

# Report



**MINISTRY OF SOCIAL  
DEVELOPMENT**  
TE MANATŪ WHAKAHIATO ORA

**Date:** 14 March 2024

**Security  
Level:**

~~BUDGET SENSITIVE~~

**To:** Hon Nicola Willis, Minister of Finance

Hon Louise Upston, Minister for Social Development and Employment

---

## Including the 'Russian Pension Relief' welfare programme as a Budget 2024 Savings Initiative

### Purpose of the report

- 1 This report seeks your joint agreement to reverse previous policy decisions on the Russian Pension Relief welfare programme and to manage the savings through Budget 2024.

### Executive summary

- 2 Work ceased on a welfare programme to provide recoverable assistance to clients unable to access their Russian overseas pension, following the Minister for Social Development and Employment's direction in December 2023 (REP/23/12/960 refers). Further decisions are now required to reverse the Cabinet policy decisions and to return the funding.
- 3 Only \$0.039 million of the welfare programme's funding has been spent. The remaining \$0.552 million in Departmental Output Expenses, \$0.442 million in Departmental Capital Expenditure, \$3.690 million in Non-Departmental Capital Expenditure, and \$1.846 million in Non-Departmental Other Expenses are available to return to the centre.
- 4 We recommend this initiative be included alongside other savings from time-limited funding, to be counted towards the Vote Social Development Baseline Reduction Target in Budget 2024. Cabinet agreement to these savings will be secured through the Significant Initiatives process.
- 5 The Ministry of Social Development (MSD) has a range of other savings proposals that are being treated similarly, in addition to those submitted to the Treasury on 16 February. Officials will provide advice on this shortly.
- 6 The Treasury has advised this is the most efficient mechanism to reverse Cabinet decisions on the welfare programme and its funding. Other vehicles

are not recommended as they require an independent Cabinet paper and would not allow the remaining funding to be available for other Government priorities being progressed in Budget 2024.

- 7 We require a joint decision from the Minister for Social Development and Employment and the Minister of Finance to proceed with this approach.

## Recommended actions

It is recommended that you:

- 1 **note** Cabinet agreement is required to reverse prior policy and funding decisions for the Russian Pension Relief welfare programme
- 2 **agree** to progress this reversal through the Significant Initiatives Budget 2024 process, to achieve the following savings to be counted towards the Vote Social Development Baseline Reduction Target:
  - \$0.552 million from Departmental Output Expenses
  - \$0.442 million in Departmental Capital Expenditure
  - \$3.690 million from Non-Departmental Capital Expenditure, and
  - \$1.846 million from Non-Departmental Other Expenses.

AGREE / DISAGREE

AGREE / DISAGREE

Hon Nicola Willis

Hon Louise Upston

14 March 2024

---

Guillaume Teerling  
Policy Manager, International Policy  
Ministry of Social Development

---

Date

---

Hon Louise Upston  
Minister for Social Development and  
Employment

---

Date

---

Hon Nicola Willis  
Minister of Finance

---

Date

## **We seek your joint agreement on the return of funding relating to a cancelled welfare programme**

- 8 Following direction from the Minister for Social Development and Employment in December 2023, work has ceased on a welfare programme to provide recoverable assistance to a targeted group of clients unable to access their overseas pension from Russia (REP/23/12/960 refers).
- 9 As the welfare programme had received Cabinet agreement to its policy and funding [SWC-23-MIN-0074 refers], new Cabinet decisions are now required to formally reverse the decisions and return the funding.
- 10 Cabinet also authorised the Minister for Social Development and Employment and the Minister of Finance to jointly approve the necessary changes in appropriations in order to fund the welfare programme. Joint agreement from Ministers is required for any future changes to appropriations relating to the programme.

## **Cabinet agreement can be sought through the Budget 2024 process**

- 11 Officials now seek your joint agreement to include the welfare programme as a Budget 2024 savings initiative. We recommend this mechanism as Cabinet's agreement to Budget 2024 would sufficiently meet requirements related to reversing prior Cabinet decisions.
- 12 Ministers need to make decisions outlined in this paper by 29 March 2024 in order to meet deadlines for Budget 2024.
- 13 While there may be other vehicles available to reverse these decisions and return the funding, these are not recommended and have not been fully scoped. It is likely that any other avenues would be time-intensive, would require an independent Cabinet paper, could pull resources from other projects, and would not allow the remaining funding to be available for other Government priorities being progressed in Budget 2024

## **Including this initiative could support delivery of other Government priorities**

- 14 Work on the welfare programme paused on 11 December 2023, in anticipation of decisions regarding its future. No subsequent costs have arisen since this pause, following Ministerial direction to cease work.
- 15 As at 11 December 2023, the Ministry of Social Development (MSD) had spent \$0.039 million of the Cabinet-approved Departmental funding of \$1.033 million that was transferred from MSD 2022/23 underspends over three years (2023/24 to 2025/26) to deliver the welfare programme. This funding was spent on developing IT systems for the welfare programme and is related to the \$0.481 million Departmental capital injection.

16 It is recommended that this initiative be included alongside other savings from time-limited funding, to be counted towards the Vote Social Development Baseline Reduction Target in Budget 2024. This would achieve savings of:

- \$0.552 million from Departmental Output Expenses
- \$0.442 million in Departmental Capital Expenditure
- \$3.690 million from Non-Departmental Capital Expenditure, and
- \$1.846 million from Non-Departmental Other Expenses.

**Table 1: Draft initiative**

<b>Social Development</b>					
Russian Pension Relief Welfare Programme- Return of Funding					
<i>This savings initiative returns funding by discontinuing the Russian Pension Relief- Ministerial Welfare Programme.</i>					
<i>Vote Social Development</i>	<i>2023/34</i>	<i>2024/25</i>	<i>2025/26</i>	<i>Operating Total</i>	<i>Capital Total</i>
	<i>(\$m)</i>	<i>(\$m)</i>	<i>(\$m)</i>	<i>(\$m)</i>	<i>(\$m)</i>
Departmental Output Expenses	(0.207)	(0.264)	(0.081)	(0.552)	
Departmental Capital Expenditure	(0.442)				(0.442)
Non-departmental Other Expenses	(0.714)	(0.898)	(0.234)		(1.846)
Non-Departmental Capital Expenditure	(1.428)	(1.795)	(0.467)		(3.690)

## Consultation

17 The Treasury has been consulted and agrees with the recommendations in this report. Treasury officials note that MSD has several small savings initiatives in addition to those submitted to the Treasury on 16 February, and have advised that – taken together – these should count towards MSD’s baseline savings target.

## Next steps

18 Subject to your agreement, MSD will continue working with Treasury officials to include this initiative as part of the Budget 2024 package to be agreed by Cabinet in April 2024.

File ref: REP/24/3/212

Author: out of scope Senior Policy Analyst, International Policy

Responsible manager: Guillaume Teerling, Policy Manager, International Policy