



Report

Date: 13 October 2021

Security Level: IN CONFIDENCE

To: Hon Megan Woods, Minister of Housing

2021 October Baseline Update for Vote Social Development - Minister of Housing appropriations

Purpose of the report

- 1 The 2021 October Baseline Update (OBU) is a technical process which updates departments' baselines for changes agreed to by Cabinet or joint Ministers' since the 2021 Budget and Economic and Fiscal Update (BEFU).
- 2 The OBU process is designed to require no review by Cabinet. Instead the appropriation Minister is required to submit an OBU returns letter to the Minister of Finance. This letter must:
 - seek the Minister of Finance's approval of any technical changes
 - confirm that none of the changes contained in this update requires Cabinet decisions at this time.
- 3 Any changes that require Cabinet approval should be considered as part of the Budget process or, if urgent, considered separately by Cabinet.
- 4 We have prepared a letter on your behalf to the Minister of Finance, setting out the baseline changes for Minister of Housing responsible appropriations, administered by the Ministry of Social Development, and seeking his approval. Treasury has been consulted and support the content in the OBU letter.
- 5 Following your submission, the Minister of Finance will confirm by early November whether he has approved your changes.

Recommended actions

It is recommended that you:

- 1 **note** that the proposed changes sought in the 2021 October Baseline Update submission are technical in nature and joint Ministers have delegation to approve under Cabinet Office Circular CO (18) 2 *Proposals with Financial Implications and Financial Authorities*
- 2 **note** this submission includes a technical adjustment
- 3 **sign** the attached letter we have prepared on your behalf seeking the baseline changes and forward two copies, to the Minister of Finance by 1pm, Monday 18 October 2021 for his approval
- 4 **note** that the Minister of Finance will issue a separate letter advising you of his decisions.



Ranjit Singh
Chief Financial Officer,
Ministry of Social Development

13.10.2021
Date



Hon Megan Woods
Minister of Housing

18.10.21
Date

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Background

6 OBU provides an opportunity for departments to seek joint Ministers' agreement to:

- change baselines that joint Ministers are able to approve under Cabinet Office Circular CO (18) 2. These include:
 - Fiscally neutral adjustments (FNA) between or within votes
 - Expense and Capital Transfers (ECT)
 - Retention of Underspends (RoU)
 - Front Loading of Spending (FLoS) and
 - Forecast changes
- confirmation of expense and capital transfers from 2020/21 to 2021/22, where these were previously agreed in-principle but could not be confirmed until after the audited financial results were available
- update baselines to reflect Cabinet decisions and other joint Ministers' decisions affecting baselines that have been made since BEFU 2021
- performance reporting exemptions and other technical changes.

7 OBU 2021 includes:

- technical change for the Rotorua Housing Hub.

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Hon Dr Megan Woods

MP for Wigram

Minister of Housing

Minister of Energy and Resources

Minister of Research, Science and Innovation

Associate Minister of Finance



Hon Grant Robertson
Minister of Finance
Parliament Buildings
WELLINGTON

Dear Grant

2021 OCTOBER BASELINE UPDATE – Appropriation changes requiring approval for Minister of Housing's appropriations in Vote Social Development

1. I seek your agreement to the proposed changes to the Minister of Housing's appropriations included in the Vote Social Development – 2021 October Baseline Update (OBU).
2. I support the proposed changes and confirm that none of the changes contained in this update require Cabinet decisions at this time.
3. The baseline changes to the Minister of Housing's appropriations in Vote Social Development are included in Table 2: Baseline Changes Report as attached to the Minister for Social Development and Employment's OBU submission. The proposed changes to baselines are GST exclusive unless noted otherwise.

Forecasting Changes

4. Forecasting changes for Benefits or Related Expenses (BoRE), *Accommodation Assistance*, will be updated for the Half Year Economic and Fiscal Update (HYEFU) in November 2021 and a separate report will be submitted then to reflect the changes for your approval.

Other Technical Changes

Rotorua Housing Hub initiative

5. In June 2021, Cabinet agreed to fund the Rotorua Housing Hub initiative, to strengthen the assessment and placement processes for emergency housing clients and to co-locate relevant services [CAB-21-MIN-0231.01, refers]. This included funding of \$5.250 million in 2021/22 to provide 24/7 onsite management for the remaining Emergency Housing Special Needs Grants (EH-SNG) motels in Rotorua to support individuals in those motels with complex needs.
6. In the financial recommendations section of the above Cabinet paper the revenue source for the \$5.250 million was inadvertently missed from the financial table. The revenue source that should have been included in the financial table was "revenue Crown". I now wish to correct for that error with a technical adjustment to state the correct revenue source for that earlier funding decision.

7. I seek your agreement to the following technical adjustment to give effect to the required revenue source for the Rotorua Housing Hub initiative as noted in paragraph 6 above:

Vote Social Development Minister of Housing	\$m – increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Departmental Output Expense: Services to Support People to Access Accommodation (funded by revenue Crown)	5.250	-	-	-	-
Total Operating	5.250	-	-	-	-

Recommendations

I recommend that you:

1. **agree** the changes to those baselines for the Minister of Housing's appropriations in Vote Social Development that requires joint Ministers' approval, as set out in Table 2 as attached to the Minister for Social Development and Employment's OBU submission
2. **agree** that all proposed changes to appropriations and departmental capital injections for 2021/22 be included in the 2021/22 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply.



Hon Megan Woods
Minister of Housing