

Vote Social Development: Multi-year savings strategy

Savings required	Treasury Period 1 (\$m)					Total OFP
	2024/25	2025/26	2026/27	2027/28	2028/29	
Securing funding for Ministerial priorities						
An allocation for the cost to implement the Minister's portfolio priorities - eg Food and Welfare that Works.						100.000
Adjusting Accommodation Supplement Boundaries and Introducing a Mechanism for Urban Expansion			1.652	6.799	6.799	15.250
Securing funding for the Te Pae Tawhiti Programme						
Net new funding		s9(2)(f)(iv)				
Maintaining funding for employment and managing MSD's cost pressures and gap due to declining baseline (excluding "do nothing" option for Te Pae Tawhiti)						
Total volume pressures		15.700				
Total price pressures		63.380				
Total wage pressures		21.110				
Total cost pressures		100.190				100.190

Note that this total only reflects the 2025/26 cost pressure. MSD also has cost pressures in:

- 2024/25: \$69.090m
- 2026/27 to 2028/29: \$539.250m total.

Contributing savings as part of the fiscal sustainability programme.

TBC	
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Savings to be sourced from	Total OFP
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1) Budget 2025 savings decisions

Policy savings	
Automated Decision-Making (ADM) changes – top 3 remediation (TAS, Dental SNG, Food SNGs)	-50.564
ADM changes – Significant Modification (Automated reviews, Medical reviews, End of School Year process, Sustainable Employment Trial)	-112.554
Note that forecast savings are gross and only reflect Benefits or Related Expenses (BoRE). Implementation costs are still being worked through, and will offset some of these savings.	

Targeted savings

s9(2)(f)(iv)	
Increasing Accommodation Supplement entry threshold for Homeowners (from 30% to 40%), excluding NZS, SLP and VP (note this is the scaled option)	-40.603

Invest to save

<i>Investment</i>	
Case Management - investment of \$120m	
Employment Programmes - investment of \$127.9m	
Welfare that Works - investment of \$187m	
<i>Savings</i>	
Total estimated net savings over forecast period	-349.100

s9(2)(f)(iv)

Tagged contingency

Children and Young People's Commission - savings TBC	
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s9(2)(f)(iv)

2) Budget 2026 savings decisions

Invest to save	
s9(2)(f)(iv)	
Other policy savings	
Income charging – changes to weekly and annual assessment - TBC	
s9(2)(f)(iv)	
Jobseeker Support: tightening eligibility for 18-19-year-olds	-197.848

3) Other

26-week reapplications (agreed by Cabinet in August [SOU-24-MIN-0096 refers], with savings from 2025/26 managed as a positive charge against Budget 2025 operating allowance)	-12.882	-9.963	-10.202	-10.202		-43.249
Additional Emergency Housing savings from Budget 2024 invest-to-save initiative						-368.497
Savings from the Growing Up in New Zealand (GUINZ) study						-6.800

Total savings exceed funding requirements

-503.926

Funding required for Disability Support Services	Total OFP
High and Complex Framework - capital investment for secure services	90.000
High and Complex Framework – Service Improvement	20.000
Cost pressures - Disability Support Services - Inflationary cost pressures	118.200
Cost pressures - Disability Support Services - Volume pressures due to population growth and increased demand for services	641.700
Cost pressures - Disability Support Services - Inflationary cost pressures - residential care	240.000
Total	1109.900

MSD contribution to wider Budget package

Government's response to Royal Commission's report into historical abuse:	
- Redress initiatives - TBC	
- Future proofing the care system - TBC	
Working for Families - TBC	
s9(2)(f)(iv)	
Social investment package - TBC	

Budget 2024

Total savings - \$710.551m	
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Budget 2025

Includes:	
- Employment invest-to-save	
- Policy savings	
- Other savings	
2024/25 year also includes recognition of:	
- Additional Emergency Housing savings from Budget 2024 invest-to-save initiative (\$368.497m)	
- 26-week reapplications (agreed by Cabinet in August) (\$43.249m)	

Budget 2026

s9(2)(f)(iv)	