

# Hon Louise Upston

Minister for the Community and Voluntary Sector  
Minister for Disability Issues  
Minister for Social Development and Employment  
Minister for Child Poverty Reduction



7 November 2024

BUDGET SENSITIVE

Hon Nicola Willis  
Minister of Finance  
Parliament Buildings  
WELLINGTON

Dear Nicola,

To support the second phase of the Fiscal Sustainability Programme, I have approved the Performance Plan that the Ministry of Social Development (MSD) have submitted to the Treasury today.

I am committed to supporting the Government's fiscal sustainability objectives. The Performance Plan submitted today ensures there are credible plans in place for MSD to manage cost pressures, while also:

- actively focusing on achieving the Emergency Housing and Jobseeker Support targets within existing baselines, and
- progressing a medium-term plan to modernise systems and tools to better support New Zealanders through MSD's Te Pae Tawhiti Transformation Programme.

This will ensure that we are in a better position to utilise the remaining allowances on the Government's most important priorities.

I have attached MSD's main Performance Plan as Appendix One.

## **Disability Support Services Performance Plan**

Following decisions by Cabinet, I announced in August that Disability Support Services (DSS) would transition from the Ministry of Disabled People – Whaikaha to MSD. DSS is a separate business unit from MSD's Work and Income client services and was formally welcomed into MSD in September 2024.

MSD has prepared a separate draft Performance Plan for the DSS portfolio (attached as Appendix Two). This template accompanies the main MSD Performance Plan and is based on the information currently available. MSD is still in the discovery phase with DSS and there are still significant policy decisions to be taken by Cabinet. As such, I will work with MSD to submit an updated Performance Plan for DSS in the first quarter of 2025, ahead of final Budget decisions. This will include further work on the DSS performance framework.

## Budget 2025 savings strategy

The Treasury have reiterated that the challenging fiscal and economic environment means that most agencies will have to manage cost pressures by reprioritising within baselines. Given the tight fiscal environment, MSD has developed a multi-year savings strategy reflecting a number of demands such as:

- cost pressures
- the Ministry's Te Pae Tawhiti Transformation Programme, and
- savings that we expect will need to be returned to the centre.

To offset some of these demands, the strategy includes savings that could be realised from:

- potential invest-to-save proposals that are currently under development

- s9(2)(f)(iv)

- as part of the savings strategy, I am working with MSD to explore savings that could contribute to the necessary investment for the Programme

- Policy choices, and
- ad-hoc savings.

In addition to the \$710.551m of savings delivered during Budget 2024, the success of the Emergency Housing invest-to-save initiative means MSD will already be returning \$368.497m of savings in the 2024/25 year.

I look forward to discussing MSD's Performance Plan with you, and receiving your Budget 2025 invitation letter for Vote Social Development.

Yours sincerely

Hon Louise Upston

Minister for Social Development and Employment