

# Aide-mémoire



MINISTRY OF SOCIAL  
DEVELOPMENT  
TE MANATŪ WHAKAHIATO ORA

## Meeting

**Date:** 21 August 2024 **Security Level:** Budget Sensitive  
**To:** Hon Louise Upston, Minister for Social Development and Employment  
**File Reference:** REP/24/8/776

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## Budget 2025 Strategy

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### Purpose

This aide-mémoire provides you with the following documents, to support a discussion regarding the strategy for Budget 2025 at the Officials' meeting on 26 August 2024:

- Proposed Budget 2025 Strategy (Appendix One)
- Budget and Estimates end-to-end timeline for 2024/25 (Appendix Two).

We are keen to test that the objectives and approach align with your thinking.

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### Context

Cabinet has set conservative operating allowances for Budgets 2025 – 2027 of \$2.4 billion per annum. After pre-commitments and assumed other non-discretionary spending, the Government has \$0.8 billion in Budget 2025 s9(2)(f)(iv)

Managing within these tight allowances will be challenging and therefore, a very high bar will be applied for new spending and further enduring savings will need to be found, beyond those identified in Budget 2024. In addition the Government will continue to reprioritise existing spending to support any new commitments.

Most agencies will not receive additional funding for cost pressures or for new initiatives through Budget 2025, and will need to manage through reprioritisation of lower value activities.

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As part of an ongoing focus on fiscal sustainability, Cabinet has agreed a range of Budget 2025 activities, including:

- s9(2)(f)(iv) and
- the commissioning of Performance Plans, to give Ministers assurance that departments have a plan in place to deliver within set baselines.

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**Expiry of time-limited funding**

For additional context to support this discussion, we have attached detail regarding the expiry of time-limited funding for:

- the Community Support Services MCA (Appendix Three), and
- Improved Employment and Social Outcomes Support MCA programme time-limited funding (Appendix Four).

In addition to time-limited funding for employment programmes, there is also time-limited funding for 670 service delivery FTEs. In particular, 490 front line staff funded to meet forecast increases in benefit numbers through to 30 June 2025.

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**Next steps**

Following the Officials' meeting discussion, we will continue to provide you with Budget 2025 advice, including:

- on the joint framework for recognising welfare savings, and a further savings plan (early September), and
- the draft Performance Plan (late September).

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**Appendices**

Appendix One – Proposed Budget 2025 Strategy

Appendix Two – Budget and Estimates end-to-end timeline for 2024/25

Appendix Three – Community Support Services MCA time-limited funding

Appendix Four – Improved Employment and Social Outcomes Support MCA programme time-limited funding

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Responsible manager: Carolyn Palmer, Director – DCE Office, Strategy and Insights