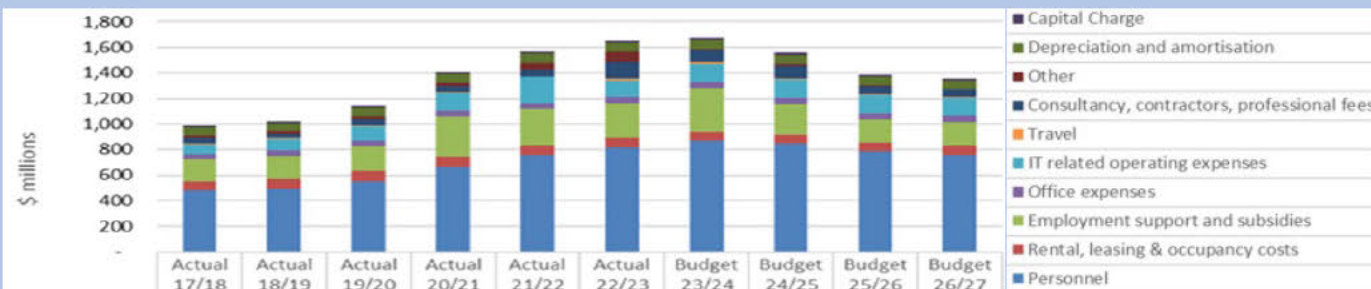


Appendix One – Proposed Budget 2025 Strategy

Context

- MSD's operational expenditure baseline is decreasing (Report - Operating within fiscal constraints, 29 Nov 2023):



- **Phase Two of the Fiscal Sustainability Programme to manage within remaining budget allowances (\$0.8b in B25, s9(2)(f)(iv))**
- **MSD targets: 50,000 fewer people on Jobseeker by 2030 and a 75% fewer households in Emergency Housing by 2030.**

The Strategy

- Secure funding for Ministerial Priorities
- Protect and maintain funding for employment
- Secure funding for Te Pae Tawhiti programme
- Manage MSD's cost pressures and gap due to declining baseline
- Contribute savings as part of the fiscal sustainability exercise and in line with the Cabinet directive:
 - Better spending planning over the medium-term
 - Securing savings, reprioritisation, and revenue
 - System reforms that strengthen fiscal discipline.

Securing Savings

- \$710.551m in savings delivered through Budget 2024
- Savings to date in 2024/24**
- \$43m of savings from 26-week reapplication policy change
- Potential options to explore:**
- 40% of possible savings remainder (\$285m) through *Emergency Housing: Tightening the gateway to emergency housing and continuing support services* initiative that were not recognised in Budget 24.
 - Develop invest-to-save initiatives
 - Refresh long list of policy ideas
 - s9(2)(f)(iv)

TPT FY25 – FY29

s9(2)(i)

TPT FY30 – FY34

s9(2)(i)

Approach

Policy:

- s9(2)(f)(iv)
- Refresh list of policy saving ideas.

Departmental & Crown Entities:

- Understands joint Ministerial advice, October Baseline Update, HYEPU, March Baseline Update, BEFU, Estimates
- Track and report on delivery of Budget 24 savings
- Performance Plans - Commissioning (August) and delivery (November):
 - Providing assurance to Ministers that each agency has a plan in place to deliver its targets, priorities, BAU within existing baselines, subject to Ministerial comfort with associated trade-offs
 - Supporting Ministers to drive performance, through regular engagement with agencies on their Performance Plan
 - Transparently and systematically surfacing fiscal sustainability and delivery risks to Ministers, identifying levers available to address these.

Employment and Community programmes:

- Review of time limited funding
- Responding to Independent Review Report recommendations (August 2024).
- Employment Investment Strategy 2025
- Framework for forecasting welfare changes and possible applications for Budget 2025
- Welfare that Works expansion
- s9(2)(f)(iv)
- Addressing family violence and sexual violence action plan and related investment choices
- Independent review into disability support services and related investment choices
- Communities' effectiveness work and Kotahitanga/Social Sector Commissioning flow on to performance measures
- Possible Social Investment initiatives.

Te Pae Tawhiti programme

- Independent view on the options presented by MSD prior to Cabinet consideration
- Cabinet report back (Q3), and agree to regular reporting and independent quality assurance about progress of delivery
- Detailed Business Case ahead of Budget 2025
- Gateway review
- Joint work with the Treasury on benefit recognition and the extent to which savings can be recognised in fiscal forecast to offset a share of the cost.

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

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
	MSD Leadership Team and Minister – monthly check-ins							MSD Leadership Team and Minister – weekly check-ins				
Budget process	← Jun-Sep: Budget Design, Strategy and Priorities		Initiative Development			Initiative Assessment		Budget Decision-Making			Budget Day + Select Committee Estimates Examination	Budget Design starts →
		Performance Plan Development			Performance Plan Review					Budget Production – Comms, Estimates & Supps		
		<ul style="list-style-type: none"> Budget 2025 Strategy advice provided to Minister 	<ul style="list-style-type: none"> MSD first check-in with TSY re Performance Plan (cost pressures) MSD check-in with Minister re draft Performance Plan 	<ul style="list-style-type: none"> MSD second check-in with TSY re Performance Plan 	<ul style="list-style-type: none"> Performance Plan provided to Minister for approval Advice on savings initiatives provided to Minister 	<ul style="list-style-type: none"> Budget 2025 Ministerial Submission Letter provided to Minister - for approval, and to be provided to MoF Budget templates provided to TSY 		<ul style="list-style-type: none"> Advice to support Minister's pre-Cabinet Ministerial consultations (if required) Advice provided to Minister to support Budget Bilateral with MoF 		<ul style="list-style-type: none"> Advice provided to Minister to support final Budget 2025 decisions at Cabinet Advice provided to Minister re Budget 2025 comms 	<ul style="list-style-type: none"> Budget announced 	<ul style="list-style-type: none"> Final Performance Plan provided to Minister for sign-out Proactive release advice provided to the Minister
Estimates process		Estimates planning	Review of existing performance information and scoping new measures			Consultation process, further develop impacts to perf information			Document production			
								<ul style="list-style-type: none"> Ministerial consultation on existing performance information 		<ul style="list-style-type: none"> Final documents signed out by Minister and sent to MoF 		
Forecasts			Half Year Economic and Fiscal Update (HYEFU)					Budget Economic and Fiscal Update (BEFU)				
						<ul style="list-style-type: none"> Joint Minister's Report provided to Minister for sign-out 					<ul style="list-style-type: none"> Joint Minister's Report provided to Minister for sign-out MSD briefs Minister 	
Funding transfers				<ul style="list-style-type: none"> Vote Social Development October Baseline Update 2024 papers provided to Minister 								
								<ul style="list-style-type: none"> Vote Social Development March Baseline Update 2025 papers provided to Minister 				<ul style="list-style-type: none"> Vote Social Development late in-principle expense and Capital transfers letter provided to Minister - for approval, and to be provided to MoF