



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

# Report

**Date:** 29 November 2024 **Security Level:** BUDGET SENSITIVE

**To:** Hon Louise Upston, Minister for Social Development and Employment

**File Reference:** REP/24/11/1092

## Budget 2025 – proposed timeline and time-limited funding

### Purpose

- 1 The purpose of this report is to provide you with:
  - a proposed timeline for the submission of Budget 2025 documents to the Treasury and the Minister of Finance in December 2024, and
  - advice on the Ministry of Social Development's (MSD) time-limited funding that will expire at the end of the 2025/26 financial year
  - advice about MSD's involvement with Targeted Policy Savings from other Votes.

### Recommended Actions

It is recommended that you:

- 1 **note** that you have a Budget 2025 bilateral meeting with the Minister of Finance on Thursday 5 December, and we have provided you with a separate aide memoire to support this (REP/24/11/1089 refers)
- 2 **note** that MSD is proposing to submit Budget 2025 documents to the Treasury and the Minister of Finance on Friday 20 December, ahead of the deadline of Monday 23 December 2024
- 3 **note** that MSD has prepared a proposed timeline to meet this deadline (attached as Annex One)
- 4 **note** that, in response to your request following your Officials' meeting on 4 November, MSD has prepared advice on MSD's time-limited funding that will expire at the end of the 2025/26 financial year (attached as Annex Two)
- 5 **note** that MSD's capacity and timelines to deliver Budget 2025 initiatives will be impacted by both the number of Targeted Policy Savings initiatives you

choose to submit, and any initiatives submitted by other Ministers that MSD will need to implement

- 6 **discuss** the advice contained in this report, as well as the advice provided in the aide memoire for the budget bilateral (REP/24/11/1089 refers), with MSD officials at your bilateral pre-meet on 3 December 2024.



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Sacha O'Dea  
Deputy Chief Executive, Strategy and  
Insights

29/11/24

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Date



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Hon Louise Upston  
Minister for Social Development and  
Employment

20241204

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Date

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## Proposed submission timeline

- 2 You received the Vote Social Development Budget 2025 invitation letter (the invitation letter) from the Minister of Finance on 18 November 2024. The invitation letter specifies a deadline of Monday 23 December 2024 for:
  - MSD to submit Budget 2025 templates to the Treasury, and
  - you to provide a Budget 2025 submission letter to the Minister of Finance.
- 3 MSD is proposing to have these documents ready for submission on Friday 20 December 2024, and we have prepared a proposed submission timeline to meet this deadline (attached as Annex One).

## MSD's time-limited funding expiring at the end of the 2025/26 financial year

- 4 In August 2024, we provided you with detailed advice regarding the expiry of time-limited funding (REP/24/8/776 refers) for:
  - the Community Support Services MCA, and
  - Improved Employment and Social Outcomes Support MCA programme time-limited funding.
- 5 Since then, you have requested advice regarding funding which will expire at the end of the 2025/26 financial year. We have attached this advice as Annex Two.
- 6 In addition to the time-limited funding outlined in Annex Two, there will be changes in the funding profile within the Youth Service. The Youth Payment (YP) and Young Parent Payment (YPP) are entitlement-based, and Youth Service funding is therefore prioritised for these payments. Increases in the number of people entitled to YP and YPP will mean less funding is available for Youth Service Not in Employment, Education or Training (NEET).
- 7 Youth Service NEET focuses on 16- and 17-year-olds who are assessed as most at risk of coming on to benefit when they turn 18 through an Approved Information Sharing Agreement between MSD, Oranga Tamariki and Ministry of Education. The aim to is support young people into education, training, work-based learning or employment. Whilst Welfare that Works also targets young people, it focuses on 18 – 24-year-olds, and aims to support people into employment. We acknowledge there will be young people who transition out of YP into Jobseeker Support – Work Ready. Information sharing between their youth coach and job coach when developing their plans to find work will play an important part in their overall success.

8 s9(2)(f)(iv)

## Targeted policy savings

- 9 You were invited to submit targeted policy savings in two areas:
  1. Ministry of Social Development: Targeted Savings.



2. s9(2)(f)(iv) [REDACTED]

- 10 We understand that you have a meeting with the Minister of Housing to discuss s9(2)(f)(iv) [REDACTED] Budget 2024, s9(2)(f)(iv) [REDACTED]. This is also on 5 December 2024, before your Budget bilateral. We will provide you with more specific housing policy advice to support you in this meeting.
- 11 Consistent with conversations with you about MSD's capacity at the front line (REP/24/10/1009 refers), it would not be possible for MSD to implement all the proposals below at the same time. This could also be impacted by the nature or number of Budget initiatives from other areas that we need to implement.
- 12 We have been working with other agencies on targeted policy savings in the following areas:
- s9(2)(f)(iv) [REDACTED]
  - Working for Families – this advice is joint between Inland Revenue, the Treasury and MSD (REP/24/11/1098).
- 13 Some of the policy savings initiatives may also negatively impact the same groups, for example those who may be eligible for Emergency Benefit, those receiving housing supports.

## Next steps

- 14 Following the discussion at the bilateral pre-meet with MSD officials, we will continue to:
- develop Budget 2025 templates, and
  - provide you with advice regarding your Budget 2025 package, in line with the proposed timeline (attached as Annex One).

## Annexes

Annex One – Proposed timeline to submission deadline

Annex Two – Funding expiring at the end of 2025/26

## Annex One – Proposed submission timeline

Note that the official submission deadline is Monday 23 December, however, MSD intends to submit templates by Friday 20 December at the latest – as outlined below.

Date	Action
Friday 29 November	MSD provides advice including: <ul style="list-style-type: none"> <li>- bilateral talking points</li> <li>- Budget 2025 invitation letters</li> <li>- draft summary of the Budget 2025 invited initiatives</li> <li>- time-limited funding expiring at the end of 2025/26, and</li> <li>- advice regarding 6.5 percent savings from the Family Violence and Sexual Violence portfolio.</li> </ul>
Thursday 5 December	Meeting with Minister of Housing regarding s9(2)(f)(iv) (morning) Budget bilateral meeting with the Minister of Finance (afternoon)
Friday 6 December	MSD provides advice including: <ul style="list-style-type: none"> <li>- next steps following the bilateral meeting</li> <li>- detailed summary of Budget 2025 initiatives for submission (including fiscal impacts, impacts on clients, impacts on Government priorities etc)</li> <li>- draft submission letter</li> </ul>
Friday 13 December	MSD provides final submission letter
<b>Friday 20 December</b>	<b>MSD submits templates to the Treasury</b> <b>Minister's office provides final submission letter to the Minister of Finance</b>

## Annex Two – Funding expiring at the end of 2025/26

Note, as requested, the following table does not include funding that expires at the end of the current financial year (2024/25) – such as funding for the Te Pae Tawhiti Programme.

Programme / initiative	2024/25 funding (\$m)	2025/26 funding (expires at the end of the financial year) (\$m)	Evaluation / Effectiveness Status	Impact if funding expires	Proposed approach to address this
Frontline Staff to Maintain MSD Service Levels	47.822	11.932	Case management similar to current practice has evaluations (2019)	As income support administration is legislatively required, the reduction in frontline FTE will mean fewer clients will be in case management (including phone-based) and this will impact the JS reduction target	MSD will seek to retain these 490 frontline FTE through Budget 2025 – funded by the invest-to-save initiative.
Māori Trades and Training Fund	22.246	1.336	Current evaluation. Effectiveness rating expected 2025	Programme will end  This is a high profile community delivered initiative that supports Māori and other cohorts into the trades.	Plan for managing closure of programmes.  Key messages will be to prioritise higher impact investments aligned to the Employment Investment Strategy and the achievement of the Jobseeker Target.
Pacific Employment Action Plan Fund programmes	3.100	3.100	Evaluation underway although programmes have just been getting started	Programmes will end  These programmes emerged from the Pacific Employment Action Plan.	
Employment Cost Pressures	29.355	8.355	Broad based funding, but includes cost pressure funding for Transition to Work and \$5k to Work which cannot currently be evaluated	Transition to Work and \$5k to work will need to be scaled back	Reprioritise and manage as part of cost pressure management.



MSD support services for Emergency Housing (EH)	41.737	41.740	s9(2)(f)(iv)	<p>Emergency Housing (EH) support services play a valuable role in achieving the governments target of reducing eh by 75%, while the Government is on track to meet the target there is still much work to do. Should the funding expire, the impact will include the following:</p> <ul style="list-style-type: none"> <li>- Support remaining high complex households which often require more intensive supports, to exit and obtain appropriate housing</li> <li>- Support households transitioning and enabling to sustain long-term housing</li> <li>- Providing preventative supports to prevent households ending up in EH, eg, working with landlords to mitigate tenancy concerns, strengthening community supports with households</li> <li>- MSD FTE that supports the EH system</li> <li>- Allocation of funding and FTE for F25/26 currently being worked on and consideration will be given to regional intelligence, number of households in EH, utilisation of current support services, forecasting, social housing pipeline.</li> </ul>	s9(2)(f)(iv)
Maintaining Momentum Across Te Aorerekura - Kaupapa Māori Specialist Sexual	2.988	2.619	<p>This is a new initiative.</p> <p>The KMSVS research programme comprises two phases:</p>	<ul style="list-style-type: none"> <li>• Reduced availability of specialist KMSVS and lost knowledge from providers as contracts end.</li> <li>• This will mean fewer sexual violence providers overall, and increased</li> </ul>	This will be considered as part of prioritisation of the broader Family Violence and Sexual Violence package.

Violence Services for Whānau (KMSVS)			<p>1. A benchmark analysis of the current state of the sector (currently underway, report due early 2025)</p> <p>2. An evaluation to assess the impact of B23 funding (will begin and conclude in 2025).</p> <p>Preliminary feedback from both researchers and providers has been overwhelmingly positive.</p>	<p>pressure on those providers who are still funded.</p> <ul style="list-style-type: none"> <li>• Reduced access to SV services for people in rural and remote communities</li> <li>• Fewer choices for people impacted by sexual violence (less access to holistic, long-term support).</li> <li>• Negative response from the public: local communities, iwi, hāpu, KMSVS providers, and key stakeholders.</li> </ul>	
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Note that, in addition to the funding outlined in the table above, MSD also has time-limited funding for responding to Historic Claims of abuse in care, which is currently due to expire at the end of 2025/26. As you will be aware, Cabinet recently agreed to an additional \$17.324m total across the 2024/25 and 2025/26 years, to allow MSD to process an additional 390 abuse claims (CAB-24-MIN-0434 refers). You will also be aware that the Minister of Finance wrote to Minister Stanford on 18 November 2024 – to invite her to coordinate the development of a package of survivor-focused initiatives requiring investment for Budget 2025.