

# The Treasury

## Budget 2024 Information Release

### September 2024

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Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act).

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Key to sections of the Act under which information has been withheld:

- [1] 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government
- [23] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [25] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [27] 9(2)(ba)(ii) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest
- [31] 9(2)(f)(ii) - to maintain the current constitutional conventions protecting collective and individual ministerial responsibility
- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment;
- [36] 9(2)(h) - to maintain legal professional privilege
- [37] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [40] 18(c)(i) - that the making available of the information requested would be contrary to the provisions of a specified enactment

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# Hon Nicola Willis

Minister of Finance  
Minister for the Public Service  
Minister for Social Investment  
Associate Minister of Climate Change



12 March 2024

Hon Louise Upston  
Minister for Social Development and Employment  
Parliament Buildings

Dear Louise

## **INDEPENDENT RAPID REVIEWS FOR BUDGET 2024**

I am writing to provide more information about the independent rapid reviews Cabinet discussed on Monday 4 March, to inform Budget 2024.

I appreciate your support to identify savings and efficiencies to date. As you know, our Government is committed to maintaining a strong social safety net for New Zealanders while ensuring we are more effective in moving jobseekers from welfare into work.

As part of this, we have committed to supporting a new Welfare that Works approach while driving better results from existing Ministry of Social Development programmes.

Having reviewed the initial savings proposal put forward by the Ministry of Social Development, Budget Ministers agree with you that there is potential for further reprioritisation within Vote Social Development to support our Welfare that Works approach, as well as other Government priorities.

To that end, this letter seeks your agreement to jointly commission an independent rapid review of the Ministry of Social Development by Dame Paula Rebstock in accordance with the **attached** Terms of Reference. Recommendations for your review are provided below.

A progress update is expected in mid-March and the final report is due by 3 April 2024. I am keen for you to be actively involved in the process, including receiving progress updates and consideration of the final recommendations. There will be a small cost for the independent reviewers, which I expect to be met from your agency's baselines.

Timely access to relevant information and people will be critical for the review. I would appreciate you ensuring this review is a priority for your agency in the coming weeks.

Please indicate your agreement to the independent rapid review and its terms of reference by counter signing this letter and returning it to me. I acknowledge this review is coming at a time when the system is already under pressure, and I thank you for your ongoing collaboration in meeting our fiscal and policy goals.

Yours sincerely



Hon Nicola Willis  
**Minister of Finance**

cc:

Hon Chris Bishop, Minister of Housing

Hon Tama Potaka, Associate Minister of Housing (Social Housing)

Hon Matt Doocey, Minister for Youth

Hon Penny Simmonds, Associate Minister for Social Development and Employment and Minister for Disability Issues

Hon Karen Chhour, Minister for the Prevention of Family and Sexual Violence

Hon Casey Costello, Minister for Seniors

Debbie Power, Secretary for Social Development and Chief Executive

Caralee McLiesh, Secretary to the Treasury and Chief Executive

**Recommendations**

I agree and seek your agreement to the following:

**agree** to commission an Independent Rapid Review of the Ministry of Social Development as per the attached Terms of Reference;



agree / not agree

Minister for Social Development  
and Employment

**note** that the Treasury will contract the independent reviewer and costs are expected to be less than \$50,000;

**note** that the Treasury will provide secretariat support to the independent reviewer;

**note** that costs for the review will be met from baselines; and

**agree** to Treasury invoicing the Ministry of Social Development for these costs on completion of the review.

agree / not agree

Minister of Social Development  
and Employment



Hon Louise Upston  
**Minister of Social Development  
and Employment**

2024/07/08

## **Terms of Reference**

### **Independent Rapid Review of the Ministry of Social Development**

#### **CONTEXT**

1. High inflation and interest rates are creating significant cost of living issues for New Zealanders and slowing economic growth. This is resulting in lower-than-expected revenue and substantial cost pressures for the Government, which has been in fiscal deficit since 2019/20.
2. This Government is committed to getting government expenditure under control after several years of significant growth across the public sector without corresponding improvement in outcomes. In doing this, we are looking for better value for money.
3. To progress our objective, the Government has an ongoing Fiscal Sustainability Programme to embed a culture of responsible spending across Government. The first step in this Programme included an Initial Baseline Exercise to find savings options ahead of Budget 2024.

#### **INDEPENDENT RAPID REVIEWS**

4. The Government intends to complete a small number of Independent Rapid Reviews in advance of Budget 2024. These reviews are for agencies that we consider an independent view would be helpful to provide challenge and assure us that all savings options have been considered.
5. Independent Rapid Reviews have been commissioned based on consideration of:
  - Submissions made as part of the Initial Baseline Exercise
  - Potential to find significant additional savings
  - Growth in headcount of the agency since 2017.

## TERMS OF REFERENCE

### Objective

6. The Independent Rapid Review is to identify realisable savings over the forecast period (and ideally from 2024/25) to support value for money in public spending.
7. The Independent Rapid Review will increase visibility and enhance scrutiny of public spending by this agency.

### Scope

8. The Government is seeking value for money from all government spending.
9. In determining where to focus, the Independent Review must take into account the expectations set by Government for the Initial Baseline Exercise, including what was asked of agencies and the protection of frontline services. For the avoidance of doubt, this includes non-departmental appropriations and public funding to Crown entities.
10. The Independent Reviewer has discretion as to their approach to this scope so long as the objectives of the Independent Rapid Review are met.
11. Given the timing for this review, as a starting point the Independent Reviewer will have available the material already put forward by agencies in their Initial Baseline Exercise.
12. The Independent Reviewer will likely need to focus on:
  - Areas identified in the guidance for the Initial Baseline Exercise, including low-value programmes, programmes not aligned to the Government's priorities and non-essential back-office functions, to assess gaps and opportunities as to whether there are additional savings options to support value for money
  - Protection of frontline services
  - Areas of FTE and contractor and consultant growth
  - Contestable funds and grants.
13. The Independent Reviewer is to provide savings options to meet the objectives of this Independent Rapid Review. Decisions on these savings options will be made by Ministers as part of the Budget 2024 process.
14. In doing so, the Independent Reviewer will also have regard to the changes that may be needed to the operating model of the department over the medium term, or further work necessary, to ensure its financial sustainability and ability to deliver Government priorities within tighter baselines.

## **Agency Context**

15. There has been a significant increase in spending across the Ministry of Social Development in recent years. The workforce has grown from approximately 6,500 FTEs in 2017/18 to more than 9,000 today.
16. The Review should ensure appropriate value for money is achieved, and we are seeking assurance particularly in relation to the employment support appropriations, funding that is not sufficiently targeted to individuals in need, and from the Ministry's back-office functions.

## **Dependencies**

17. The Independent Rapid Review will depend on the quality of information available to the Independent Reviewer. The agency will cooperate fully with this review to ensure the availability of information. The Independent Reviewer will heavily rely on input from expertise from within the agency. The Independent Reviewer will need to engage constructively with the agency to develop pragmatic savings options that are realisable.
18. The Independent Reviewer is not responsible for advising on the targeted policy savings prepared by the Treasury for Budget 2024, but can test and challenge these options if they consider it necessary to achieve the objectives of the Independent Rapid Review.

## **Product**

19. The Independent Reviewer will provide a written report to the Minister of Finance and the agency Minister no later than 3 April 2024. The report should:
  - describe the methodological approach taken;
  - identify savings options and provide advice on those options;
  - detail key assumptions and qualifications to that advice;
  - provide or reference any supporting data, modelling or analysis.
20. The Reviewer will also be available to provide:
  - an oral briefing on progress and emergent findings to the Minister of Finance and the agency Minister from 20 March 2024 and before providing their written report. This acts as a mid-point check-in for the review.
  - an oral briefing to the Minister of Finance and the agency Minister following receipt of the written report until end April 2024.



**Support**

21. The Treasury will provide secretariat support to the Independent Reviewer.

**Independent Reviewer**

22. Dame Paula Rebstock has been engaged to act as the Independent Reviewer for this Independent Rapid Review.