

## Annex 2: Budget 2024 Savings Template

### Section 1: Overview

Section 1A: Basic initiative information										
Initiative title (max 120 characters)	Kāinga Ora led Large-Scale Projects – Rescoping Investment									
Lead Minister	Hon Chris Bishop Minister of Housing	Agency	Ministry of Housing and Urban Development							
Initiative description (max 800 characters)	<p>This initiative returns \$30 million of operating funding per year from the delivery of the Kāinga Ora led Large-Scale Projects through a combination of <b>s 9(2)(f)(iv)</b>, returning contingencies held for cost overruns across the wider programme, <b>s 9(2)(f)(iv)</b></p> <p>The exact nature of the savings (including capital) will be determined through a value for money review of the wider Large-Scale Projects programme.</p>									
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?	<i>N</i>	No.								
Is this a revenue initiative?	No.									
Agency contact	Name: Nick McNabb Phone: <b>s 9(2)(a)</b> Email: <a href="mailto:nick.mcnabb@hud.govt.nz">nick.mcnabb@hud.govt.nz</a>		Treasury contact (Vote Analyst)	Name: Jack Wellwood Phone: <b>s 9(2)(a)</b> Email: <a href="mailto:Jack.Wellwood@treasury.govt.nz">Jack.Wellwood@treasury.govt.nz</a>						
Section 1B: Summary of savings profile										
Operating funding available for return (\$m)										
2023/24	2024/25	2025/26	2026/27	2027/28	Total					
0.000	30.000	30.000	30.000	30.000	120.000					
*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
	The return of funding aligns with delivering effective and fiscally sustainable public services.			

### 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?	To meet the baseline savings target, HUD has sought to minimise the impact on housing supply and support for households to transition to permanent housing. Savings within the Large-Scale Projects (LSPs) have been identified due to the significant level of spending that is not yet committed compared to other programmes within the portfolio.
	The scale of the proposed savings is based on s 9(2)(f)(iv) from returning the contingency for cost overruns, and by requiring the programme to meet cost overruns within existing funding. The initiative reflects the scale of savings that could be offered up now with certainty. A proposed value for money review will determine where savings are able to make across the wider programme. s 9(2)(f)(iv)

## 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?	The specific nature and final quantum of LSP-related savings will be confirmed through a value for money review of the wider LSP programme. s 9(2)(f)(iv), s 9(2)(ba)(i)

## BUDGET SENSITIVE

	<ul style="list-style-type: none"> <li>s 9(2)(f)(iv), s 9(2)(b)(ii)</li> </ul> <p>Should all or part of the \$105 million Ministerial-held contingency be returned there is a risk of not being able to manage future cost escalations across the wider LSP programme. s 9(2)(f)(iv), s 9(2)(b)(ii)</p>
<b>Impact on frontline services</b>	<div style="display: flex; justify-content: space-between;"> <span><input type="checkbox"/> High</span> <span><input type="checkbox"/> Medium</span> <span><input checked="" type="checkbox"/> Low</span> </div> <p>There is no impact on front line services.</p>
<b>Climate impact</b>	<div style="display: flex; justify-content: space-between;"> <span><input type="checkbox"/> Yes - positive</span> <span><input checked="" type="checkbox"/> Yes - negative</span> <span><input type="checkbox"/> No impact</span> </div> <p>The January 2023 Auckland flooding events directly impacted housing and infrastructure within the Auckland LSPs. s 9(2)(f)(iv)</p>

### Section 3B: Status quo

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

<b>Status quo</b>	<p>Kāinga Ora is leading the delivery of six LSPs in Auckland and Eastern Porirua. Together these are projected to enable over 40,000 new social, market and affordable homes over 20 years. In March 2021 the previous government provided \$2.3 billion to cover the infrastructure and land development cost to enable development and improve infrastructure resilience. Auckland Council will contribute \$288 million. Development is underway in several neighbourhoods. In 2023 the previous government also made some decisions to rephase delivery in some LSPs to address cost escalations, reducing overall housing yield from the programme.</p> <p>Development in the three Māngere LSP neighbourhoods with unapproved business cases is not yet underway. Joint-Ministers are expected to consider these business cases later this year.</p>
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#### Existing operating funding for programme/service (\$m)

2023/24	2024/25	2025/26	2026/27	2027/28 & outyears*	Total
505.986	223.647	720.375			1,450.008

\*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
417.241	133.722	367.382	0	0	0	0	0	0	0	0

\*Extend the profile above if funding is needed beyond 2032/33.

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### Section 3C: Savings profile and cost breakdown

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

#### Formula and assumptions underlying costings

Savings have been based on a \$30 million reduction in operating funding per annum from 2024/25 onwards. The nature of savings will be determined through a value for money review of the programme.

Provide a breakdown of total initiative expenditure by individual expense category. Total operating and capital expenses in this section must match the totals in Section 1B: Summary of funding profile. Insert additional rows as appropriate for additional expense categories.

#### Recommended operating savings (\$m)

Operating expense category	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Multi-Year Multi-Category Appropriations: Housing Acceleration Fund – Non-Departmental Other Expenses: Investment in Infrastructure to Advance Development-Ready Land	0.000	30.000	30.000	30.000	30.000	120.000
<b>Total (\$m)</b>	0.000	30.000	30.000	30.000	30.000	120.000

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

#### Recommended capital savings (\$m)

Capital expense category	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33*	Total
Capital savings may be available following a wider programme review	0	0	0	0	0	0	0	0	0	0	0
<b>Total (\$m)</b>	0	0	0	0	0	0	0	0	0	0	0

\*Extend the profile above if funding is needed beyond 2032/33.

## 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

Further advice will determine how the proposed savings are realised across the programme s 9(2)(f)(iv)

#### 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

## BUDGET SENSITIVE

<b>Was this activity funded from the Climate Emergency Response Fund?</b>	<b>N</b>	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.

<b>Timing of costs and benefits</b>		<p>The benefits of returning this funding are fiscal and will be realised immediately.</p> <p>The initiative will lead to a small reduction in enabled housing supply and in investment to improve resilience to future severe weather events.</p>
<b>Specific implications regarding the Crown's obligations under the Treaty of Waitangi</b>	<b>No</b>	<p>Kāinga Ora will have consulted iwi and Māori about its delivery intentions in relation to all approved and unapproved Auckland LSP business cases, alongside Auckland Council. Wherever decisions land on the nature and quantum of funding to be returned, engagement with iwi and Māori is recommended prior to announcements (should substantive engagement have occurred previously). Our assumption is there are no risks in relation to Treaty settlements.</p> <p>s 9(2)(f)(iv)</p>
<b>Distributional Impacts</b>		<p>The Large-Scale projects programme aims to enable 40,000 new homes over 20 years. Reduced investment will marginally reduce the number of public, affordable and affordable houses enabled in the areas where investment does not proceed. This may impact people needing support into affordable and social housing.</p> <p>The investment through the large-scale projects concerns enabling infrastructure and may have implications for the availability of development ready land for social housing. Separate decisions will be made around the volume and location of future investment in social housing.</p>