

Annex 2: Budget 2024 Savings Template

Section 1: Overview

Section 1A: Basic initiative information										
Initiative title (max 120 characters)	Emergency housing system and Homelessness Action Plan – Return of Tagged Contingency.									
Lead Minister	Hon Chris Bishop Minister of Housing	Agency	Ministry of Housing and Urban Development							
Initiative description (max 800 characters)	This initiative closes two tagged contingencies and returns the associated funding: Emergency Housing – progressing work on system changes – Tagged Operating Contingency, and Homelessness package: Increasing the supply of public and transitional housing – Tagged Operating Contingency. The contingencies were established to progress changes to the system of emergency housing and to address income-related rent subsidy related cost pressures within Vote Housing and Urban Development due to the Homelessness Action Plan. These contingencies are no longer required to meet the Government's priorities for the temporary accommodation system.									
Type of saving (PA objective in CFISnet)	<input checked="" type="checkbox"/>	Baseline reduction	<input type="checkbox"/>	Targeted policy savings	<input type="checkbox"/>	Capital pipeline review				
Is this a cross-Vote initiative?	Y	The Homelessness Action Plan was implemented as a multi-agency initiative. However, the funding in this initiative relates to services contracted by the Ministry of Housing and Urban Development only.								
Is this a revenue initiative?	No									
Agency contact	Name: Nick McNabb Phone: s 9(2)(a) Email: nick.mcnabb@hud.govt.nz		Treasury contact (Vote Analyst)		Name: Jack Wellwood Phone: s 9(2)(a) Email: Jack.Wellwood@treasury.govt.nz					
Section 1B: Summary of savings profile										
Operating funding available for return (\$m)										
	2023/24	2024/25	2025/26	2026/27	2027/28 & outyears*	Total				
TOTAL	68.756	3.509	15.666	21.576	19.000	128.507				
Emergency Housing	1.154	2.577	2.577	2.576	0	8.884				
Homelessness package	67.602	0.932	13.089	19.000	19.000	119.623				
*For irregular outyears, add additional rows above to display the full profile of the initiative. Delete "& outyears" for time-limited funding. See the Guide to Submitting Initiatives on CFISnet for Budget 2024 for more information on entering outyears into CFISnet.										
Capital funding available for return (\$m)										
23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33*	Total
0	0	0	0	0	0	0	0	0	0	0
*Extend the profile above if funding is needed beyond 2032/33.										

Section 2: Alignment and options analysis

Section 2A: Alignment

The answer to each question must not exceed 1-2 paragraphs

Does this savings initiative have consequences for the Budget priorities? (if there are implications for multiple Priorities, select the most relevant)	<input type="checkbox"/>	Addressing the rising cost of living	<input checked="" type="checkbox"/>	Delivering effective and fiscally sustainable public services
	<input type="checkbox"/>	Building for growth and enabling private enterprise	<input type="checkbox"/>	No consequences
	This proposed initiative aligns with delivering effective and fiscally sustainable public services, as it is proposing to return contingency funding that is not required.			

Section 2B: Options analysis

The answer to each question must not exceed 1-2 paragraphs

What was the process used to select the preferred option?	<p>To meet the baseline savings target HUD has sought to minimise the impact housing supply and support for households to transition to permanent housing. Both contingencies have been identified as suitable for reprioritisation as they would not have a material impact on short-term delivery.</p> <p>No specific engagement or consultation with external stakeholders was required to identify any costs and risks associated with this proposal. In the case of the emergency housing system funding, partner government agencies will be notified at an appropriate time that the funding will no longer be available and subsequent proposal rounds will not occur.</p> <p>Additional operating savings from the Emergency Housing System Review and the Homelessness Action Plan are included in a separate Budget savings initiative.</p>
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Section 3: Costs and benefits analysis

Section 3A: Benefits and non-fiscal costs

The answer to each question must not exceed 1-2 paragraphs. The primary benefit of savings is fiscal. Therefore, the primary purpose of this section is to highlight any risks or impacts of the savings initiative.

The Risks and Impacts section below is required for all initiatives invited into the capital pipeline review, regardless of whether there are any changes are proposed to this initiative.

Where do the savings or revenue arise from?	<p>A contingency of \$355 million was established through Budget 2022 to support the reset and redesign of the emergency housing system. As of February 2024, \$8.884 million remains in this contingency. This funding was intended to support a second round of investment in cross-agency projects to address pressures on the emergency housing system. However, this funding can be reprioritised, and any project proposals considered as part of a future Budget.</p> <p>A contingency of \$25 million per year, ongoing, was established through Budget 2020 to address income-related rent subsidy cost pressures resulting from the Homelessness Action Plan. These pressures have been addressed through subsequent Budget initiatives, and this contingency can be closed.</p>
Risks and impacts	<p>There are no developed proposals seeking funding from the emergency housing system review contingency. Any new proposals can be considered in future Budgets allowing policy decisions to be taken to give effect to the Government's priorities for the temporary accommodation system.</p>

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	In the case of the homeless package contingency, there is a risk of future cost pressures for the Ministry of Social Development for the housing navigators and brokers services. The contingency has also been used to fund some time limited programmes with Vote HUD. Decisions around continuing these programmes can be determined through future Budgets.									
Impact on frontline services	<input type="checkbox"/>	High	<input type="checkbox"/>	Medium	<input checked="" type="checkbox"/> Low					
	No impact on frontline services expected.									
Climate impact	<input type="checkbox"/>	Yes - positive	<input type="checkbox"/>	Yes - negative	<input checked="" type="checkbox"/> No impact					
	No climate impact expected.									
Section 3B: Status quo										
The answer to each question must not exceed 1-2 paragraphs.										
Status quo	As this saving initiative relates to funding held in contingency, there is no current agency activity related to this funding. If the funding was retained, HUD would work with agency partners to identify opportunities to develop cases to draw the funding down to progress the Government's priorities.									
Existing operating funding for programme/service (\$m)										
	2023/24	2024/25	2025/26	2026/27	2027/28 & outyears*	Total				
Emergency Housing System Review	129.470	75.760	63.571	52.529	8.919 No outyears	355.000				
Homelessness Action Plan	58.017	50.541	46.912	20.850	20.850	191.170				
*Extend the profile above to a "steady state" if funding into outyears is irregular. Delete "& outyears" for time-limited funding.										
Existing capital funding for programme/service (\$m)										
23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33*	Total
0	0	0	0	0	0	0	0	0	0	0
*Extend the profile above if funding is needed beyond 2032/33.										
Section 3C: Savings profile and cost breakdown										
The answer to each question must not exceed 1-2 paragraphs.										
Formula and assumptions underlying costings	No assumptions or formulas have been used to develop this savings initiative. Values are the amount recorded in each contingency as of February 2024.									
Provide a breakdown of total initiative expenditure by individual expense category. Total operating and capital expenses in this section must match the totals in <i>Section 1B: Summary of funding profile</i> . Insert additional rows as appropriate for additional expense categories.										

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Recommended operating savings (\$m)

Operating expense category	2023/24	2024/25	2025/26	2026/27	2027/28 & outyears*	Total
Emergency Housing – progressing work on system changes – Tagged Operating Contingency	1.154	2.577	2.577	2.576	0	8.884
Homelessness package: Increasing the supply of public and transitional housing – Tagged Operating Contingency	67.602	0.932	13.089	19.000	19.000	119.623
Total (\$m)	68.756	3.509	15.666	21.576	19.000	128.507

*Extend the profile above to a “steady state” if funding into outyears is irregular. Delete “& outyears” for time-limited funding.

Section 4: Delivery

Implementation of savings

The answer to each question must not exceed 1-2 paragraphs

Implementation of savings from this programme, activity or investment	No specific actions are required to implement this savings initiative. Where processes were underway to assess opportunities to deploy the contingency funding, these have been paused or stopped as appropriate.
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Transition costs associated with the savings initiative (\$m)

2023/24	2024/25	2025/26	2026/27	2027/28 & outyears*	Total
0	0	0	0	0	0

Was this activity funded from the Climate Emergency Response Fund?	N	This was not an activity funded from the Climate Emergency Response Fund.
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Section 5: Equity

The answer to each question must not exceed 1-2 paragraphs.

Timing of costs and benefits	Benefits are purely fiscal and can be realised immediately. Returning the Homelessness Action Plan contingency carries no material risks. For the emergency housing system review, any risks are short-term, and relate to the opportunity cost of investments in the system of emergency accommodation.
Specific implications regarding the Crown's obligations under the Treaty of Waitangi	N No specific Treaty of Waitangi-related obligations, beyond the general duties to Māori accessing temporary accommodation. Stage One of the Wai 2750 housing policy and services enquiry made findings about the sufficiency of the Crown's response to Māori homeless. The Tribunal found that the Crown has an article 2 duty to, "at the very least provide housing for Māori who are homeless", and that "the Crown has article 3 duties to achieve equitable housing outcomes for Māori." ¹ These conclusions will be considered as part of the Crown's ongoing response to the enquiry and policy work to give effect to the Government's priorities for temporary accommodation.
Distributional Impacts	There should be no distributional impacts from this initiative. There are no developed proposals seeking funding from the emergency housing system review contingency. While some time limited funding remains for some programmes, decisions around whether to continue and fund these programmes can be made through future budgets.

¹ Kāinga Kore: The Stage One Report of the Housing Policy and Services Kaupapa Inquiry on Māori Homelessness, [Kāinga Kore W.pdf \(justice.govt.nz\)](#), p193