

# Report



MINISTRY OF SOCIAL  
DEVELOPMENT  
TE MANATŪ WHAKAHIATO ORA

**Date:** 19 March 2025

**Security Level:** BUDGET SENSITIVE

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

**Reference:** REP/25/3/187

## Budget 2025 – Draft submission letter for Income Charging Parts One and Two

### Purpose

- 1 This report provides you with a draft Budget 2025 submission letter for Income Charging Parts One and Two. It also provides an updated A3 view of your Budget 2025 package.

### Recommendations

It is recommended that you:

- 1 **note** that, as discussed at your bilateral meeting with the Minister of Finance (MoF) on 5 March 2025, Income Charging Parts One and Two are now part of your Budget 2025 savings package
- 2 **note** the Ministry of Social Development (MSD) submitted savings templates to the Treasury for each of these initiatives on Tuesday 18 March 2025
- 3 **note** that you are required to provide a submission letter to MoF regarding these initiatives, and a draft letter is attached as Appendix One
- 4 **note** that an updated Budget 2025 A3 is attached as Appendix Two
- 5 **discuss** this report at your Officials' meeting on 24 March 2025.

Sacha O'Dea  
Deputy Chief Executive, Strategy and Insights

19/3/25

Date

Hon Louise Upston  
Minister for Social Development and Employment

Date

## Draft letter

- 2 At your bilateral meeting with MoF on 5 March 2025, you discussed bringing the following initiatives into your Budget 2025 package:
  - *Income Charging Part One – additional integrity checks of MSD payments, and*
  - *Income Charging Part Two – sharing Inland Revenue's income data with MSD to improve the accuracy of assistance MSD pays clients.*
- 3 MSD submitted savings templates to the Treasury for each of these initiatives on Tuesday 18 March 2025.
- 4 To support these templates, you are required to provide a submission letter to MoF. This was initially due on 18 March 2025, however you indicated that you would send your letter to MoF after you return to the country.
- 5 A draft submission letter is attached as Appendix One.

## Updated Budget 2025 package

- 6 As previously advised, MSD will need to take a phased approach to implement the savings in your Budget 2025 package.
- 7 The savings estimates previously indicated were based on initiatives being progressed individually, given uncertainty around which initiatives were likely to progress. Following your discussion with MoF, we have been able to update cost and savings estimates for the following initiatives, based on the phasing outlined in our advice to support the bilateral (REP/25/2/105 refers):
  - Jobseeker Support – tightening eligibility for 18-19 year olds
  - Automated Decision-Making, and
  - Accommodation Supplement (new spending and savings components).
- 8 The total net impact of these changes on your Budget package is a \$4.413m reduction of savings (in relation to what was submitted in December 2024).
- 9 These latest figures are included in the updated Budget 2025 A3 attached as Appendix Two. Other changes to the A3 include updates to savings for:
  - Income Charging Parts One and Two (in line with what was submitted to the Treasury on 18 March), and
  - your employment invest-to-save initiative (we will brief you on these changes at the Officials' meeting).

## Next steps

- 10 We will continue to provide information to the Treasury ahead of Cabinet Budget decisions on 14 April 2025, and will keep you and your office updated as this progresses.

## Appendices

Appendix One – Draft submission letter for Income Charging Parts One and Two

Appendix Two – Budget 2025 on a page

Responsible manager: Sacha O'Dea, Deputy Chief Executive, Strategy and Insights

## **Appendix One – Draft submission letter for Income Charging Parts One and Two**

[Refer to attached letter]

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OFFICIAL INFORMATION ACT

## **Appendix Two – Budget 2025 on a page**

[Refer to attached A3]

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