

# The Treasury

## Budget 2018 Information Release

### Release Document August 2018

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Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

[1]	to prevent prejudice to the security or defence of New Zealand or the international relations of the government	6(a)
[2]	to avoid prejudice the entrusting of information to the Government of New Zealand on a basis of confidence by the Government of any other country or any agency of such a Government	6(b)(i)
[4]	to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial	6(c)
[11]	to damage seriously the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the entering into of overseas trade agreements.	6(e)(vi)
[23]	to protect the privacy of natural persons, including deceased people	9(2)(a)
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[27]	to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information - would be likely otherwise to damage the public interest	9(2)(ba)(ii)
[29]	to avoid prejudice to the substantial economic interests of New Zealand	9(2)(d)
[31]	to maintain the current constitutional conventions protecting collective and individual ministerial responsibility	9(2)(f)(ii)
[33]	to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials	9(2)(f)(iv)
[34]	to maintain the effective conduct of public affairs through the free and frank expression of opinions	9(2)(g)(i)
[36]	to maintain legal professional privilege	9(2)(h)
[37]	to enable the Crown to carry out commercial activities without disadvantages or prejudice	9(2)(i)
[38]	to enable the Crown to negotiate without disadvantage or prejudice	9(2)(j)
[39]	to prevent the disclosure of official information for improper gain or improper advantage	9(2)(k)
[40]	not in scope	
[41]	that the making available of the information requested would be contrary to the provisions of a specified enactment	18(c)(i)
[42]	information is already publicly available or will be publicly available soon	18(d)

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) and section 18 of the Official Information Act.



## Minute of Decision

*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

### 2018 Budget Package: Vote Social Housing

On 9 April 2018, Cabinet:

- 1 **approved** the Budget initiatives for the above Vote for inclusion in the 2018 Budget package, as listed in the summary below and detailed in the attached initiative documents;

#### Summary of initiatives included in the attached initiative documents:

##### Operating Initiatives (Impact on Operating Balance)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
10214	Community Group Housing (CGH) Market Rent Top Up	-	3.431	3.431	3.431	3.431
10209	Frontline Housing Resources	-	7.500	7.500	7.500	7.500
10331	Housing First – Expansion into New Cities and Regions	-	3.852	8.251	12.901	17.852
10213	Housing First – Funding to Resource the Current Programme	-	7.715	6.410	6.410	-
10421	Public Housing – Funding for Existing and Additional Supply	-	(14.057)	46.447	55.397	117.288
10631	Remuneration Cost Pressures for the Ministry of Social Development	-	0.516	0.516	0.516	0.516
10211	Transitional Housing	-	53.719	16.399	15.448	15.448
<b>Total Operating</b>		-	<b>62.676</b>	<b>88.954</b>	<b>101.603</b>	<b>162.035</b>

##### Capital Initiatives (Impact on Debt)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
10211	Transitional Housing	-	68.851	-	-	-
<b>Total Capital</b>		-	<b>68.851</b>	-	-	-

- 2 **approved** changes to appropriations and the capital injections to implement the initiatives, as set out in the attached initiative documents;
- 3 **approved** the additional recommendations to give effect to the initiatives, as set out in the attached initiative documents;
- 4 **authorised** the Minister of Finance and the Appropriation Minister to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2017/18 Supplementary Estimates, the 2018/19 Estimates and the fiscal forecasts;
- 5 **authorised** the chief executives of departments that monitor Crown entities directly affected by decisions in this minute to inform the chair and/or chief executive of a Crown entity, on a budget-in-confidence-until-budget-day basis, of decisions that directly affect that Crown entity for the purpose of planning and preparation of their Statement of Intent;
- 6 **noted** that all communications relating to the 2018 Budget are co-ordinated by a Budget communications committee, and that any requests for early announcement will need to have both the written approval of the Minister of Finance and sign-off from the Prime Minister's office;
- 7 **agreed** that the initiatives in the following table be set aside as contingency items:

#### Operating Contingency

Initiative Name	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Public Housing Contingency	-	7.325	7.325	7.325	7.325
<b>Total Operating</b>	-	<b>7.325</b>	<b>7.325</b>	<b>7.325</b>	<b>7.325</b>

[37]

- 10 **noted** that this tagged contingency expires on 30 June 2019;

- 11 **authorised** the Minister of Finance and the Minister of Housing and Urban Development to jointly approve the drawdown of the tagged contingency, subject to agreement on a schedule of expenditure.

Michael Webster  
Secretary of the Cabinet

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**Hard-copy distribution:**

Prime Minister  
Deputy Prime Minister  
Minister of Finance  
Minister of Housing and Urban Development

## Initiative No: 10214

**Vote:** Social Housing

**Title:** Community Group Housing (CGH) Market Rent Top Up

**Description:** This funding will enable Housing New Zealand to pay the difference between the contracted rent with Community Group Housing providers and market rent for the leased properties, due to higher than forecasted market rent increases.

### Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	-	3.431	3.431	3.431	3.431
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>3.431</b>	<b>3.431</b>	<b>3.431</b>	<b>3.431</b>

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
<b>Multi-Category Expenses and Capital Expenditure:</b>					
Community Group Housing (MCA)					
<i>Non-Departmental Output Expense:</i>					
Community Group Housing Market Rent Top-Up	-	3.431	3.431	3.431	3.431
Total Multi-Category Expenses and Capital Expenditure: Community Group Housing (MCA)	-	3.431	3.431	3.431	3.431
<b>Total Operating</b>	-	<b>3.431</b>	<b>3.431</b>	<b>3.431</b>	<b>3.431</b>

## Initiative No: 10209

**Vote:** Social Housing

**Title:** Frontline Housing Resources

**Description:** This funding will provide for employees of the Ministry of Social Development to deliver transitional and public housing services.

### Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	-	7.500	7.500	7.500	7.500
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>7.500</b>	<b>7.500</b>	<b>7.500</b>	<b>7.500</b>

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
<b>Multi-Category Expenses and Capital Expenditure:</b>					
Social Housing Outcomes Support (MCA)					
<i>Departmental Output Expense:</i>					
Services to Support People to Access Accommodation (funded by revenue Crown)	-	7.500	7.500	7.500	7.500
Total Multi-Category Expenses and Capital Expenditure: Social Housing Outcomes Support (MCA)	-	7.500	7.500	7.500	7.500
<b>Total Operating</b>	-	<b>7.500</b>	<b>7.500</b>	<b>7.500</b>	<b>7.500</b>

## Initiative No: 10331

**Vote:** Social Housing

**Title:** Housing First – Expansion into New Cities and Regions

**Description:** This funding will provide Housing First places in new cities and regions with a high need for secure housing for chronically homeless people beyond the current programme. It will also fund a sector organisation to support standardisation of the programme across New Zealand, and support emerging research and evaluation on the effectiveness of the programmes.

### Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	-	3.852	8.251	12.901	17.852
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>3.852</b>	<b>8.251</b>	<b>12.901</b>	<b>17.852</b>

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
<b>Benefits or Related Expense:</b>					
Accommodation Assistance	-	0.065	0.185	0.305	0.424
<b>Multi-Category Expenses and Capital Expenditure:</b>					
Social Housing Outcomes Support (MCA)					
<i>Non-Departmental Output Expense:</i>					
Services Related to Supporting Outcomes for those in need of or at risk of needing Social Housing	-	2.662	4.673	6.685	8.697
Total Multi-Category Expenses and Capital Expenditure: Social Housing Outcomes Support (MCA)	-	2.662	4.673	6.685	8.697
Social Housing Purchasing (MCA)					
<i>Non-Departmental Output Expense:</i>					
Part Payment of Rent to Social Housing Providers	-	1.125	3.393	5.911	8.731
Total Multi-Category Expenses and Capital Expenditure: Social Housing Purchasing (MCA)	-	1.125	3.393	5.911	8.731
<b>Total Operating</b>	<b>-</b>	<b>3.852</b>	<b>8.251</b>	<b>12.901</b>	<b>17.852</b>

**Additional recommendation**

- 12 **noted** that a corresponding initiative has been submitted in Vote Social Development, (Initiative 10633), as the Data, Analytics and Evidence Services appropriation in Vote Social Development will fund the evaluation component of the programme;



## Initiative No: 10213

**Vote:** Social Housing

**Title:** Housing First – Funding to Resource the Current Programme

**Description:** This funding will ensure full funding is available to meet the expected cost of support services for the Housing First pilot assisting the chronically homeless in Auckland and the recent expansion of the pilot to other parts of New Zealand including Auckland, Christchurch, Hamilton, Tauranga, and Wellington (including Lower Hutt).

### Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	-	7.715	6.410	6.410	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>7.715</b>	<b>6.410</b>	<b>6.410</b>	-

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
<b>Multi-Category Expenses and Capital Expenditure:</b>					
Social Housing Outcomes Support (MCA)					
<i>Non-Departmental Output Expense:</i>					
Services Related to Supporting Outcomes for those in need of or at risk of needing Social Housing	-	7.715	6.410	6.410	-
Total Multi-Category Expenses and Capital Expenditure: Social Housing Outcomes Support (MCA)	-	7.715	6.410	6.410	-
<b>Total Operating</b>	-	<b>7.715</b>	<b>6.410</b>	<b>6.410</b>	-

## Initiative No: 10421

**Vote:** Social Housing

**Title:** Public Housing – Funding for Existing and Additional Supply

**Description:** This funding will meet the cost pressure of the current public housing baseline and pipeline, as well as provide for additional public housing.

### Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	-	(14.057)	46.447	55.397	117.288
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>(14.057)</b>	<b>46.447</b>	<b>55.397</b>	<b>117.288</b>

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
<b>Multi-Category Expenses and Capital Expenditure:</b>					
Social Housing Purchasing (MCA)					
<i>Non-Departmental Output Expense:</i>					
Part Payment of Rent to Social Housing Providers	-	(13.697)	32.403	72.287	117.288
<i>Non-Departmental Other Expense:</i>					
Support for the Provision of Social Housing Supply	-	(0.360)	14.044	(16.890)	-
Total Multi-Category Expenses and Capital Expenditure: Social Housing Purchasing (MCA)	-	(14.057)	46.447	55.397	117.288
<b>Total Operating</b>	<b>-</b>	<b>(14.057)</b>	<b>46.447</b>	<b>55.397</b>	<b>117.288</b>

### Additional recommendations

- 13 **noted** that related operating funding totalling \$29.301 million over 2018/19 to 2021/22 has been set aside in a tagged contingency;
- 14 **authorised** the Minister of Finance and Appropriation Minister to agree to the total number of public housing places to be delivered by Housing New Zealand and Community Housing Providers over the forecast period, with this number to be updated annually;

## Initiative No: 10631

**Vote:** Social Housing

**Title:** Remuneration Cost Pressures for the Ministry of Social Development

**Description:** This funding will address remuneration cost pressures associated with progression and wage increases for all eligible Ministry of Social Development staff.

## Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	-	0.516	0.516	0.516	0.516
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>0.516</b>	<b>0.516</b>	<b>0.516</b>	<b>0.516</b>

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
<b>Multi-Category Expenses and Capital Expenditure:</b>					
Social Housing Outcomes Support (MCA)					
<i>Departmental Output Expense:</i>					
Services to Support People to Access Accommodation (funded by revenue Crown)	-	0.516	0.516	0.516	0.516
Total Multi-Category Expenses and Capital Expenditure: Social Housing Outcomes Support (MCA)	-	0.516	0.516	0.516	0.516
<b>Total Operating</b>	-	<b>0.516</b>	<b>0.516</b>	<b>0.516</b>	<b>0.516</b>

## Additional recommendation

15 **noted** that a corresponding initiative has been submitted in Vote Social Development (Initiative 10207).

## Initiative No: 10211

**Vote:** Social Housing

**Title:** Transitional Housing – Funding to Meet Current Target

**Description:** This funding will address the shortfall to achieve the current target of 2,155 transitional housing places and the associated shortfall in the operating costs (accommodation and support services costs) to operate these transitional housing places.

### Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	-	53.719	16.399	15.448	15.448
Debt Impact	-	68.851	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>122.570</b>	<b>16.399</b>	<b>15.448</b>	<b>15.448</b>

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
<b>Multi-Category Expenses and Capital Expenditure:</b>					
Emergency Housing (MCA)					
<i>Non-Departmental Output Expense:</i>					
Emergency Housing Services	-	27.503	16.399	15.448	15.448
Provision of Emergency Housing Places	-	26.216	-	-	-
<i>Non-Departmental Capital Expenditure:</i>					
Acquisition, Development and Construction of Emergency Housing	-	68.851	-	-	-
Total Multi-Category Expenses and Capital Expenditure: Emergency Housing (MCA)	-	122.570	16.399	15.448	15.448
<b>Total Operating</b>	-	<b>53.719</b>	<b>16.399</b>	<b>15.448</b>	<b>15.448</b>
<b>Total Capital</b>	-	<b>68.851</b>	-	-	-