

# The Treasury

## Budget 2024 Information Release

### September 2024

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- [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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## Treasury Report: Updated Public Sector Workforce Implications of Budget 2024

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<b>Date:</b>	22 May 2024	<b>Report No:</b>	T2024/1409
		<b>File Number:</b>	BM-2-8-2024-2-M105679

### Action sought

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	Action sought	Deadline
Hon Nicola Willis <b>Minister of Finance</b>	<b>Indicate</b> your preference for incorporating updated workforce implications for Budget 2024;	24 May 2024

### Contact for telephone discussion (if required)

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Name	Position	Telephone	1st Contact
Kevin Cho	Analyst, Budget	[39]	[35] ✓
Keiran Kennedy	Manager, Budget		

### Minister's Office actions (if required)

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**Return** the signed report to Treasury.

Note any feedback on the quality of the report

**Enclosure:** Yes (attached)

# Treasury Report: Updated Workforce Implications of Budget 2024

## Purpose of Report

1. The purpose of this report is to provide updated workforce implications of Budget 2024 and seek your direction on how this information is incorporated into your Budget Day Communications.

## Background

2. The Treasury has worked with the Public Service Commission (PSC) and agencies to update the public sector workforce implications to reflect the final Budget 2024 Package agreed by Cabinet on 29 April [CAB-24-MIN-0148 refers]. In some cases, agencies have provided data for their monitored crown entities are included in the numbers below.
3. We understand that you may wish to use this updated data in your Budget Day communications. We have recommended to agencies that they inform their Minister’s Offices as required.
4. The updated workforce implications are different to what was provided from the last number that you and Budget Ministers have received [TR 2024/933 refers]. This is largely due to agencies having greater certainty of Budget decisions and agencies being more advanced in their plans for implementing savings (including change management programmes) than they were in mid-February when Budget initiatives were originally submitted. [33]

## Aggregated overview of updated workforce implications

5. The overall narrative for the public sector FTE impact of the Budget 2024 package is dependent on what numbers you decide to communicate. You, therefore, have choices about the aggregate number you present in your Budget communications. The overall impact of Budget decisions in the year 2024/25 is based on agency forecasts. The following table outlines the estimated impact of the Budget Package:

Table 1: FTE Implications of Budget 2024

FTE Changes	FTE Impact
[33]	
Reduction of FTE from baseline savings exercise	(2,300)
Reduction of FTE from other savings	(500)
<b>Net Actual FTE Change (including Health)</b>	<b>(100)</b>
[33]	
Including closure of vacancies from baseline savings exercise	(1,500)
[33]	

6. [33]

7.

8.

## Balance of frontline and back-office public service FTE in the Budget 2024 package

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9. The workforce implications are broadly aligned with **the Government's** expectations for Budget 2024 to support frontline services through **new** spending and to prioritise savings from back-office. A full breakdown of workforce implications by agency is provided in the attached Annex. The HNZ FTE number is not included in the Annex.

10. [33]

Other than the possible increases at HNZ, most of the increase is attributable to frontline staff, including Corrections Officers at the Department of Corrections, staff at Inland Revenue to deliver your tax package and at New Zealand Police as part of your 500 frontline officers initiative.

11. The majority of the 3,800 FTE reduction from baseline savings are from vacancies and decreases in back-office staff, which aligns with the Government's expectations on where agencies should focus on delivering baseline savings.

## Caveats for FTE impacts

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12. Changes resulting from Budget 2024 decisions will be occurring in the context of broader change across the public sector, including impacts of time-limited funding, managing unfunded cost pressures, achieving existing service delivery efficiencies, and other fiscal sustainability work.

13. Work will continue in a number of agencies to give effect to the Government's priorities outside of Budget 2024. These include the flow-on impacts of previous funding which will continue to have FTE implications such as funding provided to Defence to build capability. These are initiatives and changes which directly impact the size of the public sector workforce, and which will not be captured (either fully, or at all) in Table 1.

14. Additionally, while most agencies have been able to provide an estimate of the workforce implications, we note that the figures provided may not represent actual

staffing changes following Budget 2024. This is because decoupling Budget 2024 impacts, especially for baseline savings initiatives, from wider change processes is difficult. <sup>[33]</sup>

15. FTE reductions remain subject to good faith consultation requirements. These numbers are only indicative, so as not to presume the outcomes of those processes, and final numbers (as they become public) will differ.
16. Impacts of net workforce change also underestimate the net impact of change on staff. While work is occurring to redeploy staff from disestablished positions to new ones, this will not always be possible. For example, a policy analyst in Wellington may not be able to be redeployed as a corrections officer in Christchurch.

## Workforce implications in your Budget Day Communications

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17. We suggest that your Budget Day communications on workforce are focused on the actual change expected in size of public sector workforce. <sup>[33]</sup>
18. While detailed information on the FTE impacts of Budget 2024 decisions is important, we recommend that this information is supplementary and retained as back pocket. This enables Portfolio Ministers and agencies to lead on agency specific communications on, and post, Budget Day.
19. We will work with your office and PSC on incorporating workforce implications of Budget 2024 into the wider suite of material being prepared for your Budget Day communications, including specific commentary on the broader change environment, and potential responses to specific queries on likely and significant lines of enquiry, for example, regarding service delivery agencies such as Police and Education.
20. While all agencies have provided their FTE impact, we note that a number of agencies, such as the Ministry of Justice, Education Review Office, and the New Zealand Police, have indicated a strong preference that the baseline savings FTE impact is not released as part of your Budget Day communications as staff consultations have not yet taken place. We consider this raises employment relations risks for these agencies. This risk would be mitigated through using aggregate numbers.

## Recommended actions

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We recommend that you:

- a **Indicate** how you would like to communicate the public sector workforce implications of the Budget 2024 Package on Budget Day:

**Option 1:** a stand-alone Press Release on Budget 2024 Workforce Impacts

*Agree/Disagree*

OR

**Option 2:** Incorporated into an existing press release

*Agree/Disagree*

OR

**Option 3:** Included in your Budget speech and presentations

*Agree/Disagree*

OR

**Option 4:** Retain information as back-pocket only

*Agree/Disagree*

- b **indicate** what level you would like to communicate the public sector workforce implications of the Budget 2024 package on Budget Day:

**Option 1:** Aggregate numbers only (i.e. total net FTE change) – *Treasury preferred*

*Agree/Disagree*

OR

**Option 2:** Aggregate numbers and agency breakdown per Annex A (with appropriate caveats)

*Agree/Disagree*

- c **indicate** what aggregate number you would like to present as part of Budget 2024 communications:

[33]

Keiran Kennedy  
**Manager, Budget**

Hon Nicola Willis  
**Minister of Finance**

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