



31 October 2024

Tēnā koe

Official Information Act Request

Thank you for your email of 17 September 2024, requesting a copy of the Independent Rapid Review (IRR) of the Ministry of Social Development (the Ministry).

I have considered your request under the Official Information Act 1982 (the Act). Please find my decision set out below.

Please find a copy of the Independent Rapid Review of the Ministry attached. Please note there is some information withheld under the following sections of the Act.

Some information is withheld under section 9(2)(f)(iv) of the Act to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials. The release of this information is likely to prejudice the ability of government to consider advice and the wider public interest of effective government would not be served.

Some information is withheld under section 9(2)(j) of the Act to enable the Ministry to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). The greater public interest is in ensuring that government agencies can continue to negotiate without prejudice.

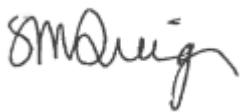
Please also note that the Independent Rapid Review includes a recommendation that the funding proposed for years three and four of the Emergency Housing proposal be held in a tagged contingency, subject to a policy effectiveness review. This option was not pursued.

I will be publishing this decision letter, with your personal details deleted, on the Ministry's website in due course.

If you wish to discuss this response with us, please feel free to contact OIA_Requests@msd.govt.nz.

If you are not satisfied with my decision on your request for a copy of the IRR, you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at www.ombudsman.parliament.nz or 0800 802 602.

Ngā mihi nui

pp. 

Magnus O'Neill
General Manager
Ministerial and Executive Services

BUDGET SENSITIVE

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

Report to
Minister of Finance and
Minister for Social Development and Employment

**Dame Paula Rebstock
Strategas Consulting Ltd**

3 April 2024

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Executive Summary

MSD’s Baseline Savings Proposals

1. As part of the Budget 2024 process, the Minister of Finance and the Minister for Social Development and Employment commissioned this Independent Rapid Review (IRR) of the Ministry of Social Development (MSD).
2. The IRR is to examine areas identified in the guidance for the Initial Baseline Exercise and propose realisable savings over the forecast period – with a focus on back office functions rather than frontline services. The Review shall also have regard to the changes that may be needed to the operating model of the department over the medium term.
3. This review has been based on extensive written information about the Vote Social Development, and a wide range of reports about the current baseline savings exercise. A considerable number of meetings were conducted, followed by requests for specific data and other information. Discussions with officials centred around the detail of the savings options, risk assessment, as well as potential future initiatives.
4. MSD has been set a baseline expenditure reduction target of 6.5 percent, which equates to \$119.4 million annually, and \$477.6 million over the four year forecast period. MSD has also been invited by the Minister of Finance to propose large targeted policy initiatives outside the baseline exercise.
5. The savings target should be viewed in the context of an already reducing funding baseline for the agency, mainly due to the expiry of funding for time limited programmes (including in the employment area) and the implementation of an earlier departmental

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savings initiative. At the same time, demand for MSD's services has remained high as a result of the challenging economic environment.

6. My review of MSD employment programme evaluations strongly suggests there is scope for savings from the Employment MCA in areas of poor effectiveness. However, the Minister of Social Welfare and Employment decided to exclude employment programmes from the savings exercise to preserve resources for a comprehensive reprioritisation of Jobseeker supports.
7. The decision to exclude employment programmes from the proposed baseline savings has created the difficulty of identifying sufficient baseline savings, considering MSD's large share of front-line staff (which were to be excluded from the savings exercise) and the back office staff reduction process already underway. MSD's proposed departmental savings amount to less than a third of the baseline target savings. More aggressive cuts to operational expenditure might have adversely impacted support for frontline services, as well as the agency's ability to successfully respond to the need for operational change.
8. As a result, the agency has relied on including a policy initiative in the pool of savings offered to meet the baseline target. The policy initiative ('Boarders AS') proposes a change of entitlement rules for the Accommodation Supplement where the benefit recipient has boarders.
9. The other savings initiatives can be categorised as Departmental (reductions of nonfrontline staff, expenditure on contractors and consultants, and general operating expenditure), Community Programmes (cuts of funding for relatively small programmes), Crown Entities (reduction of funding for one small agency), and Time-Limited Funding (early termination of time-limited appropriations for a variety of initiatives).
10. MSD's costings show a \$12 million excess of proposed savings versus the \$477.6 million four-year target. Regarding the time profile, savings are projected to fall short of the \$119.4 million annual targets for years one and two of the forecast period, with a stronger performance in the later years due to the delayed effects of the policy initiative.

Assessment of Baseline Proposal Risks

11. There are both upside and downside risks regarding the 'Boarders AS' policy initiative. However, those risks have not been quantified and are assumed to be offsetting. Though it is difficult to fully test the veracity of this assumption at this stage of the policy development, I do not have information that would lead me to recommend either an upside or downside risk adjustment to the estimated savings.
12. Some downside risk could be considered for the estimated savings from reducing expenditure on consultants. However, as the amount would be comparatively small and well within the margin of the excess of the identified aggregate baseline savings relative to target, this review does not recommend an adjustment of the estimate.

Targeted Policy Proposals

13. While the achievement of the baseline savings target is tight when adjusted for risk, this should be assessed in the context of the large additional savings associated with

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implementation of the two targeted policy initiatives as proposed by MSD. The options are s9(2)(f)(iv) and adjusting the entry gateway for emergency housing and the continuation of support initiatives for assisting families out of emergency housing into the private rental market ('Emergency Housing'). Those proposals are associated with estimates of savings broadly equivalent to the baseline target, even after applying proposed risk adjustments.

Assessment of Targeted Policy Proposal Risks

14. s9(2)(f)(iv)
15. In case of the 'Emergency Housing' proposal, rising savings have been estimated for each of the four forecast years, but costs for corresponding support services have only been allocated for years one and two. A contingency for costs in years three and four (approximately \$83 million) should be included in the Budget forecast, but not appropriated until a policy effectiveness review has been completed.
16. As the combination of baseline savings and targeted policy savings is an acceptable contribution to fiscal sustainability at this time, it is recommended that MSD's savings proposals submitted as part of the Budget 2024 baseline exercise should be accepted. However, it would be prudent for Treasury and MSD to closely monitor MSD's performance against its commitments. MSD also needs to evaluate the impact of changes to housing assistance implemented through this Budget. Particular focus needs to be given to cumulative impacts across multiple policy changes.

No Additional Savings Proposals for Budget 2024

17. The degree of organisational change impacting on MSD over coming years will be significant. At the same time, the agency will be implementing the various new policy initiatives that have been proposed. These factors carry the risk of weakening MSD's focus on the Government's priority of reducing benefit dependency. For that reason, this Review has not sought to identify additional savings proposals for consideration for Budget 2024, other than emphasising potential further gains from reducing MSD's manager to staff ratio when implementing headcount reductions.

Savings Proposals for Consideration for Budget 2025

18. The proposals this Review has identified for the period beyond 2024 are all aimed at improving fiscal sustainability, align with Government priorities, are feasible to implement and improve equity, efficiency and effectiveness. s9(2)(f)(iv)
19. Most importantly, however, MSD should shift its focus back on operationalising a social investment approach to supporting beneficiaries. Key features would be disaggregated

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data analytics and evaluation evidence, the rigorous use of actuarial models, a revamped MSD operating model, aligned incentives and agency culture, as well as reprioritisation of employment programmes and improvements to MSD's operational design.

20. Any changes in the MSD operating model will need to influence the components and timing of the Te Pae Tawhiti Transformation Programme. IT will remain a key enabler of any operational model utilised at MSD.

1 Context for the Rapid Review

1.1 Terms of reference

21. As part of the Budget 24 process, the Minister of Finance and the Minister for Social Development and Employment commissioned this Independent Rapid Review of the Ministry of Social Development (MSD). The Ministers appointed me (Dame Paula Rebstock) to complete the review.
22. In entering into this rapid review, I declared the following interests: Board Chair of Ngati Whatua Orakei, Whai Maia and of the National Hauora Coalition NHC). Whai Maia works across the social sector and NHC is a health services provider and PHO. My role is governance rather than procurement, contract delivery or management, but our clients are recipients of government assistance and from time to time hold government contracts.
23. 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;
 - 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, areas of FTE and contractor and consultant growth, to assess gaps and opportunities as to whether there are additional savings options to support value for money;
 - 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); and
 - 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.
24. 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.
25. In respect of MSD the Terms of Reference specifically note that the review is to:
- focus on back office rather than frontline services;
 - consider the significant increase in spending across MSD in recent years with a workforce increase of approximately 2,500 FTEs between 2017/18 and

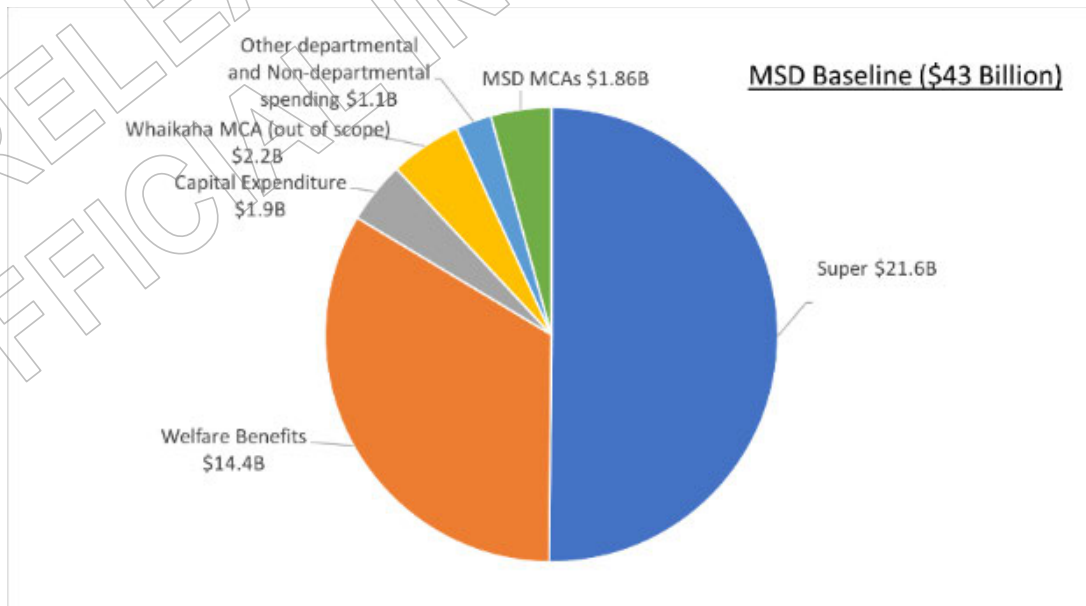
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2023/2024; and ○ ensure value for money is achieved – particularly in relation to the employment support appropriations (to ensure funding is targeted to individuals in need and that the Ministry’s back office functions are appropriate).

1.2 Recent trends in MSD spending

26. The Ministry of Social Development’s operating expenditure in 2022/23 totalled \$37.4 billion, a 60 percent increase from 2017/18. The Ministry’s forecast operating spending for 2023/24 is around \$40.7 billion, which is mostly made up of payments of NZ Superannuation (\$21.6 billion) and of other welfare benefits (\$14.4 billion). The remainder is spent across funding for programmes (employment, communities, housing and youth, totalling \$1.8 billion), the Ministry of Disabled People (Whaikaha’s appropriations amount to \$2.3 billion), other departmental and non-departmental spending (\$1.0 billion). Capital expenditure amounts to around \$1.9 billion.
27. The budgeted amount for MSD’s departmental funding (including operating and capital expenditure) in 2023/24 is around \$1.9 billion. That covers estimated personnel costs of around \$800 million.
28. The agency experienced significant growth in its workforce since 2017, with FTE positions increasing from around 6,800 to currently more than 9,000. Some of that was driven by new functions taken on by MSD, while a large portion has been associated with increased underlying demand for services, as well as time-limited funding for specific initiatives (e.g., the government’s Covid-19 response).

Figure 1: MSD Total Baseline 2023/24 - Breakdown

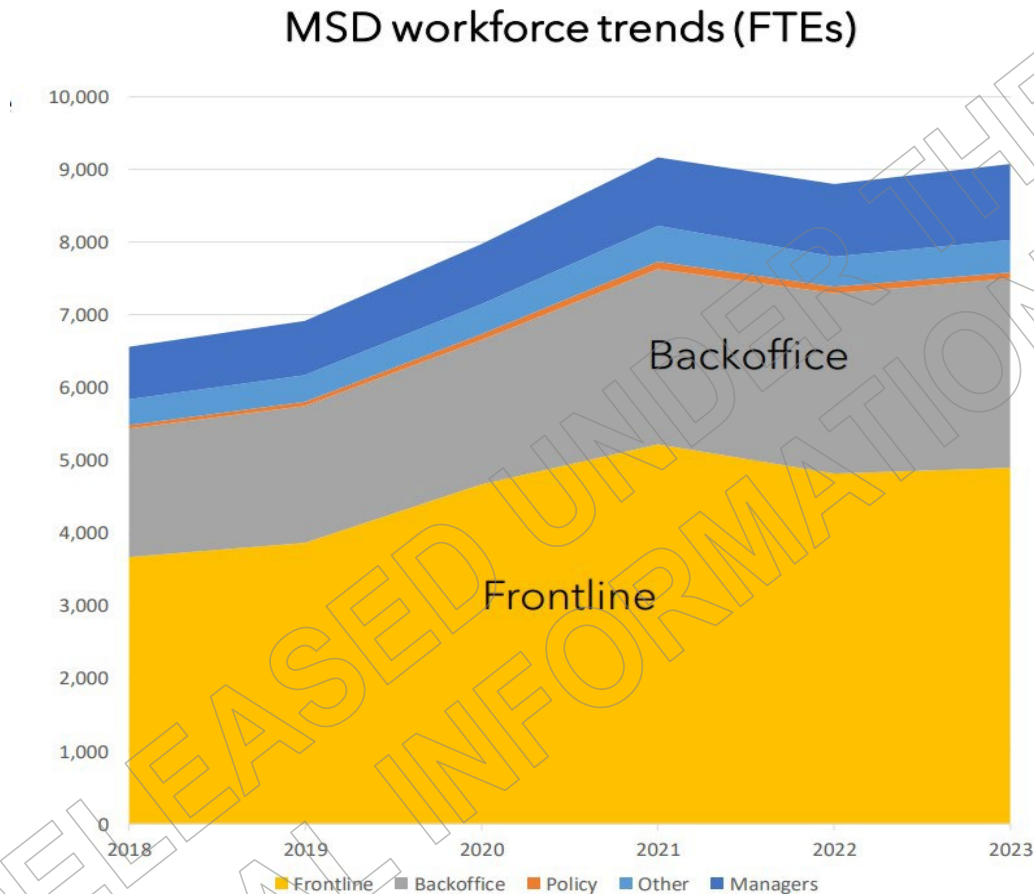


29. Expenditure on contractors and consultants was \$132.9 million in 2022/23, a 93 percent increase since 2018. A significant portion of that spending can be attributed to the Corporate Platform project (focused on improving internal processes and the financial

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management of the organisation) and the Te Pae Tawhiti Transformation Programme (designed to ensure that MSD will be an efficient service delivery agency over the medium to long term).

Figure 2: MSD Staffing - Breakdown



1.3 Budget 2024 savings proposals - Overview

- As part of the *Budget 2024 Initial Baseline Exercise* MSD was set a 6.5 percent baseline savings target, which equates to \$119.4 million per annum over the next four fiscal years, or a total of \$477.6 million. The savings initiatives proposed by the agency to meet this target can be categorised into Departmental, Community Programmes, Crown Entities, Time-Limited Funding and Policy Changes. It is noteworthy that through the baseline process, MSD was given permission to present a policy initiative as part of their baseline savings. In addition to the baseline reductions, the agency was asked to propose further targeted policy initiatives. While those initiatives do not count towards the 6.5 percent savings target, they do meet the Government’s request for MSD to identify additional targeted savings.

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31. The following table shows the estimated amounts of annual savings to be achieved by the proposed initiatives. In some cases underspent appropriations for 2023/24 have been included in the calculation of aggregate savings over the forecast period.

Table 1: Summary of Savings Categories and Contributions (OPEX only, \$m)

Savings Type / June years	23/24	24/25	25/26	26/27	27/28	Total	% of total
Staff Reductions (non-frontline)		16.943	16.943	16.943	16.943	67.772	
Contractors/Consultants		15.650	15.650	15.650	15.650	62.600	
Operating Savings		6.070	6.070	6.070	6.070	24.280	
A - Total Departmental		38.663	38.663	38.663	38.663	154.652	32.4
Minimum Wage Supplement	2.405	9.708	11.593	12.973	12.242	48.921	
s9(2)(f)(iv)							
Community Innovation Fund		1.000	1.000	1.000	1.000	4.000	
B – Total Community Programmes	2.405	19.196	23.381	24.761	24.030	93.773	19.6
Social Worker Reg. Board		0.053	0.053	0.053	0.053	0.212	
C - Total Crown Entities		0.053	0.053	0.053	0.053	0.212	0.0
Combined Total (A+B+C)	2.405	57.912	62.097	63.477	62.746	248.637	52.1
Target		119.400	119.400	119.400	199.400	477.600	
Baseline Savings vs Target	2.405	-61.488	-57.303	-55.923	-56.654	-228.963	
Covid Funding			20.000	20.000	20.000	60.000	
Growing Social Sector Capability	5,800					5,800	
Growing Diverse and Resilient Social Sector	4,400	0.900				5,300	
s9(2)(f)(iv)							
Community Connectors		7.400				7.400	
Russian Pension Relief (OPEX)	0.921	1.162	0.315			2.398	
Equitable Transitions	0.630	0.325	0.200			1.155	
Early Learning 20 Hours	1.079					1.079	
D - Total Time-Limited Funding	16.830	13.287	20.515	20.000	20.000	90.632	19.0
Combined Total (A+B+C+D)	19.235	71.199	82.612	83.477	82.746	339.269	71.0
Target		119.400	119.400	119.400	119.400	477.600	
Baseline Savings vs Target	19.235	-48.201	-36.788	-35.923	-36.654	-138.331	
E – Policy: ‘Boarders AS’		-2.017	10.993	64.015	77.964	150.955	
Combined Total (A+B+C+D+E)	19.235	69.182	93.605	147.492	160.710	490.224	102.6
Target		119.400	119.400	119.400	119.400	477.600	
Total Baseline Savings vs Target	19.235	-50.218	-25.795	28.092	41.310	12.624	

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s9(2)(f)(iv)							
G – Policy: 'Emergency Housing'	6.489	19.403	53.700	126.352	144.602	350.545	
Total Targeted Policy	6.489	16.213	50.552	161.060	300.460	534.772	

32. With the delayed savings contribution of the 'Boarders AS' policy initiative, the projection shows that the baseline targets will not to be reached in the early years. However, MSD expects the aggregate four-year target to be modestly exceeded due to a stronger savings performance in the later years, as well as the return of funds from 2023/24.
33. The following sections describe MSD's proposed savings initiatives in some detail. The specific information is based on the Budget 24 information provided by the agency, with each savings proposal containing an assessment of the impact and the risks of the implementation on MSD's operation and/or the target groups for particular programmes.

Departmental Savings

34. The departmental savings proposed cover reductions of non-frontline staff, expenditure on contractors and consultants, as well as general operating expenditure.

Non-Frontline Staff Reductions

35. MSD proposes a cut of 165 FTEs in back office functions, amounting to savings of \$16.94 million per annum. The particular positions to be cut will be assessed in conjunction with the general personnel reductions already required under the reducing MSD funding baseline that is based on previous budget decisions. Planning is underway to achieve the proposed extra cuts from attrition (MSD has an annual attrition rate of around 12 percent) and through redundancies prior to the end of the current fiscal year. The agency is currently working on the timing of lay-offs. MSD intends to fund redundancy costs out of projected departmental underspending in other areas in the current fiscal year.
36. Considering the numbers of back-office FTE reductions of around 340 (-17 percent) already in progress over the period from June 2023 to June 2025, the additional 165 positions will increase staff reductions in that area to around 25 percent. Reductions in excess of that would pose an increasing risk of impacting on the delivery of frontline services, particularly with respect to the future reprioritisation of employment programmes. MSD needs to retain a high level of capability particularly in the area of data analytics, operational design and policy development.

Expenditure on Contractors and Consultants

37. MSD proposes to cut spending on contractors and consultants by \$15.6 million per annum. The cuts will be achieved through revisiting the IT programme priorities (\$8.6 million per annum), s9(2)(f)(iv) and through the substitution of consultants with new in-house positions (\$4 million per annum). In the latter case the projected savings reflect the differential between contractor/consultant fees and salaried positions.

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Reductions in General Operating Expenditure

38. MSD proposes to cut annual operating expenditure by around \$6.1 million per year, following a line-by-line assessment. The additional reductions are considerable in certain areas:
- Stationery & Consumables – reduction of 25% on 2022/23 spend;
 - Venue, Catering and Equipment – reduction of 25% on 2022/23 spend;
 - s9(2)(j)
 - Devices and peripherals – limit to on catalogue purchase only and reduce the number and type of device per employee;
 - Travel – reduction of 25% on 2022/23 spend;
 - Accommodation – consolidate national office accommodation arrangements;
 - Renegotiated cleaning contracts and terminated plant hire contract; and
 - Removal of onsite vending machines and optimisation of hygiene contracts.

Community Programme Savings

39. MSD proposes various cuts to community programme appropriations, amounting to an average of \$23 million per year over the forecast period. The proposed savings initiatives apply to relatively small programmes that have received appropriations, but have not commenced yet, or have commenced and were awaiting expansion of activity.

Minimum Wage Supplement for Disabled People

40. This savings proposal returns funding for the minimum wage supplement that was intended to be paid to disabled people to ensure they receive at least the minimum wage. The programme was designed to replace Minimum Wage Exemption permits issued to employers. The savings will amount to an average of around \$12 million per year.

s9(2)(f)(iv)

41. s9(2)(f)(iv)

s9(2)(f)(iv)

42. s9(2)(f)(iv)

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s9(2)(f)(iv)

s9(2)(f)(iv)

43. s9(2)(f)(iv)

Community Innovation Fund

44. This savings proposal returns funding for MSD's Community Innovation Fund, which supports the development of innovative programmes and services that aim to improve financial capability, inclusion, and the lives of vulnerable people and families. The fund also provides additional financial support during adverse and crisis events. Stopping funding for this initiative will have limited impact on the delivery of existing frontline community services. However, returning this funding could mean that additional strain might be placed on communities and their service providers if they experience adverse or crisis events and result in pressure to provide additional relief in the future. Savings from this initiative amount to \$1.0 million per year.

Crown Entities

45. This savings proposal reduces the funding for the Social Worker Registration Board (SWRB) by 6.5 percent per annum (\$53,000). The risk to the performance of the organisation was assessed by MSD as low as the majority of SWRB funding comes from fees and levy charged to practising social workers.

Time-Limited Funding Initiatives

46. MSD proposes to end early a range of small, time limited initiatives funded for the current and the next two fiscal years that do not meet effectiveness criteria and/or do not align with Government priorities. Furthermore, more than half of the appropriations in this category relate to Covid funding that had not yet been returned to the Crown.

COVID-19 Funding

47. It is proposed to return \$20 million that had been appropriated for each of years two to four of the forecast period (\$60 million total). Funding that had been appropriated for year one of the forecast period had already been returned.

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Continuing to Grow a Diverse and Resilient Social Sector (Dept and Non-Dept)

48. Funding was appropriated at Budget 2023 for two years for various initiatives to enable MSD to support social sector organisations who work with iwi, Māori, Pacific and other ethnic communities. The proposal is not to fund \$0.6 million of activity in the second year that was appropriated and return \$9.8 million from the 2023/24 year.

s9(2)(f)(iv)

49. s9(2)(f)(iv)

Community Connectors – Scaling

50. The appropriation for Community Connectors was originally classified as a COVID-19 response, allowing providers to respond flexibly to the needs of their communities. The proposed savings initiative would reduce the number of connectors from 100 FTEs to 50 FTEs in the 2024/25 financial year, returning \$7.4 million savings for 2024/2025.

Russian Pensions Programme (Operating and Capital)

51. The proposal is to cease operating funding of \$1.477 million and capital of \$2.262 million that was appropriated for the coming two years to support New Zealanders who were unable to access their Russian pensions due to international sanctions on Russia's banking system. In addition, \$0.921 million operating and \$1.87 capital funding will be returned from 2023/2024.

Equitable Transitions Programme

52. The proposal is to return \$1.155 million in funding that was drawn down from the Climate Emergency Response Fund (CERF) in August 2022.

Early Learning 20 Hours Free Programme

53. Funding was appropriated at Budget 2023 to support MSD to implement the extension of the 20 Hours Free programme to two-year-olds. MSD proposes to return \$1.079 million in funding from 2023/24.

Policy Initiative (counted in 6.5% baseline savings)

Housing Subsidies: Including Boarders' Financial Contributions in the Calculation of Subsidies for Private and Social housing

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54. MSD has submitted a policy proposal to meet its baseline savings target. Based on the agency's costings, the proposal meets the criterion of achieving savings of at least \$100 million over the four year forecast period.
55. This savings initiative reduces expenditure on housing subsidies by changing the way accommodation costs are recognised where a benefit recipient has one or two boarders. This addresses a current issue where accommodation costs can be counted more than once in the calculation of subsidies for a homeowner/primary tenant and their boarder.
56. Expenditure will be reduced by recognising boarders' contributions towards accommodation costs (defined as rent paid net of an assumed expense component of 38 percent) for Accommodation Supplement (AS), Temporary Additional Support (TAS) and the grand-parented Special Benefit (SpB). This initiative also ensures boarder contributions are considered for all boarders when calculating the Income-Related Rent (IRR) – increasing the amount of IRR some clients pay and reducing the Income Related Rent Subsidy (IRRS).

Estimated Fiscal Savings

57. MSD estimates that the policy change will save a net \$150.955 million over the forecast period. As the implementation requires an initial lengthy information gathering exercise and the development of systems capability, no savings are expected to be realised until the middle of 2026. The re-assessment of subsidies for households with boarders will also be a resource-intensive manual process, with largely front-loaded operating costs and some capital expenditure for MSD projected to amount to \$10.7 million and \$6.9 million respectively.

Risks

58. The estimate of savings from this initiative has been based on those situations where a boarder arrangement can clearly be identified as both boarder and primary tenant or homeowner receive accommodation assistance. It excludes arrangements where the tenant does not receive assistance as MSD currently does not collect the relevant information. That may imply an upside risk for potential savings, as does the possibility that this policy could be introduced somewhat earlier than outlined, depending on what other policy changes are implemented at this time.
59. On the other hand, MSD identifies a significant number of downside risks to the estimated savings due to implementation risks and behavioural changes in the short to long term. This includes potential impacts on willingness to take in boarders, increased demand for emergency and social housing and hardship assistance, as well as increased evasion, to name a few.
60. However, MSD has not quantified the risks in either direction. The use of MSD estimates, therefore, implicitly assumes that the risks are offsetting.

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Targeted Policy Initiatives (not counted in required baseline savings)

s9(2)(f)(iv) [Redacted]

61. s9(2)(f)(iv) [Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

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67. s9(2)(f)(iv)

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Emergency Housing – Tightening the Gateway to Emergency Housing and Extending Scaled-down Support Services

70. Currently there are around 3,400 households in emergency housing, down from more than 4,000 a year ago. While the reduction of emergency housing demand is a high priority for this Government, current funding for emergency housing support services is time limited until June 2024.

71. MSD evaluation evidence suggests that emergency housing support services are effective in assisting people with moving into sustainable housing and addressing wider needs to reduce the client's future risk of a re-occurring need for emergency housing. The reduction in the number of families in emergency housing over the past year coincided with the employment of more support services.

72. This initiative proposes the tightening criteria for entry into emergency housing, as well as stopping a Housing Support Product Pilot programme which has not yet commenced. The latter allows the reprioritisation of time-limited funding of around \$6.5 million. MSD proposed that some of these savings are re-invested in extending scaled-down emergency housing support services (allocations for 2023/24 amount to around \$41.7 million) to sustain a reduction of households in emergency housing over the forecast period.

Estimated Fiscal Savings

73. MSD has estimated that this policy initiative would contribute to an estimated 27 percent reduction in the number of households in emergency housing over the 2024/25 financial

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year, with continued sustained reductions of 50 percent subsequently compared to the status quo. Assuming scaled down services, this initiative has been estimated to cost around \$32 million in 2024/25 and around \$22-23 million in the years thereafter. Total gross savings of \$712 million were estimated for the four-year forecast period, resulting in net savings of \$618 million over that period. Given the considerable amount spent to achieve those savings, this option can be described as a 'spend to save' proposal.

Risks

74. MSD identified that as emergency housing is a last resort form of assistance for housing, the tightening of access criteria may create a risk to the welfare of the client and/or their immediate family, with potential further costs to the system in other areas.
75. Moreover, with limited supply of alternative low cost accommodation options, the projection of the continuation of the downward trend in emergency housing numbers since last year may be optimistic. A substantive assessment of the respective risks or impact assessment has not been provided.

Adjustment of initial MSD Estimates

76. To reflect the risks surrounding the estimates for this policy proposal, the Treasury and MSD have jointly recommended to apply a 40 percent downward adjustment to the projected emergency housing savings for each of the next four years. Furthermore, in order to limit the risk of underachievement of this scaled-down target, it has been recommended to maintain current annual funding for support services at the 2023/24 level of \$41.7 million. However, that appropriation is meant to apply to the next two fiscal years only, with a subsequent review of the policy initiative. Finally, it is agreed that the initiative should be implemented in a manner that will allow it to be evaluated in time for Budget decisions when this appropriation expires.
77. Based on those adjustments, the total net savings from this policy proposal reduces from \$618 million to \$351 million.

2 Approach taken to the Rapid Review

78. This review has been based on extensive written information about the Vote Social Development, recent trends in expenditure and headcounts of the Ministry of Social Development, projected trends in the number of beneficiaries, as well as future funding allocations and implications for staffing levels.
79. In addition, a wide range of reports about the current baseline savings exercise have been analysed, showing the sequence of MSD's responses to the challenge of meeting the required savings targets, as well as the Treasury's respective assessments. For the

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range of initiatives considered for meeting the savings targets, detailed information was received and specific costings and risk assessments were analysed for most of the proposals. Given the timeframes, there was variation in the degree of assessment of options in terms of risks and impacts. A list of the documents received is attached in Appendix A.

80. Based on the analysis of the written material, a considerable number of meetings were conducted, including with the Minister of Social Development and Employment, the Chief Executive of the Ministry of Social Development, the Chief Financial Officer of the Ministry of Social Development, various senior staff at the Ministry of Social Development, senior staff at the Department of Prime Minister and Cabinet, as well as members of the team responsible for Vote Social Development at the New Zealand Treasury. In addition, several meetings were attended with the reviewers of other agencies participating in the current baseline savings exercise. A list the meetings conducted is attached in Appendix B.
81. Based on the written material and the verbal information received in the various discussions, additional requests for specific data and other information were made to the Treasury and MSD.
82. At the time of the commencement of this review, the exercise of evaluating savings options to meet the required targets was well advanced. A range of proposals had been put forward by MSD and vetted by the Treasury Vote team. Considering the time constraints, the prime focus of this review was therefore on evaluating the reliability of those proposals. In particular, to the extent that information was available, consideration has been given to the following criteria: fiscal sustainability, implementation feasibility, alignment with government priorities, evidence of effectiveness and value for money, risks and impacts.
83. Discussions with officials centred around risk assessments with respect to the various savings options, the time profile of the proposed aggregate savings, as well as the risks of undershooting the baseline target. The design of the proposed targeted policy options and the risks surrounding the estimates were examined in some detail.
84. Moreover, some discussions focused on potential additional initiatives that had been considered for inclusion in the proposals at an earlier stage, but were rejected for various reasons. Some of those proposals were not viewed as readily implementable and therefore not suitable for the current baseline savings exercise. However, as outlined below, some should be considered as future initiatives for achieving additional savings.
85. Since the Minister for Social Development and Employment decided to exclude employment programmes from the savings exercise to retain greater scope for reprioritisation of funding, MSD did not ultimately propose any savings initiatives in that area. Consequently, it was not a focus of this review with respect to achieving the current baseline target.
86. Nevertheless, a review of MSD employment programme evaluations strongly suggests there is scope for savings from the Employment MCA. Therefore, the need for mediumterm reprioritisation of employment programmes and more efficient targeting of employment support was discussed in general terms, as it will be essential for

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sustainably reducing benefit numbers and achieving significantly larger fiscal savings in the future. In that context preliminary consideration was given to MSD's preparedness to address the Government Priority, *Welfare that Works and Reducing Benefit Dependency*, to the extent that it is likely to be important in subsequent budget proposals and savings.

87. The focus of this review has been almost exclusively on operational spending. Due to the nature of its activities, capital expenditure at MSD is comparatively small and currently largely focused on its medium-term transformation programme Te Pae Tawhiti.

s9(2)(f)(iv)

3 Thematic findings of the Rapid Review

3.1 Downward trending baseline funding

88. Based on previous budget allocations, MSD's departmental funding baseline will reduce from 2023/24 (\$1.8 billion) to 2026/27 (\$1.4 billion). This is attributable mainly to the expiry of funding for time limited programmes, including in the employment area. Furthermore, based on a Budget 2023 initiative, the agency is committed to achieving savings amounting to \$87 million over the forecast period.
89. The cessation of time limited funding will cause an associated reduction of frontline staff, with numbers of Service Delivery FTEs projected to reduce from around 6,800 on 1 July 2024 to around 6,130 on 1 July 2026. Including the Budget 2024 planned reduction in non-frontline staff numbers, MSDs total FTEs are projected to reduce from currently around 9,000 to around 7,700 by 2026. That level of staff is nearly identical to the figure for 2017 when adjusted for the FTEs associated with new functions taken on by MSD since then.

3.2 The economic environment remains challenging

90. The current baseline savings exercise should be viewed not only in the context of an already falling funding baseline for MSD, but also the challenging economic environment. Due to the weak state of the economy, beneficiary numbers are projected to continue to rise until early 2025 and then remain at relatively elevated levels for most of the forecast period.
91. The agency's funding is going to decline at a time of projected high beneficiary demand for support and, according to MSD, substantial personnel cost pressures. Without changes to its operating model, reprioritisation of its interventions, and ultimately success in delivering reductions in demand for services through achieving better work outcomes for those on working age benefits, the agency faces the risk of declining service delivery over the medium term – with respect to both quantity and quality. As the recession eases and employment grows, MSD must ensure that it will be ready to deliver on the Government's priority of achieving a significant reduction in jobseeker numbers over the medium term.

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3.3 Employment programmes excluded from baseline exercise

92. The Minister of Social Welfare decided to exclude funding for employment programmes from the Budget 2024 savings exercise to preserve resources for a comprehensive reprioritisation of Jobseeker supports. That has added to MSD's difficulty of identifying sufficient savings for this baseline exercise, considering the agency's large share of frontline staff (which were to be excluded from the savings exercise) and the back office staff reduction process already underway. MSD's proposed departmental savings amount to less than a third of the baseline savings target. More aggressive cuts to operational expenditure might have adversely impacted support for frontline services, as well as the agency's ability to successfully respond to the need for operational change.

3.4 Large policy initiative included in baseline savings pool

93. With community programme savings amounting to only a further 39 percent of the target (including the late inclusion of earlier than planned funding cuts for some time-limited initiatives), MSD has relied on including the 'Borders AS' policy initiative in the pool of savings offered to meet the baseline target.

3.5 Non risk adjusted savings just meet baseline target reductions

94. MSD's costings show a \$12 million excess of proposed savings versus the \$477.6 million four year target. The figures do not quantify identified risks around some of the proposals. This assumes therefore risks are balanced. I do not have information that would lead me to recommend either an upside or downside risk adjustment to the estimated savings.

95. Regarding the time profile, savings are projected to fall short of the \$119.4 million annual targets for years one and two of the forecast period, with a stronger performance in the later years due to the delayed effects of the 'Borders AS' policy initiative.

96. While the achievement of the required baseline savings is tight when account is taken of risk, this should be assessed in the context of the large additional savings proposed to be achieved from implementing the two targeted policy initiatives.

3.6 MSD proposes further substantial targeted policy savings

97. In response to the invitation to propose targeted policy savings, MSD has offered the options s9(2)(f)(iv) and changes to the Emergency Housing entry gateway and the continuation of support initiatives for assisting families out of emergency housing into the private rental market. Those proposals are associated with estimates of additional savings that are broadly equal to the baseline target, even after the proposed risk adjustment.

3.7 Prudent risk adjustment required for targeted policy proposals

98. Given the rapid development of the proposals for targeted policy savings, further work is required to refine them. Therefore, it has not been possible to fully test the data, assumptions and potential behavioural impacts of some aspects of the proposals.

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99. The Budget Guidelines for forecasting departmental savings state that for incorporation into the fiscal forecasts, an outcome must be quantifiable for particular years with reasonable certainty. To reach this standard a risk adjustment appears prudent for both targeted policy proposals. While MSD and Treasury already have recommended a 40 percent risk adjustment for the 'Emergency Housing' proposal, s9(2)(f)(iv)
100. It is also prudent to further refine the costing of the 'Emergency Housing' policy option. Costs are only accounted for in the first two years of the forecast period (as the policy will be reviewed before further funding is appropriated), while the projected savings continue to be counted (with a 40 percent risk discount) as if funding continues beyond the second year. This is difficult to reconcile and costs for the policy beyond year two should be included in the budget forecasts as a contingency, but not be appropriated until after the proposed effectiveness review.
101. Notwithstanding those downward adjustments of the estimated net savings, the combination of baseline and targeted policy savings is an acceptable contribution to fiscal sustainability at this time.

3.8 Cumulative impacts of the Budget 2024 proposals

102. The degree of organisational change impacting on MSD over coming years will be significant. The agency has been working towards a reducing funding baseline, with projected headcount reductions. The current savings exercise will add to that dynamic. At the same time, MSD will be implementing the various new policy initiatives that have emerged from the Budget 2024 baseline exercise. In combination, these factors carry the risk that the key issue the agency needs to be focused on over coming years, namely meeting the Government's priority to reduce benefit dependency, will not receive sufficient attention. This poses fiscal risks and will be a central challenge for the leadership of the organisation. For that reason, this review has not sought to identify additional savings proposals for consideration for Budget 2024.
103. Finally, the cumulative impact of proposed budget proposals on different beneficiaries and their households is essential and briefings should be prepared for joint Ministers.

3.9 Opportunities beyond Budget 2024

104. The proposals identified beyond 2024 are all aimed at improving fiscal sustainability, align with Government priorities, are feasible to implement and improve equity, efficiency and effectiveness. s9(2)(f)(iv)
105. Most importantly, however, MSD should shift its focus back on operationalising a social investment approach to supporting beneficiaries. Key features would be disaggregated data analytics and evaluation evidence, the rigorous use of actuarial models, a revamped MSD operating model, aligned incentives and agency culture, as well as reprioritisation of employment programmes and improvements to MSD's operational design. Any changes in the MSD operating model will need to influence the components and timing

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of the Te Pae Tawhiti Transformation Programme. IT will remain a key enabler of any operational model utilised at MSD.

4 Assessment of MSD's approach to savings and cost reduction

106. MSD complied with the guidelines for the Budget 2024 Initial Baseline Exercise in identifying particular types of savings. The criteria set out in those guidelines included low value programmes, spending not aligned with the current Government's priorities, contractor and consultant spending, as well as non-essential back-office functions.
107. The agency also responded to the invitation by the Minister of Finance to propose additional targeted policy savings, with the requirement that any initiative put forward required aggregate savings over a four year period of \$100 million.
108. The agency and the Minister chose to include one of those policy initiatives ('Boarder AS' policy) within the calculations of baseline savings. Two other policy initiatives s9(2)(f)(iv) and 'Emergency Housing') have been offered as additional targeted savings options outside the baseline exercise.
109. The agency initially presented its proposals in four tranches: departmental cost reductions, savings from Community Programmes, Crown Entity savings, as well as expenditure reductions associated with the 'Boarder AS' policy initiative. Despite the inclusion of the policy component, the proposed savings fell short of the target. Decisions taken by the Minister on time-limited funding, including residual Covid funding appropriations, and community initiatives served to fill the gap.
110. The following section provides a general assessment of the savings proposals and identifies areas where risk adjustments of the provided estimates may be prudent.

Departmental Savings

111. In the case of departmental savings, including staffing levels, operating expenditure and spending on contractors and consultants, a thorough line-by-line analysis of costs was undertaken. Forthcoming cuts to MSD's baseline resulting from previous savings initiatives (implementation of reductions relating to a Budget 2023 reprioritisation initiative amounting \$87 million over the forecast period) were taken into account in the recommendations of further reductions, with a focus on retaining sufficient back-office capability to not compromise the efficient operation of front-line services. This is of particular significance for the successful implementation of the reprioritisation of employment support initiatives, as envisaged by the Government.

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112. As outlined in more detail in the discussion of potential further savings initiatives below, while the headcount reduction of 165 FTEs appears appropriate in the wider context of projected headcount trends for the agency, MSD could have investigated more closely whether the financial benefits associated with the headcount reduction could be enhanced considerably by focusing on an over-proportionate reduction in management positions. PSC data suggests that MSD's ratio of managers to total employees has risen further over recent years.
113. As far as the proposed substitution of contractors and consultants with MSD staff positions is concerned, the projected annual savings of \$4 million result from the fee versus salary differential. While that may appropriately capture the relative monetary outlay, there are risks with respect to the ability to replace contractors and consultants with equally capable staff who can perform at the same level of expertise and productivity. That would have potential implications for the progress of the transformation programme and other technology projects, and therefore adversely impact service delivery capability over the medium term. It is not clear whether those risks were sufficiently considered when developing the proposal. It suggests some downside risk to the estimated cumulative \$16 million savings from this initiative if it emerges that the intended substitution is not practical or achievable. However, as the amount would be comparatively small and well within the margin of the excess of the identified aggregate baseline savings relative to target, this review does not recommend to apply a formal adjustment of the estimate.

Community Programmes

114. The focus in the community programme area has been on low value programmes. In some cases these are programmes for which funds had been appropriated, but the programmes have not commenced yet; in other cases it includes initiatives where the reduced funding was part of a larger pool and the impact was viewed as comparatively small. MSD's commentary on each of the proposals includes an impact assessment.
115. As such, a cautious approach has been adopted and the proposed savings in the community programme area are not expected to have a significantly detrimental effect.

s9(2)(f)(iv)

Policy Changes

116. In the case of proposed policy changes, MSD had worked for some time with a long list of possible changes – in response to the previous Government's request for developing possible savings options. Those options were presented to the Minister for Social Development and Employment. Various considerations and priorities led to the shortening of the list to three initiatives related to housing assistance: including boarders' contribution in the calculation of subsidies for private and social housing subsidies;

s9(2)(f)(iv)

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and tightening the gateway to emergency housing and extending scaled-down support services in that area.

117. For each option a comprehensive description has been provided regarding the rationale for the change, assumptions regarding the size of the population affected, potential responses to avoid the effect of the change, potential implications for other parts of the welfare system, administration and enforcement costs, earliest implementation dates, as well as the sequence of likely net cost savings achievable in each of the forecast years.
118. The policy savings proposals were developed rapidly and are subject to limitations around data and assumptions about behavioural responses. In some cases they require more policy work to establish their final shape. Given that, each of the proposals should have included a quantification of identified risks.

'Boarders AS' Policy Proposal (Baseline Proposal)

119. There are both upside and downside risks regarding the 'Boarders AS' policy initiative. However, those risks have not been quantified and are assumed to be offsetting. Though it is difficult to fully test the veracity of this assumption at this stage of the policy development I do not have sufficient information to recommend either a net upside or downside risk adjustment to the estimated savings.

s9(2)(f)(iv)

120. s9(2)(f)(iv)

'Emergency Housing' Proposal

121. To reflect the significant uncertainties, the Treasury and MSD agreed on a crude topdown 40 percent risk adjustment of the proposed estimates for the 'Emergency Housing' initiative (plus a funding time limit).
122. While that downward adjustment can be viewed as a sufficiently conservative approach, the estimate of net savings of the policy suffers from the inconsistency that gross savings are shown as accruing over each of the four years at an increasing rate, while cost is only proposed to be allocated for years one and two. To maintain the integrity of budget estimates, it is therefore suggested to include cost for support services in year three and four as a contingency. That would reduce the net savings from this policy change by \$83 million to \$267 million.

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Independent Rapid Review Recommendations

Recommendation: Acceptance of baseline savings proposals

123. Based on the information and estimates provided, the savings proposals submitted as part of the Budget 2024 baseline exercise should be accepted as meeting the 6.5 percent savings requirement. Although the aggregate baseline savings appear tight due to some unquantified upside and downside risks, this should be seen in the context of the considerable additional savings associated with the two targeted policy initiatives proposed by MSD.

Recommendation: Risk adjust savings from targeted policy proposals

124. Given there is further policy work needed on the two targeted policy proposals to quantify identified risks, it is recommended that the following risk adjustments to the savings estimates be applied:

s9(2)(f)(iv)

Recommendation: Include year 3 and 4 costs of Emergency Housing proposal

125. To ensure consistent treatment of costs and savings, it is recommended to include year 3 and 4 costs of the 'Emergency Housing' proposal as a contingency in the Budget forecasts, but do not appropriate the funding until the planned effectiveness review is successfully completed.

Recommendation: Continuous monitoring of performance against savings targets

126. Once the allowance for risks is factored in, MSD's compliance with the required Budget 2024 savings target is fragile. In addition, the policy proposals need further work to quantify identified risks and complete the policy process. Given this profile, it would be prudent to closely monitor MSD's performance against its commitments and further development of the budget policy changes.

Recommendation: Exclusion of employment programmes from savings exercise

127. It is recommended that the approach of protecting employment programmes from the current baseline savings exercise is accepted as it will enable a comprehensive reprioritisation of resources in that area to support the target of a considerable reduction of beneficiary numbers over the medium term.

Recommendation: MSD focus on shifting to new operating model

128. As sustained future fiscal savings will depend on a reduction in benefit payments, it is recommended that MSD's work programme should immediately shift to devising a new operating model that is able to support a social investment approach. That capability should be ready to be applied as the economy enters a sustained recovery with strong employment growth.

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5 Opportunities for further savings in Budget 2024

129. Funding reductions will impose considerable organisational change on MSD at a time of high client demand, with the additional challenge of implementing the proposed policy initiatives. For that reason, this review does not recommend further savings initiatives at this time in order to not enhance the risk of the agency failing to shift sufficient focus on changing its operating model and reprioritising resources to achieve a sustained reduction in beneficiary numbers.
130. The only area where extra savings may be achievable within current transition processes concerns the rise in MSD's ratio of managers to total staff. Over the period from June 2021 to June 2023 that ratio increased from 10.3 percent to 11.6 percent. While total MSD staff numbers reduced by 1 percent, positions classified as 'Managers' rose by 11 percent. Had the ratio stayed at the 2021 level, this would have implied 120 fewer manager positions.
131. According to MSD, the staffing ratios are a particular problem in the back office. The issue is already being investigated with respect to the composition of planned staff reductions over the period to June 2025.
132. As far as the additional FTE cuts of 165 under the current baseline exercise are concerned, MSD projects to save \$16.94 million per annum, which equates to an average of around \$103,000 per FTE. §9(2)(f)(iv)

Recommendation: monitoring of downward trend in MSD's manager to staff ratio

133. Treasury should seek confirmation from MSD that, in considering the composition of forthcoming staff reductions, the agency has given due consideration to a downward correction of the organisation's manager to staff ratios.

6 Opportunities beyond Budget 2024

6.1 General comments

134. Work to support Budget 2024 has identified a number of opportunities for future savings. These are primarily policy initiatives that require detailed investigation to determine

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alignment with government priorities, estimated savings profiles, costs and benefits, equity, behavioural effects and other risks (such as cumulative impacts and risk shifting).

135. In terms of departmental spending, it will be important to monitor the impact of the current planned reductions, including the reversal of time limited funding, before taking further reductions in this area. Overlaying the current cost of living pressures and recession, careful consideration will be necessary to ensure MSD is adequately resourced to meet the priority Government targets of benefit dependency, emergency housing reductions, as ultimately this will lead to far greater savings in the future. Achievement of those targets will require significant changes to policy, programmes, targeting, and MSD's operating model. Focus on those areas will best support sustainable savings through subsequent periods. If successful, further departmental savings will be available as the Government's priority targets are achieved.

6.2 Specific recommendations

Initiatives Identified that Merit Further Consideration

s9(2)(f)(iv)

136. s9(2)(f)(iv)

s9(2)(f)(iv)

137. s9(2)(f)(iv)

s9(2)(f)(iv)

138. s9(2)(f)(iv)

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s9(2)(f)(iv)

[Redacted]

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s9(2)(f)(iv) [Redacted]

s9(2)(f)(iv) [Redacted]

[Redacted]

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Appendix A – List of documents considered by the reviewer in preparation of this review

	Folder	Document	Shared in Teams
Agency summary	Overview of MSD and Vote SD	<ul style="list-style-type: none"> Agency summary report A3s MSD Overview doc 	☐
Corporate docs	Overview of MSD and Vote SD	<ul style="list-style-type: none"> Annual report 2023 Statement of Intent 2021-26 	☐ ☐
BIM	Overview	<ul style="list-style-type: none"> BIM 	
Assurance and Initial Baseline Exercise	B24 - information	<ul style="list-style-type: none"> Assurance template for savings exercise (30 Jan) 	
		<ul style="list-style-type: none"> Ministerial submission letter 	☐
		<ul style="list-style-type: none"> Assurance Panel Summary minutes 	☐
		<ul style="list-style-type: none"> MSD Initial Baseline Exercise Summary template (aka Annex A) 	☐
		<ul style="list-style-type: none"> IBE – TSY summary assessment 	☐
		<ul style="list-style-type: none"> Budget 2024 Multilateral: Vote Social Development 	☐
Budget initiatives	B24 - information	<ul style="list-style-type: none"> Savings initiatives templates x13 	See below
		<ul style="list-style-type: none"> MoE summary table of initiatives 	☐
Other material	Overview of MSD and Vote SD	<ul style="list-style-type: none"> TR – Budget background brf for Vote SD and Whaikaha (excl. Whaikaha material) 	☐
	Overview of MSD and Vote SD	<ul style="list-style-type: none"> Slides for reviewer 8 March 	☐
	Background material – big projects	<ul style="list-style-type: none"> Te Pae Tawhiti business case – Cabinet paper s9(2)(f)(iv) MSD Baseline review analytical report TR – MSD Baseline review 	☐ ☐ ☐ ☐
	General Resources	<ul style="list-style-type: none"> Budget 2024 – Standard Costs Guide B24 Guidance for Agencies 	☐ ☐

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	General	<ul style="list-style-type: none"> • IRR Final Report Template • Terms of Reference • MSD time-limited funding • MSD Overview Doc 	.
		<ul style="list-style-type: none"> • MSD B 24 Savings spreadsheet • Proportion of Managers across agencies graph • Guidelines for Guests using External Treasury MS Teams • Follow up information for reviewer post vote briefing on March 14 slides • Excel doc for working • Copy of NZPolice Rapid Review Corporate Support FTE Excel file • (Signed) B24 IRR letter 	
	Email from Sacha re \$107	<ul style="list-style-type: none"> • Summary of Benefit Forecasts HYEFU 2023 • Email from Sacha to me for sharing with Dame Paula re \$107 • MSD Table of additional savings to meet shortfall 	.
	Email from Carolyn 28 Mar	<ul style="list-style-type: none"> • Additional info from Carolyn re EH • AS – increased entry threshold for homeowners • Emergency Housing Presentation – 26 March 2024 	<ul style="list-style-type: none"> □. □. □.
Information Requests from Reviewer	Response to info request from Dame Paula	<ul style="list-style-type: none"> • PSC data for MSD excel file • Questions asked by Dame Paula on 14 March • Vote SD data excel file 	.

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	<p>Info Request number two</p>	<ul style="list-style-type: none"> • Contractor and Consultant Savings Initiative (DOUBLE UP) • Differences in benefit numbers and unemployment Report • Emergency Housing Initiative (DOUBLE UP) • Final Savings plan A3 • Housing Subsidies Initiative (DOUBLE UP) • s9(2)(f)(iv) • Government Assisted Housing • How people interact and move A3 • Cohort characteristics for different housing supports A3 • Information request number two email • MSD response email • Operational Savings Initiative (DOUBLE UP) 	<p>.</p>
	<p>Follow up with MSD on information</p>	<ul style="list-style-type: none"> • Follow up email with MSD re information request 2 • Response email confirming batch 3 sent • Response to follow up info requests from MSD • Effectiveness of employment programmes • Effectiveness one pager • Information about the Employment MCA • Savings assessment from CFO 	<p>.</p>
	<p>Info request number 3</p>	<ul style="list-style-type: none"> • Information request from reviewer • Response to Information Request (LK_Edits and Final) 	<p>.</p>

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	Information provided by MSD on 25 Mar	<ul style="list-style-type: none"> • Batch 4 of information requests for Dame Paula • Information requested by Dame Paula from MSD on 25 Mar • Further Information on family violence and sexual violence • s9(2)(f)(iv) [REDACTED] • Batch 5 of information from MSD email • Sexual and Family Violence funding profile • FTE data for MSD • HLFS Part time work analysis • International comparisons of unemployment trends • Non benefit employment programmes 	•
	Vote team feedback on the draft report	<ul style="list-style-type: none"> • IRR MSD – Draft – Dame Paula Rebstock 010424 (JA_comments) • Vote team comments on the draft MSD IRR Report 	•
	Information provided on 2 April	<ul style="list-style-type: none"> • Joint report – Budget 2024 Social Development Savings Options (003) 	•

Initiatives

#	Title	Uploaded
15518	Contractors and Consultants	[]•
15519	Operational savings	[]•
15520	FTEs	[]•
15482	Social Workers Registration Board	[]•
s9(2)(f)(iv)	[REDACTED]	[]•
15840	Community Innovation Fund	[]•
15521	Stopping Minimum Wage exemption Project	[]•
s9(2)(f)(iv)	[REDACTED]	[]•

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s9(2) (A)(i)		
15564	Including Boarders contribution in housing subsidies	□
s9(2) (A)(i)		
15522	Emergency Housing Gateway	□
s9(2) (A)(i)		

List of docs provided by MSD to Dame Paula in hard copy on 15/03/2023:

1.	2023 Estimates for Vote Social Development
2.	T2018/3741 - Treasury Report: MSD Baseline Review Final Report
3.	REP/23/11/897 - Operating within fiscal constraints
4.	Te Pae Tawhiti Gateway Review
5.	REP/24/1/042 - Budget 2024 and Fiscal Sustainability initial advice
6.	REP/24/1/068 - Budget 2024 and Fiscal Sustainability – savings plan and update
7.	Time-limited savings
8.	Package of advice on targets
9.	MSD FTE numbers

Appendix B – Meetings conducted in the preparation of this review

Date	With whom?	Topic/focus
14/03/2024	Vote team at Treasury	Introduction to Reviewer and talk through any materials provided to the Reviewer by vote team, and for vote team to share any perspectives relevant to the Review.
18/03/2024	Debbie Power – MSD Chief Executive Officer	Introduction to the review and Reviewer – discussion on arrangements/contacts

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		for the duration of the review.
18/03/2024	Sacha O’Dea – MSD Deputy Chief Executive – Strategy and Insights	Introduction to the review and Reviewer – discussion on arrangements/contacts for the duration of the review.
18/03/2023	Central Agency colleagues with a focus on social development	Introduction to the reviewer and an opportunity for central agencies to provide any perspectives they consider relevant for the Reviewer.
18/03/2023	Brad Young - MSD CFO and Sacha O’Dea - MSD Deputy Chief Executive – Strategy and Insights	Discussion on the financial aspects of Budget 24 savings processes and MSD’s overall financial position.
18/03/2024	Hayley Hamilton, Fiona Carter Giddings and Sacha O’Dea	Discussion with the Policy leads at MSD – with a focus on Budget 24 initiatives/savings.
20/03/2024	Hon Louise Upston	Opportunity for Reviewer to obtain perspectives or insights of the Minister.
20/03/2024	Hugh Miller, Hayley Hamilton, Viv Rickard, Sacha O’Dea and Jayne Russell	Discussion on the investment approach and housing policies.
21/03/2024	Vote team at Treasury	Progress meeting
22/03/2024	Sacha O’Dea, Nadine Kilmister and Cain McCleod	Discussion about FTE savings.
22/03/2024	Viv Rickard, Tamati Shepherd-Wipiiti	Discussion on the transformation programme.
28/03/2024	Follow up meeting with Minister Louise Upston	Dame Paula shared her initial findings.
28/03/2024	Jason Raven (Policy Advisor, DPMC)	Discussion of initial findings.

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28/03/2024	Follow up meeting with the vote team	Discussion on Budget 24 changes that impact the review.
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