



19 January 2024

BUDGET SENSITIVE

Dr Claire Achmad
Children & Young People's Commission
Level 8
110 Featherston St
Wellington

Tēnā koe Claire

FISCAL OBJECTIVES ACROSS THE TERM AND BUDGET 2024

Happy New Year Claire. I hope you had a relaxing and enjoyable break.

The previous Government wrote to all statutory Crown entity board chairs in September 2023, seeking support towards the Fiscal Sustainability and Effectiveness Programme. This included demonstrating value-for-money outcomes and additional benefit to New Zealanders.

This letter builds on that expectation and sets out the Government's goals relating to fiscal sustainability. The Crown has been in operating deficit since 2019/20 and the ongoing fiscal environment is challenging. High inflation and interest rates are creating significant cost of living pressures for New Zealanders and putting pressure on Government finances. Our economy relies on a fiscal strategy that sees a steady path to return to surplus, supporting monetary policy to bring inflation down. Strict fiscal management will be necessary to get the government books back in order and ensure limited funds are directed towards the highest value investments. The Government expects all public sector organisations to play their part in this, including statutory Crown entities, Crown entity companies, State Owned Enterprises and Public Finance Act Schedule 4A companies.

As part of the Government's immediate actions, decisions will be taken to reduce public expenditure, including consultant and contractor expenditure. Meeting the Government's fiscal objectives while also delivering better public services requires looking at all public expenditure, not just that of departments. A target level of savings for Budget 2024 has been established for all agencies as part of the Initial Baseline Exercise. The responsible departments are required to quickly identify these savings.

Government agencies and other public organisations should expect enhanced scrutiny of Crown funding. Crown entities are also expected to operate efficiently, effectively and in a financially responsible manner, ensuring that they

act as a successful going concern. Crown entity boards have an important role to play in meeting Government's expectations amidst fiscal constraints and challenges. You should be able to demonstrate that activities funded from Crown revenue are:

- as efficient as possible
- making a difference for New Zealanders.

The Initial Baseline Exercise is a government-wide initiative, with public agencies and Crown entities alike required to absorb cost pressures and find savings. These fiscal objectives add to the previously communicated fiscal sustainability messaging to you. The target level of savings for Vote Social Development has been set at 6.5% of eligible baseline funding.

The Children and Young People's Commission currently has baseline funding of \$3.157 million per financial year from 2024/25 to 2026/27 in Vote Social Development. There is also a tagged contingency in place of \$7.368 million per financial year from 2024/25 to 2026/27, after a reduction of 5% (\$0.388 million per year) through the "Rapid Savings Exercise" in 2023. MSD is working with you on the process to seek agreement to ongoing funding and drawdown of the tagged contingency.

s9(2)(f)(iv)

s9(2)(f)(iv)

understand that Sacha O'Dea has already signalled that a further reduction may be sought when she met with you in December 2023. We have attached the savings template we will need to complete with you by 2 February 2024.

The Minister for Social Development and Employment has asked for each of her Crown entities to provide her with information on total FTEs in June 2017 and June 2023. Please provide this information to Sacha O'Dea by 2 February 2024.

For the duration of this term of government, it is expected that there will be a greater focus on reprioritisation and managing cost drivers, while delivering improved performance. This applies to both departmental and non-departmental appropriations.

I appreciate that an additional reduction of 6.5% in Crown funding will require further changes to the proposed model. The Ministry of Social Development will continue to work through implications of the Initial Baseline Exercise with you and the Children and Young People's Commission.

Sacha will be in touch to organise a meeting with you or your Chief Executive or a delegated representative.

Nāku iti noa, nā

Viv Rickard

Acting Chief Executive, Ministry of Social Development



19 January 2024

BUDGET SENSITIVE

Shannon Pakura
Social Workers Registration Board
110 Featherston St
Wellington

Tēnā koe Shannon

FISCAL OBJECTIVES ACROSS THE TERM AND BUDGET 2024

Happy New Year Shannon. I hope you had a relaxing and enjoyable break.

The previous Government wrote to all statutory Crown entity board chairs in September 2023, seeking support towards the Fiscal Sustainability and Effectiveness Programme. This included demonstrating value-for-money outcomes and additional benefit to New Zealanders.

This letter builds on that expectation and sets out the Government's goals relating to fiscal sustainability. The Crown has been in operating deficit since 2019/20 and the ongoing fiscal environment is challenging. High inflation and interest rates are creating significant cost of living pressures for New Zealanders and putting pressure on Government finances. Our economy relies on a fiscal strategy that sees a steady path to return to surplus, supporting monetary policy to bring inflation down. Strict fiscal management will be necessary to get the government books back in order and ensure limited funds are directed towards the highest value investments. The Government expects all public sector organisations to play their part in this, including statutory Crown entities, Crown entity companies, State Owned Enterprises and Public Finance Act Schedule 4A companies.

As part of the Government's immediate actions, decisions will be taken to reduce public expenditure, including consultant and contractor expenditure. Meeting the Government's fiscal objectives while also delivering better public services requires looking at all public expenditure, not just that of departments. A target level of savings for Budget 2024 has been established for all agencies as part of the Initial Baseline Exercise. The responsible departments are required to quickly identify these savings.

Government agencies and other public organisations should expect enhanced scrutiny of Crown funding. Crown entities are also expected to operate efficiently, effectively and in a financially responsible manner, ensuring that they act as a successful going concern. Crown entity boards have an important role to

play in meeting the government's expectations amidst fiscal constraints and challenges. You should be able to demonstrate that activities funded from Crown revenue are:

- as efficient as possible
- making a difference for New Zealanders.

The Initial Baseline Exercise is a government-wide initiative, with public agencies and Crown entities alike required to absorb cost pressures and find savings. These fiscal objectives add to the previously communicated fiscal sustainability messaging to your Board. The target level of savings for Vote Social Development has been set at 6.5% of eligible baseline funding.

The Social Workers Registration Board receives baseline funding of \$0.113 million through Vote Social Development. As part of the Initial Baseline Exercise, we would like to meet with you to discuss potential savings of 6.5% totalling \$7,345 per financial year from 2024/25 onwards and efficiency improvements for your entity, including trade-offs and impacts on functions of Social Workers Registration Board. We have attached the savings template we will need to complete with you by 2 February 2024.

The Minister has asked for each of her Crown entities to provide her with information on total FTEs in June 2017 and June 2023. Please provide this information to Sacha O'Dea by 2 February 2024.

For the duration of this term, it is expected that there will be a greater focus on reprioritisation and managing cost drivers, while delivering improved performance. This applies to both departmental and non-departmental appropriations.

I acknowledge that Social Workers Registration Board has indicated funding pressures exist. We understand that you are completing a review of Social Workers Registration Board Worker's fee. This may be an opportunity to meet some cost pressures.

I appreciate that an additional reduction of 6.5% in Crown funding may add challenging financial constraints and wish to assure you that Ministry of Social Development will continue to work through implications of the Initial Baseline Exercise with you.

Sacha O'Dea will be in touch to organise a meeting with you or a delegated representative.

Nāku iti noa, nā

Viv Rickard

Acting Chief Executive, Ministry of Social Development