system. To this end they often had strong connections with Labour or the Alliance.

Other social service agencies shied away from anything considered ‘too political’, but were opposed to Government housing policy because they saw the impact on their clients. This tended to be larger agencies where concerns about institutional safety outweighed the inclinations of individual social workers. Many of these agencies accepted the underlying principles of the new housing assistance regime, and tried to get the most out of what was available for their clients, as well as campaigning for changes to the details of the policy.

Fourthly, there were social policy researchers who were usually either part of a larger social service organisation, or came from that background and shifted their focus to policy rather than practice. Most of them were fairly politically active, either along party lines, or at least in the Wellington maelstrom. Their politics tended to be very pragmatic, although based on principles that did not accept the new housing policy.

A fifth response was to get involved in schemes that encouraged the alternative provision of housing finance, materials, and building techniques. These housing workers tended to have a self-help philosophy and were disinterested in politics or campaigning for policy change. Over the 1990s this sector grew larger, possibly from disillusionment with the political process or encouragement by the Government. These groups were attractive to Government politicians and agencies because they did not directly challenge housing policy, and neatly fit the notions of self-sufficiency and independence the Government was trying to promote in all its social policy.

These responses from NGOs opposed to the restructuring of housing policy were not fixed. Groups or individuals may have changed their responses over time, or drawn on more than one of them at any given time. The situation also points to a fundamental contradiction for housing workers: they were responsible, at least to some extent, for implementing the Government housing policy they opposed. At some point they had to move from totally opposing the policy reforms, to working with the new system, albeit still voicing criticisms whenever possible. That point may have come when housing workers became disillusioned with the effectiveness of their opposition, or when they made a pragmatic decision based on the short-term interests of
their clients. Whatever the reason, at some stage all opponents of policy change had to modify their position or their involvement in the provision of housing assistance. Difficulty in finding an agreed compromise position was probably another reason for the fragmentation at a national level that lessened the impact of NGOs opposed to the restructuring of housing policy.

Conclusion

In looking at the responses of various NGOs to the restructuring of New Zealand housing policy during the 1990s, this chapter has attempted to highlight the part played by some of the marginal but still significant actors. While state actors may have initiated and driven the changes, NGOs were an integral part of the implementation process, although individual responses and levels of involvement varied. In general, NGOs that supported the restructuring of housing policy were mainly involved in the decisionmaking process, and said little about its implementation because they were satisfied with the general direction. NGOs opposed to the new policy, on the other hand, were not greatly involved in the original decision, but actively resisted during the implementation process.

From a neo-institutionalist perspective, it is important to emphasise the differences between the Government and NGO supporters. None of these NGOs were reliant on the restructuring of housing policy, and all of them considered other elements of central government policy just as significant. Despite agreeing with the Government’s line on housing policy and supporting it publicly, the Property Investors’ Federation was unable to achieve any major changes in the RTA, which was their main priority.

The usefulness of taking a neo-institutionalist approach is also illustrated by the changing role in housing policy over the years of large construction companies. The interests of actors in the housing policy field are not static, and the case of Fletchers shows how changes can affect the politics of the field. Fletchers’ earlier support for state housing had diminished by 1990, so there was one less hurdle for the Government to overcome in implementing change. Broader theories of the state and public policy that view actors as monolithic and unchanging are unable to account for these factors.

In terms of NGOs opposed to the changes in housing policy, a neo-institutionalist approach is useful when considering how they were affected and the responses they made. Housing workers experienced change indirectly through their clients, and more directly in their own operations and relationships with politicians and government agencies. Like politicians, they had an ambivalent relationship with the media, but it was an important one because the public was the clearest remaining avenue of political influence.

This was a direct result of the restructuring process, and illustrates the importance of institutions and their relationships. Housing workers did not have the same access to politicians that they did under Labour during the 1980s, and the restructuring of the Housing Corporation and Department of Social Welfare removed their points of access through the bureaucracy. The ongoing restructuring of central government agencies also distracted housing workers who had to keep up with operational changes. This left public pressure as the only significant avenue of political influence. However, the Government was able to respond to any public pressure with slight
modifications of the implementation process that retained the general direction of housing policy while alleviating its affects on those with the most political clout. Its quick response to concerns about elderly state tenants was a good example of this.

While housing workers were united in their opposition to the principles and detail of the changes to housing policy, they responded in a variety of ways. Most made use of the available political and legal channels, while more militant groups organised protests, and some conducted their own research to monitor the impacts (for details see discussion at the end of the previous section). However, these responses were mainly ineffective, for the reasons already given. This led to a growing frustration amongst housing workers, who became increasingly fragmented at the national level. While the Government could foresee the disruptive effects of restructuring its agencies, this internal restructuring of NGO opponents was an unintended consequence of changing the institutional field.

Finally, a neo-institutionalist perspective is able to take account of the symbiotic relationship between central government and NGO critics. Despite the strength with which state actors were able to drive the restructuring process, they still relied on consumers and housing workers to co-operate in the implementation of the new policy, at least to some extent. This created a tension for NGOs opposed to the direction of housing policy, who found themselves responsible for implementing aspects of the changes. These NGOs retained much of their original analysis, despite Government attempts at reframing the principles underlying housing policy, but had to operate within the new policy framework to achieve the best immediate outcomes for themselves or their clients. From a neo-institutionalist perspective, this illustrates how the institutional reconfiguration of state agencies led to changes in the goals pursued and tactics used by supporters of state housing, which in turn stabilised the new regime.
Introduction

This thesis set out to investigate the origins and implementation process for changes to New Zealand housing policy during the 1990s. The research questions centred on how central government managed to restructure housing policy so thoroughly, especially when it had less success in other areas of social policy such as health. Information was gathered from a number of sources including interviews with key actors, personal experience of working in the field for five years, and documentary research. This process generated several conclusions in relation to the research questions.

A number of institutional factors enabled state actors to unilaterally proceed with the housing reforms, with little input from traditional non-state actors in the housing policy field. In addition, the reform process was abrupt and substantial, unlike the incremental pattern of change in housing policy for the previous fifty years. These institutional factors included the concentration of power in the hands of Cabinet in the New Zealand political system and Treasury's increased influence as a result of public sector and Cabinet committee restructuring in the late 1980s.

The restructuring of the central government institutions related to housing also significantly altered the politics of housing policy, further inhibiting the participation and influence of non-state actors and encouraging the entrenchment of the new policy. Without their previous avenues of influence on policy design and practice, housing workers had to rely on alliances with Opposition politicians, which left them open to accusations of being motivated by political rather than social goals.

However, regardless of how much control central government exerted over the housing policy field, the public continued to hold politicians ultimately responsible for the difficult housing conditions faced by some households. This led to modifications of the restructuring process on the few occasions the Government felt the public would take more than a passing interest, for example the large rent increases for elderly state tenants produced by the original matching policy.

In other areas of social policy, different institutional arrangements led to different outcomes. In health and education the state was a much larger player in the provision of these services, and consumers and workers in the field commanded greater public and political attention.
Specific variants of neo-institutionalism that emphasised the role of state actors were useful for understanding this restructuring of housing policy, because they expected the institutional context to influence political decisions and actions, and allowed for both incremental and abrupt policy change.

These conclusions were based on information gathered during the research process, which this thesis presented in substantive chapters addressing the roles of particular institutional actors. Drawing together different accounts of the changes to New Zealand housing policy illustrated the importance of the institutional context and the usefulness of neo-institutionalist approaches for understanding social policy change.

Chapter Three looked at politicians, including Government and Opposition MPs. The two Ministers of Housing between 1990 and 1998 were important actors in the process of restructuring housing policy because of the power vested in their office by the New Zealand political system. For the same reason, Opposition parties were unable to significantly alter the reform process, despite concerted efforts.

Chapter Four considered the role of central government departments and agencies involved with or directly affected by the housing reforms. The Housing Corporation was restructured along lines suggested by the Treasury, which saw increased funding for income support programmes channelled through the Department of Social Welfare. This resulted in the creation of two new agencies: the Ministry of Housing, which took over policy advice; and Housing New Zealand, which administered state rental housing on a more commercial basis than previously.

Chapter Five used four case studies to look at the role of local authorities in the provision of rental housing, and the combined impact of local government restructuring in 1989 and the changes to housing policy since 1990. Responses around the country varied depending on local conditions, but in most cases pensioner housing was retained more readily than community housing.

Chapter Six reviewed the range of responses from non-government organisations (NGOs). Those that supported the reforms had some input to the initial decision, but have been lower profile in the implementation process. Opponents of the reforms had the opposite experience, and have gradually had to begin working within the new policy framework for the sake of their clients.

The rest of this concluding chapter combines the different accounts presented in these substantive chapters to outline the restructuring process and one interpretation of it. Following this, some thoughts are offered on further areas of research.

**Restructuring Process**

New Zealand housing policy was relatively stable from the 1930s to the 1980s, with minor changes to the basic policies of providing rental housing and mortgage finance when considered necessary. With the election of a new National Government in 1990, major changes to housing policy were announced that also changed the politics of the housing policy field.
The groundwork for this restructuring of housing policy and politics was laid during the 1980s. Treasury began to promote monetarist economic policies and a model of minimal government. The fourth Labour Government adopted these economic policies between 1984 and 1990, and embarked on a programme of public sector restructuring that reduced the size of many central government agencies and shifted their focus. However, Treasury's model was not applied to social policy because many Labour MPs felt this was going too far. Cabinet rejected Roger Douglas' plans for social policy following the 1987 election, and Labour's traditional ties with state housing provided further protection for the interventionist housing policy.

All of this changed when National won the election in 1990. The Treasury had gained greater influence through public sector and Cabinet committee restructuring in the late 1980s, as well as the cultivation of its relationship with Ruth Richardson and other senior National MPs while they were in Opposition. When the new Government found itself facing a range of economic pressures, including a fiscal crisis, Treasury's model of the economy and governance was embraced. This led to the adoption of economic policies that had particular implications for social policy. The combined impact of the December 1990 Economic and Social Initiative and the 1991 Budget was a reduction in spending for most areas of social policy, as well as plans to restructure the administrative and delivery mechanisms for social assistance.

Housing was only one area of social policy affected by these announcements, but it was among the more successful attempts at substantial change. Central government institutions connected with housing policy were successfully restructured, which changed the actors involved in the field and the method of their interactions. By 1990 the Housing Corporation had lost most of its support from other agencies in the face of Treasury criticisms during the 1980s. It was gutted by restructuring but retained a minimal role as lender of last resort for a handful of government schemes. Two new agencies were created to take over most of the Housing Corporation's functions: the Ministry of Housing and Housing New Zealand. The Ministry of Housing's policy unit was a small agency with direct oversight from the Minister. For this reason, as well as being a product of the restructuring process and overseeing its implementation, the Ministry of Housing was unlikely to offer critical advice to the Minister. Housing New Zealand took over the government's rental housing stock of approximately 70,000 units. It was a peripheral government agency that was happy with the commercial focus outlined in its establishing legislation. However, the Government regularly pushed it to operate with a greater social conscience, which created a tension for senior management and junior staff. The Department of Social Welfare gained extra funding through the Accommodation Supplement programme with the shift in focus to income support for households facing difficulty meeting their accommodation costs. This made it understandable that the Department of Social Welfare supported the restructuring of housing policy.

The Government's attempt at 'reframing' the ideological basis of the housing policy field was not so successful. On the one hand, most actors in the housing policy field had to work with the new policy structures long enough that they came to accept the shift in focus from direct provision of housing to income support. On the other hand, housing workers and Opposition politicians consistently opposed the principles behind the reforms, and promised to restore elements of the previous policy when there was a change in government.
Analysis

This account of changes in New Zealand housing policy during the 1990s raised several questions in three broad areas. Firstly, how and why did an incremental approach to policy-making give way to a radical restructuring of the field? There may not have been a paradigm shift in the sense that Peter Hall (1993) talks about, but there was clearly a conflict of paradigms, and major change in the institutions and politics of housing policy.

Secondly, how successfully did the Government reframe the ideological basis of the housing policy field, and how important was this to the Government? How completely did housing workers reject the new framework while having to work within it? How much difference would the election of a Labour-led Government make to housing policy?

Thirdly, how and why was restructuring more successful in housing than other key areas of social policy, especially health? Given the same economic imperatives and concentration of power in the hands of Cabinet Ministers, similar outcomes could be expected, but that was not the case.

These questions and the underlying account of housing policy restructuring were analysed throughout this thesis from a neo-institutionalist perspective (see Chapter Two for a full discussion). Traditional theories of the state, social policy and housing were too general to adequately explain the particular process that unfolded, so an institutional analysis that emphasised the roles of state actors was adopted. This provided a better understanding of swift yet substantial policy change, incomplete success of housing policy reframing, and different outcomes across social policy areas.

The rest of this section addresses these questions, using a neo-institutionalist framework that focuses on institutional factors as the key to understanding changes in housing policy. It then evaluates the usefulness of this analytic framework.

**ABRUPT POLICY CHANGE**

When it comes to explaining the shift from incremental policy change to major restructuring of the housing policy field, the accounts given in Chapter Three on politicians and Chapter Four on central government agencies show how the changes in New Zealand housing policy can be understood within a neo-institutionalist framework.

The Westminster system of government used in this country focuses power on the Cabinet Ministers. Opposition politicians, other than seeking public support for the next election, have almost no power, and officials depend on Ministerial support for most policy initiatives. In the United Kingdom context, Peter Hall (1992, p107) points out that institutional arrangements usually associated with the Westminster political system can facilitate policy change rather than support the status quo, the standard assumption of Weberian approaches to bureaucracy. This situation is even more pronounced in the New Zealand context, where the smaller population means fewer levels of government and a smaller bureaucracy to challenge or impede the direction of central government policy.
In addition, any attempted defence of the status quo by officials in the 1990s would have been even less successful than previously. The Treasury ascended to a position of dominance within the bureaucracy for both internal and external reasons. Internally, public sector restructuring in the late 1980s downsized the civil service, reducing the possibility and strength of alternative advice being given to the Government. At the same time, the Cabinet committee process was restructured, consolidating Treasury's influence on crucial committees. Externally, the fiscal crisis faced by the new Government in 1990 allowed Treasury to capitalise on its efforts to improve the relationship with National while that party was in Opposition. The Government accepted Treasury's proposed solution to the economic pressures it faced, which entailed a major rethinking of the Government's role in the economy and society at large.

This alliance between Cabinet and the strongest central government agency sidelined other agencies, to the extent that it could undo existing institutional arrangements and remake them, in an effort to produce the desired policies and outcomes. This in turn changed the everyday politics of each policy field affected.

In housing policy this meant housing workers and other advocates were left without the avenues of influence they had developed through the 1970s and '80s. The Housing Corporation's responsibility for most aspects of housing policy and dual social and commercial role meant that it developed contacts with community groups, something that was especially encouraged by a sympathetic Labour Government in the 1980s. Housing workers made use of these contacts to influence the formation and implementation of government housing policy. With the establishment of Housing New Zealand connections with particular people were broken, and the agency's strictly commercial focus and distancing itself from government policy inhibited the creation of new networks that could influence central government. The inaccessibility of Government MPs and agencies meant Opposition politicians were the only direct avenue of political influence available to housing workers. This left them vulnerable to accusations of being driven by political motives rather than social concerns.

However, this concentration of power in the hands of Cabinet is a double-edged sword. Regardless of its large capacity for remaking political institutions, the Government must always take account of public opinion. As Paul Pierson (1994) points out, the clearer the lines of political responsibility the more likely the public is to blame politicians for problems in policy outcomes. The New Zealand experience bears this out. In housing, as well as other key areas of social policy such as health and education, it has proven difficult to erase from the public's mind the perception that central government is ultimately responsible for social well-being. Seeing people unable to afford their housing costs or access adequate accommodation, the public tended to lay the blame at the door of government housing policy, regardless of how efficient or fair the policy was supposed to be. This political reality led to the Government taking a close interest in the activities of Housing New Zealand, and Opposition politicians promising a return to income-related rents for state tenants and a stronger social focus for Housing New Zealand. Both of these represent an unravelling of the original restructuring. The Government's actions undermine the desired split between social and commercial functions in government agencies, especially in traditional areas of social policy, while Opposition promises would mean a further restructuring of political institutions if acted on.
SUCCESS OF REFRAMING

The second set of questions generated by this account relates to the uncertain success of attempts by the Government to reframe the ideological basis of housing policy. While central government agencies and institutions related to housing policy were comprehensively restructured, the underlying rationale for the new policies was strongly contested by critics, at least initially. However, it is not clear exactly how much of a reframing (Schon & Rein, 1994) or paradigm shift (Hall, 1993) the Government was attempting with its policy changes. Neither is it clear just how completely opponents continued to reject the new principles guiding housing policy. This lack of a definitive judgement on the success of reframing attempts illustrates the complexity of the institutional arrangements and the ongoing nature of policy change.

The main aim of Government reframing efforts was clearly to shift the focus of policy from the provision of housing to income support, something that was largely achieved within the apparatus of central government. But did the Government really want to abandon all previous goals in housing policy, or was the abolition of existing programmes another way of gaining greater control over what it considered inefficient elements of the policy? During the implementation process the Government gradually reintroduced several minimal but direct interventions in the housing market, such as the Tenure Protection Allowance, the Home Buy scheme, and the Low Deposit Rural Lending scheme. This was a tacit acknowledgement that more than a single policy instrument was required to address serious housing need, a claim consistently made by critics of the reforms. However, in an effort to clear out entrenched interests the Government felt it necessary to disestablish all previous programmes and rebuild them from scratch in the new institutional environment.

Opponents of the changes to housing policy continued to criticise the principles underlying them, but had to operate within the practical consequences the new policy created. To consider the Government’s attempted reframing unsuccessful implies that at least one significant actor in the housing policy field refused to accept it and operated according to a different framework. However, at a practical level housing workers gradually had to work within the new policy structures for the benefit of their clients as it became clear the Government was not about to back down and public support was not forthcoming, except on specific issues. While some housing workers remained staunchly opposed to the principles underlying the restructuring of housing policy, exactly how many is unknown, and others came to accept the new rationale as the status quo, despite disagreeing with it. Similarly, Opposition parties consistently promised a return to income-related rents for state tenants, but usually in a gradual process over an extended period because of fiscal constraints. If there was a change of government towards the centre-left, economic conditions could be used to justify retaining the current policy, which has become quite entrenched over a period of several years. Any new government could still claim it was delivering on promises to address housing need, even if that was through increased funding for the Accommodation Supplement rather than the direct provision of housing.

VARIATION BETWEEN POLICY AREAS

The third group of questions concerns how and why restructuring was more successful in housing than other major areas of social policy such as health and education. Again, the neo-institutionalist focus of this thesis
suggests looking at institutional factors to understand the situation, because traditional theories of the state, social policy and housing are too general to explain the observed differences between specific policy areas.

One of the major institutional factors was the small role of the state in the provision of housing compared with public sector health and education. New Zealand had a high proportion of home-ownership by international standards for most of this century, so even though state housing was a significant part of the rental market it only provided accommodation for a small percentage of the total population. The same situation applied to the mortgage lending functions of the Housing Corporation, which were also diminished in significance by the deregulation of the finance sector in the late 1980s. In comparison, state-owned and operated hospitals and health services have always been a significant part of the health sector, if not a majority. The government also provided by far the majority of schools and education services. Some of the specific implications are discussed in the following paragraphs, but in general, the state's smaller role in housing provision meant less disruption and resistance when changes were proposed.

It is also important to consider the key institutional actors who could affect the decisionmaking and implementation processes for any policy change. In addition to central government politicians, the major actors in the changes to housing policy announced in the 1991 Budget were central government agencies, Opposition MPs, workers involved in delivering state housing assistance, consumers of state housing assistance, local authorities, and less directly, the public.

The central government agencies affected by the restructuring of housing policy were initially in favour of the changes, apart from the Housing Corporation, which was not a strong agency. A few years into the restructuring process, growing concerns about the negative impacts prompted the involvement of other agencies such as Te Puni Kokiri (Ministry of Maori Development) and public health officials within the Ministry of Health. However, it was quite possible for the Government to respond to the issues they raised within the income support model, and they were not pushing for any fundamental changes in policy.

Opposition politicians and many community-based housing workers consistently opposed the housing reforms, but their efforts were not sufficient on their own. Critics were successfully marginalised by the Government's prompt responses to significant issues with modifications that retained the fundamentals of the original policy intact.

Workers involved in delivering state housing assistance included voluntary sector housing workers, but the clearest comparison with health and education was Housing Corporation staff. They resisted the proposed restructuring but were among its first victims. Their lack of influence was in stark contrast to health and education staff, whose unions and professional associations were strong and highly organised, and operated from a strong bargaining position with the Government. Doctors, nurses and teachers also enjoyed high status in the community as professionals.

Consumers of state housing assistance primarily involved state tenants and households with subsidised mortgages from the Housing Corporation. They were also opposed to the reforms, but having small numbers hindered their efforts. The experience of housing workers also indicated state tenants were hard to organise,
despite being the most obvious victims of the reforms. This apathy may have been due to a sense of hopelessness about their own influence over housing policy, especially when the Government went as far as retrospective legislation to deny state tenants financial relief. Again, this experience was different from health and education, where most of the population or their family members were current or potential consumers, and were well aware of what was at stake.

Local authorities had a range of involvement in rental housing prior to the reforms announced in the 1991 Budget and a range of responses to them. Most provided a significant service to low-income pensioners in their community, but local government restructuring in 1989 affected each Council differently. In many cases it meant local authorities were prepared to accept central government’s reframing of the housing policy field, and rent increases and house sales were considered. The main factor protecting the housing stock was public sympathy for the plight of elderly tenants. Councils that resisted this reframing and consolidated or expanded their role in rental housing were too few in number to lobby central government effectively. Local authorities had little to do with the delivery of health and education services, but their role in housing helps explain why that field was more successfully restructured. Through a combined restructuring of local government and housing policy, central government was able to limit the possible responses from local authorities, who were the main providers of low-cost rental housing outside central government, especially for pensioners. The same opportunity was not available in the health or education sectors, where private providers were the only alternative to public services.

The final key actor in the success of housing policy restructuring compared with health and education was the general public. There was a lack of public support for opponents of the reforms, which allowed the Government more leeway in implementing the changes. The public appeared to have no difficulty accepting the shift in emphasis from housing provision to income support, as long as the impacts or outcomes were still acceptable. As discussed earlier this section, the public continued to hold the Government responsible for meeting basic housing needs. This lack of public support related to the state’s small role in the housing market and antipathy towards state tenants. Since the 1970s, a gradual shift from providing benefits for middle-class families to targeting housing assistance at low-income households meant a perception of state tenants as the ‘undeserving poor’ was built up. The exception to this was elderly state tenants, and public support for them prompted the Government to act quickly on problems with the original matching policy. Again, the minimal public response to the restructuring of housing policy helps explain the different outcome from health and education. With political actors either in favour of the restructuring or having little influence over the Government, the public was the last barrier to complete implementation. However, apart from a few exceptions, the public showed itself unwilling to defend the existing housing policy. This was in contrast to health and education, where the momentum of influential workers and consumers generated additional public support.

**Analytic Framework**

The previous paragraphs discussing questions arising from this account of the housing policy restructuring process illustrate the usefulness of a neo-institutionalist focus on institutions and their effect on political action and policy change. In particular, the combination of historical and organisational institutionalism accounts for a
process of policy change that moves from being incremental to being abrupt, the ambiguous results of ideological reframing, and a variety of outcomes for reform attempts in different areas of social policy.

Generally speaking, neo-institutionalism's meso-level focus can accommodate a variety of relationships between state and societal actors, and processes for policy change. Power relations between actors change over time, and institutional change affects both politics and policies. Criticisms that neo-institutionalism relies on functionalist explanations for the origins of institutions and is not specific enough on the particulars of political action have been addressed in recent years, especially by historical institutionalists. More troubling is Immergut's (1998) assertion that neo-institutionalists struggle to define standards for determining the 'true' preferences of actors, but that does not directly affect the research undertaken for this thesis.

More specifically, the three versions of neo-institutionalism discussed in Chapter Two all have something to offer, but a combination of historical and organisational institutionalism is used in this thesis. Historical institutionalism offers the best understanding of a sharp transition between incremental and non-incremental policy change, with state actors unilaterally driving the restructuring process. It also acknowledges the role of institutions in the distribution of power, and the need to understand them in relation to other aspects of political action such as ideas and economic development. Immergut (1998) criticises it for focusing too closely on the unique aspects of each case, but in this thesis it is precisely the uniqueness of a particular case that is being investigated.

Organisational institutionalism's notion that political action is based on identity and a sense of what is appropriate, rather than self-interest, also helps explain some aspects of the changes in housing policy. However, it tends to view institutional change as predominantly incremental and unintentional. While there are clearly unintended consequences arising from central government policy, that does not mean all political action is unintentional or unsuccessful in its original aims. In this case, state actors have been relatively successful in implementing a programme of major policy change, which is better explained by historical institutionalism.

More specifically still, Pierson's (1994) application of neo-institutionalist ideas to welfare state retrenchment has been useful for understanding the restructuring of New Zealand housing policy during the 1990s. Most criticisms of Pierson's work relate to the specifics of his analysis, but it is his general model that has been used in this thesis. Pierson attempts to find reasons for the success or failure of particular retrenchment attempts, and concludes that existing institutional arrangements are more influential than the extent of targeting in a specific social policy. Entrenched interests protect existing policy, creating policy feedback loops; while the success of programmatic or systemic retrenchment will depend on the institutional context and effectiveness of blame avoidance tactics used by politicians.

Pierson's model is a useful starting point, but does not explore why housing should be particularly vulnerable to restructuring, as shown by his case studies (Pierson, 1994, 1996a) and this thesis. The work of Elizabeth McLeay (1984) is more pertinent in this regard. Although the details of housing policy relate to a different period and some different debates, the points made are still relevant, and contribute to a specific analysis of the changes to housing policy in New Zealand during the 1990s.
Further Research

Given the conclusions of this thesis and the strengths and weaknesses of the analytical approach adopted, several possible avenues for further research are suggested. Firstly, there are several gaps in this account of the New Zealand housing reforms that could usefully be filled. Further interviews with some of the key actors already interviewed would confirm second-hand information or answer questions about particular events or processes that occurred. Interviews with key actors in other areas, such as the finance sector or construction industry, would add further perspectives on the process.

Secondly, more detailed comparisons with other areas of social policy, particularly health and education, would be helpful for understanding the particular institutional arrangements affecting each policy field, both within central government and outside it.

Thirdly, the research could be broadened to make international comparisons on the vulnerability of housing policy to institutional restructuring, spending cuts, and withdrawal of central government support for direct provision. While the specifics of policy change and institutional context may be different, the work of Pierson and others suggests housing policy’s susceptibility to restructuring is common across several countries with developed welfare states. Is this simply a coincidence of outcomes, or are there similar institutional configurations for the state’s role in housing provision?

Finally, it would be interesting to track what happens with New Zealand housing policy over the next five years and beyond. The success or otherwise of the Government’s attempt to reframe housing policy may be resolved more clearly, or it may continue to produce incongruous outcomes. If there is a Labour-led government following the next general election, will there be a further restructuring of housing policy to reintroduce income-related rents for state tenants, or will the institutional and ideological elements of the new housing policy be sufficiently entrenched to avoid this? A longer period of time would also present a clearer picture of the restructuring’s impact on both the politics of housing policy and the consumers of state housing assistance.

Consumers have been the near-invisible participants in this account. While most central government housing policy is purportedly aimed at relieving their hardship, it has been possible to write this thesis with very few references to consumers at all. Evidence continues to build of growing poverty in New Zealand, and high accommodation costs are often cited as a factor in this, if not the major one. Pat Shannon (1991) argues eloquently for an approach to social policy that is consumer-based, rather than primarily meeting the requirements of politicians or bureaucrats. This thesis has attempted to shift the focus of housing policy analysis from actors at the centre to actors at the margin, but this attempt has been obscured by the overwhelming significance of state actors in the restructuring of housing policy.
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## Appendix - List of People Interviewed

<table>
<thead>
<tr>
<th>Name</th>
<th>Position*</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Helen Gatonyi</td>
<td>Co-ordinator, Tenants’ Protection Association (Christchurch), 1990-1998</td>
<td>July 23rd 1997</td>
</tr>
<tr>
<td>Murray McCully</td>
<td>Minister of Housing, 1993-1998</td>
<td>July 8th 1997</td>
</tr>
<tr>
<td>Phillip Pigou</td>
<td>Neighbourhood Unit Manager, Housing New Zealand, 1992-1996</td>
<td>July 7th 1997</td>
</tr>
<tr>
<td>Sue Piper</td>
<td>Wellington City Councillor, 1992-1998</td>
<td>July 9th 1997</td>
</tr>
<tr>
<td>Tina Pope</td>
<td>Customer Liaison Officer, Housing New Zealand, 1995-1997</td>
<td>May 29th 1997</td>
</tr>
<tr>
<td>Kent Prier</td>
<td>President, Real Estate Institute of New Zealand 1994-1996</td>
<td>July 22nd 1997</td>
</tr>
<tr>
<td>Tony Ward</td>
<td>Secretary, New Zealand Property Investors’ Federation, 1994-1998</td>
<td>June 24th 1997</td>
</tr>
</tbody>
</table>

* People continuing in their positions are shown as finishing in 1998, because that is the end of the period covered by this thesis.