

Budget 2025 Bids – sequencing and phasing of initiatives [BUDGET SENSITIVE] DRAFT 19 February 2025

We were asked to look at the Budget 2025 initiatives and the timing and phasing of implementation. This has been assessed against MSD's current work programme. This does not account for any additional initiatives such as Baseline Savings Programme or changes that may be considered in future advice (s9(2)(f)(iv)).

What we know:

- Once the Traffic Light System Phase 2 and 26-week Reapplications have been implemented (from July 2025), some capacity for new initiatives will be released.
- MSD IT teams are at capacity until January 2026 given the focus on the Digital Employment Service milestone in November 2025 which will better enable MSD to match clients to jobs and training.
- Delivering all the initiatives would require three to four Bills. We have bid for two Bills in the 2025 Legislative Programme. Additional Bills can be bid for in the 2026 Legislative Programme.
- Excluding ADM, all bids account for some limited project FTE, which will support capacity to a point (noting lead-in time may be required to onboard new staff).

What we don't know:

- Unknown impacts from initiatives led by other agencies for Budget 2025, including the Working for Families. There may be greater pressure on timing and resourcing.
- Unknown impacts from Baseline Savings Programme which has not been accounted for, in particular income charging.

Timing and phasing: We have used the timing for the ADM work as a base (with some changes), then working in the Working for Families changes, AS changes (2 initiatives), the remaining bids (s9(2)(f)(iv)), 18- and 19-year-olds).

MSD Budget 2025 bids					Watching
	1. ADM remediation ¹	2a. Accommodation Supplement – adjusting AS boundaries	2b. Accommodation Supplement – increasing the entry threshold for homeowners	3a. Jobseeker Support – tightening eligibility for 18-19-year-olds	(s9(2)(f)(iv))
BoRE impact – outyears (\$m, net)	(101.102)	7.520	(17.500)	(83.838)	Working for Families (working with IR) N/A
Start work	February 2025	April 2025	April to July 2025	July 2025	July 2025
Implementation/go live	Rolling between March 2026 and August 2027	1 July 2026	1 July 2026	1 July 2027	April 2026
Legislation structure and timing	(s9(2)(f)(iv)) Amendment Bill (introduced 2025, commencement 2026).	Budget 2025 Initiatives Bill (both changes together in same Bill, aiming for introduction via 2026 Budget Night Legislation).		Remaining bids in standalone Bill – Budget 2025 Initiatives Bill #2 (introduced late 2026, commencement 2027).	
Comments, including risks	Implementation has been pushed out for TAS (1 Oct 2026 to 1 April 2027) and Food changes (to 1 May 2027 to 1 Aug 2027) to account for IT lead in time required. This will impact the savings and we will update the costings for the draft Cabinet paper.	Implementation of these initiatives will be 4 months after the Boarders Contribution initiative (go live 2 March 2026). Around 500 recipients will receive less AS from both the Boarders Contribution and Homeowners entry threshold changes. Because of reprioritisation for boundaries, we have assumed that AS initiatives need to be implemented in same financial year. Starting work from April could happen if we have clear decisions on these progressing. Starting early may impact work in flight.		Currently assuming Legislation and go live all on same timeframes. This is dependent on capacity – implementation may need to be staged but this cannot be determined until policy and design work commences. While it could be possible to implement Jobseeker Support – tightening eligibility for 18- and 19-year-olds on its own given the complexity/difficulty of the initiative this would only move it forward by a few months and would delay other initiatives.	
					While B25 changes are expected to have a small impact for MSD – there is likely larger ongoing work to that will need resourcing.

Implications:

- With more time, MSD can implement all the proposed initiatives. Extending the timing, so implementation can be split over the 2026/27 and 2027/28 financial years, will reduce the savings over the forecast period. We will need to re-cost the initiatives according to the new timing.
- The above timing allows the changes to be embedded before the next initiative goes live. This staggering is useful for staff who will be implementing changes.
- Additional change initiatives in the Baseline Savings Programme, (s9(2)(f)(iv)) will put pressure on the schedule and timeframes may need to be revisited.

¹ This includes:

- Removing ADM from the processing of Food Special Needs Grants, Dental Special Needs Grants and Temporary Additional Support reapplications via MyMSD (MSD's online service), and instead using a staff member to assess applications.
- Amending legislation to allow MSD to use automated decisions to automatically initiate a review of a benefit, request information, confirm a client's ongoing eligibility and rate of benefit and subsequently stop a client's benefit. These reviews and requests for information will be time-bound or triggered by a specific event. Noting that legislative changes will be made through two separate legislative vehicles.
- (s9(2)(f)(iv))
- Removing the automatic suspension of a client's Supported Living Payment when their Sustainable Employment Trial ends, noting this will not require legislative changes.