



Cabinet Social Wellbeing Committee

Minute of Decision

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Changes in Vote Social Development to be Resolved Before the End of the 2022/23 Financial Year

Portfolio Social Development and Employment

On 21 June 2023, the Cabinet Social Wellbeing Committee:

Background

- 1 **noted** that the Ministry of Social Development (MSD) is anticipating departmental output expense underspends in 2022/23 as follows:

Vote Social Development Minister for Social Development and Employment	\$m – increase/(decrease)				
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Multi-Category Expenses and Capital Expenditure					
Improved Employment and Social Outcomes Support					
Departmental Output Expenses:					
Improving Employment Outcomes (funded by revenue Crown)	(21.000)	-	-	-	-
Improving Work Readiness Outcomes (funded by revenue Crown)	(2.041)	-	-	-	-
Total Operating	(23.04)	-	-	-	-

- 2 **authorised** the Minister for Social Development and Employment and the Minister of Finance jointly to agree the final amount, for each of the below in-principle expense transfers, to be transferred, following completion of the relevant Ministries or departmental agencies 2022/23 audited financial statements or earlier confirmation if required, with no impact on the operating balance and/or net debt across the forecast period;
- 3 **noted** that the transfers sought in principle below total \$33.301 million, consisting of \$23.041 million from MSD departmental underspends, \$3.760 million from other Ministries and departmental agencies, and \$6.000 million from the Food Secure Programmes and \$0.500 million from Community Support Services departmental underspends;

Youth Crime Cost Pressure

4 **agreed in-principle, subject to** paragraph 2 above, to transfer MSD underspends of up to \$1.906 million for initiatives to address Youth Crime, as shown below:

Vote Social Development Minister for Social Development and Employment	\$m – increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Multi-Category Expenses and Capital Expenditure Community Support Services MCA Non-Departmental Output Expense: Community Support and Advice	1.906	-	-	-	-
Total Operating	1.906	-	-	-	-

Regional System Leadership Framework

5 **noted** that to increase transparency of funding for the Regional System Leadership Framework initiative in Vote Social Development, it is recommended that a new category within the Community Support Services MCA be established from 1 July 2023;

6 **agreed** to add the following category to the multi-category appropriation “Community Support Services”:

Title	Type	Scope
Regional System Leadership Framework	Departmental Output Expense	This category is limited to co-ordinating and delivering public services at a regional level.

7 **agreed in-principle, subject to** paragraph 2 above, to transfer MSD underspends up to \$5.0 million for the Regional System Leadership Framework initiative, as shown below:

Vote Social Development Minister for Social Development and Employment	\$m – increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Multi-Category Expenses and Capital Expenditure Community Support Services MCA Departmental Output Expense: Regional System Leadership Framework (funded by revenue Crown)	5.000	-	-	-	-
Total Operating	5.000	-	-	-	-

- 8 **noted** that early confirmation of the full amount of the available expense transfer is required to avoid risk of unappropriated expenditure;
- 9 **agreed** an expense transfer of \$5 million from 2022/23 to 2023/24;
- 10 **approved** the following changes to appropriations to provide for the decision in paragraph 9 above, with no impact on the operating balance and/or net debt across the forecast period:

Vote Social Development Minister for Social Development and Employment	\$m – increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Multi-Category Expenses and Capital Expenditure Community Support Services MCA Departmental Output Expense: Regional System Leadership Framework (funded by revenue Crown)	5.000	-	-	-	-
Total Operating	5.000	-	-	-	-

- 11 **agreed** that the change to appropriations for 2023/24 above be included in the 2023/24 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
- 12 **noted** that the following ministries and departmental agencies are likewise anticipating operating expense underspends in 2022/23, as shown below:

	\$m – increase/(decrease)				
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Vote Health Minister of Health Non-Departmental Output Expenses: Delivering hauora Māori services	(0.150)	-	-	-	-
Non-Departmental Output Expenses: Delivering Primary, Community, Public and Population Health Services	(0.630)				
Multi-Category Expenses and Capital Expenditure Stewardship of the New Zealand health system Departmental Output Expenses: Public health and population health leadership (funded by revenue Crown)	(0.250)				
Vote Education Minister of Education Multi-Category Expenses and Capital Expenditure Primary and Secondary Education Non-Departmental Output Expenses: Secondary Education	(1.500)	-	-	-	-

Vote Māori Development Minister for Māori Development Departmental Output Expenses: Te whakatinanatanga o ngā wawata ā-pāpori, ā-ōhanga, ā-whakawhanaketanga ahurea o te iwi Māori Realising the social, economic and cultural development aspirations of Māori (funded by revenue Crown)	(0.300)	-	-	-	-
Vote Social Development Minister for Disabled Issues Multi-Category Expenses and Capital Expenditure Supporting tangata whaikaha Māori and disabled people Departmental Output Expenses: Stewardship of the Disability System (funded by revenue Crown)	(0.090)	-	-	-	-
Vote Pacific Peoples Minister for Pacific Peoples Multi-Year Multi-Category Expenses and Capital Expenditure Policy Advice and Ministerial Servicing Departmental Output Expenses: Communications, Projects and Relationships (funded by revenue Crown)	(0.090)	-	-	-	-
Vote Te Arawhiti Minister of Justice Multi-Category Expenses and Capital Expenditure Māori Crown Relations Departmental Output Expenses: Strengthening Crown Capability (funded by revenue Crown)	(0.350)	-	-	-	-
Vote Housing and Urban Development Minister of Housing Multi-Category Expenses and Capital Expenditure Public Housing Non-Departmental Output Expenses: Services Related to the Provision of Public Housing	(0.400)	-	-	-	-
Total Operating	(3.760)	-	-	-	-

- 13 **agreed in-principle, subject to** paragraph 2 above, to transfer up to \$3.760 million for the Regional System Leadership Framework initiative, as shown below:

Vote Social Development Minister for Social Development and Employment	\$m – increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Multi-Category Expenses and Capital Expenditure Community Support Services MCA Departmental Output Expense: Regional System Leadership Framework (funded by revenue Crown)	3.760	-	-	-	-
Total Operating	3.760	-	-	-	-

Social Workers Registration Board

- 14 s 9(2)(f)(iv) [Redacted]

- 15 **agreed in-principle,** s 9(2)(f)(iv) [Redacted] to transfer MSD underspends of up to \$0.809 million to meet an expected shortfall in 2023/24, as shown below:

Vote Social Development Minister for Social Development and Employment	\$m – increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Non-Departmental Output Expenses: Social Workers Registration Board	0.809	-	-	-	-
Total Operating	0.809	-	-	-	-

Wage Supplement to Replace the Minimum Wage Exemption

- 16 **noted** that Budget 2023 approved the “Wage Supplement to Replace the Minimum Wage Exemption”;
- 17 **agreed** to bring forward the implementation of the above initiative by one year, from late 2025 to late 2024;
- 18 **noted** that bringing forward the implementation of the above initiative has the following net impact on tax revenue, as shown below;

Vote Revenue Minister of Revenue	\$m – increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Tax Revenue Source Deductions	-	1.632	-	-	-
Total Operating	-	(1.632)	-	-	-

- 19 **agreed in-principle, subject to** paragraph 2 above, to transfer MSD underspends of up to \$11.000 million across the forecast period and to make the following changes to appropriations to give effect to the decision in paragraph 17 above, as shown below:

Vote Social Development Minister for Social Development and Employment	\$m – increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Departmental Output Expenses: Data, Analytics and Evidence Services (funded by revenue Crown)	0.050	0.050	-	(0.100)	-
Non-Departmental Output Expenses: Wage Supplement to Replace Minimum Wage Exemption	-	10.301	(1.879)	0.831	-
Capital Injections: Ministry of Social Development – Capital Injection	6.667	(5.000)	(1.667)	-	-
Multi-Category Expenses and Capital Expenditure Improved Employment and Social Outcomes Support					
Departmental Output Expenses: Administering Income Support (funded by revenue Crown)	1.747	-	-	-	-
Total Operating	1.797	10.351	(1.879)	0.731	-
Total Capital	6.667	(5.000)	(1.667)	-	-

Child Support Pass-on

- 20 **noted** that Budget 2022 agreed to deliver the “Child Support Pass-on” initiative, but this is now expected to be more costly than previously advised;
- 21 **agreed in-principle, subject to** paragraph 2 above, to transfer MSD underspends of up to \$4.326 million to address additional costs relating to the delivery of Child Support Pass-on, as shown below:

Vote Social Development Minister for Social Development and Employment	\$m – increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Multi-Category Expenses and Capital Expenditure Improved Employment and Social Outcomes Support					
Departmental Output Expenses: Administering Income Support (funded by revenue Crown)	4.326	-	-	-	-
Total Operating	4.326	-	-	-	-

Food Secure Communities cost pressure

- 22 **noted** that Budget 2023 approved funding for “Food Secure Communities”, to continue some elements of the existing Food Secure Communities programme and in response to the North Island Weather Events (funding in 2023/24 \$17.800 million and 2024/25 \$11 million), but the demand for the programme in 2023/24 is expected to exceed the allocated funding level;
- 23 **noted** that MSD is anticipating underspends in 2022/23 for the Food Secure Communities programmes of \$6 million and \$0.500 million from general underspends in the Community Support Services MCA as follows:

Vote Social Development Minister for Social Development and Employment	\$m – increase/(decrease)				
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Multi-Category Expenses and Capital Expenditure Community Support Services Departmental Output Expenses: Developing and Managing Community Services (funded by revenue Crown)	(0.500)	-	-	-	-
Non-Departmental Other Expenses: Community Response to Adverse or Emergency Events	(6.000)	-	-	-	-
Total Operating	(6.500)	-	-	-	-

- 24 **agreed in-principle, subject to** paragraph 2 above, to transfer underspends of up to \$6.500 million for the delivery and administration of the Food Secure Communities programme initiative as shown below:

Vote Social Development Minister for Social Development and Employment	\$m – increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Multi-Category Expenses and Capital Expenditure Community Support Services Departmental Output Expenses: Developing and Managing Community Services (funded by revenue Crown)	0.500	-	-	-	-
Non-Departmental Other Expenses: Community Response to Adverse or Emergency Events	6.000	-	-	-	-
Total Operating	6.500	-	-	-	-

Rachel Clarke
Committee Secretary
Attendance (see over)

Present:

Hon Carmel Sepuloni
Hon Dr Ayesha Verrall
Hon Willie Jackson
Hon Priyanca Radhakrishnan
Hon Kieran McAnulty
Hon Ginny Andersen
Hon Willow-Jean Prime
Hon Rino Tirikatene
Hon Jo Luxton

Officials present from:

Office of the Prime Minister
Office of the Chair of SWC
Officials Committee for SWC