

Appendix Four – Back pocket optimal savings package (recommended package to optimise savings, while still achieving your objectives)

- The feasibility assumes implementation of Digital Employment Service in November 2025, and Budget 2024 Accommodation Supplement Boarders Contribution Initiative in March 2026.
- This does not show Budget 2025 initiatives from other Votes that we may implement – e.g. WFF and Student Loan changes. We consider we can implement the ones in play in addition to the below.
- These timeframes do not allow for any other changes that may be considered within the Social Development and Employment portfolio for 2025 to 2027.

	Budget 2025 process					NEW	Baseline Savings Process	s9(2)(f)(iv)
	1. ADM remediation	2. Jobseeker Support – tightening eligibility for 18-19-year-olds	3a. Accommodation Supplement (AS) – adjusting boundaries	3b. AS – increasing entry threshold for homeowners	4. Employment Invest to Save	5a. Income charging Part 1 - Additional integrity checks of MSD payments	5b. Income charging Part 2 – using and automating payday filing information	
Net impact per year (\$m) Refer to attached year-by-year breakdown for more detail	(101.101) Irregular years – savings begin in 2025/26, figure based on 2028/29	(83.838) Irregular years – savings begin in 2026/27, figure based on 2028/29	7.520 Irregular years – figure based on 2028/29	(17.500) Irregular years – savings start from 2026/27, figure based on 2028/29	(153.324) Irregular years – savings start from 2027/28, figure based on 2028/29	TBC	(300) Savings begin in 2028/29 This remains an early estimate – further work is required to refine this	
Implementation/go live	Rolling from March 2026 to August 2027	July 2027	1 April 2027	1 April 2027	Rolling from July 2025 to October 2025	July 2025	July 2028	
Legislation structure and timing	s9(2)(f)(iv) Amendment Bill (introduced 2025, commencement 2026).	Budget 2025 Initiatives Bill (introduced 2026, commencement 2027).	NEW legislative bid would be required to cover these initiatives.		Welfare Programme for Welfare that Works – Bonus Payments (timing TBC).	N/A	Social Security Amendment Bill: Income Charging (introduced 2026/27).	
Would it negatively impact the JS Target, or Child Material Hardship measure?	No	No	No		No	No – however will establish overpayment debt for some households.	TBC for potential impacts on child material hardship.	
Feasibility	High complexity given volume of changes, but is MSD critical.	High complexity/difficulty which shapes the timeframes.	Medium complexity.		Low complexity.	Low complexity – no system changes required.	High complexity/difficulty for legislation and IT changes.	
Comments	The timing is based on the main effort going towards mandatory reviews (via Boarders Contribution initiative), Food, Dental and TAS changes. We will need to delay implementation of some of the smaller changes (e.g. End of School Year, Sustainable Employment Trial) to deliver other initiatives. We have not yet recast any impacts on savings for this. Cabinet paper due to SOU on 5 March.		Implementation of these initiatives will be 13 months after the Boarders Contribution initiative (go live 2 March 2026). Because of reprioritisation for boundaries, we have assumed that AS initiatives need to be implemented in same financial year. These would need to be delayed if Ministers wanted to progress 4b, or could be deferred to a future Budget.		For the first two financial years the costs of this initiative outweigh the savings, however from year three (2027/28) savings begin to significantly outweigh the costs. Main changes to the bid: <ul style="list-style-type: none"> Reducing Welfare that Works package from four years to two years. This allows savings in years three and four to be recognised for investment in years one and two. Would allow for B27 bid post evaluation. Including funding for the Skills for Industry programme across two years. To be more targeted towards JS cohorts and in particular increased investment for JS-HCD clients who have a high return on investment for the programme.	Would involve additional FTE for integrity processes (via Integrity Centre) to increase the number of matched records reviewed from the Inland Revenue Information Share (IRIS) for benefits. We think this would have a meaningful reduction in BoRE savings as people will be getting the correct entitlement. Will see some establishment of overpayment debt. This would be a time-limited initiative ahead of income charging changes.	With phasing of initiatives, savings could be delivered in 2028/29. Would need to be built in existing systems. MSD will provide further advice in March. Will need support of Inland Revenue and Minister of Revenue to progress.	