



BRIEFING

Draft Social Development and Employment portfolio plan (part of MBIE's Performance Plan)

Date:	9 October 2024	Priority:	High
Security classification:	Budget - Sensitive	Tracking number:	BRIEFING-REQ-0004452

Action sought		
	Action sought	Deadline
Hon Louise Upston Minister for Social Development	Provide feedback and approve the Social Development and Employment portfolio plan, as part of MBIE's Performance Plan	16 September 2024

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Jivan Grewal	General Manager Employment Skills and Immigration Policy	Privacy of natural persons	
Jeff de Jong	Manager Skills and Employment Policy		✓

The following departments/agencies have been consulted

Minister's office to complete:

☐ Noted

☐ Overtaken by Events

☐ Approved

☐ Needs change

☐ See Minister's Notes

☐ Declined

☐ Seen

☐ Withdrawn

Comments



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Purpose

Cabinet recently agreed that all departments produce Performance Plans to ensure there are credible plans in place to work within existing baselines and enable decisions for Budget 2025. Given the breadth of MBIE's work, we are also producing individual portfolio plans to supplement an overarching MBIE plan. We are seeking your feedback and approval of the attached Social Development and Employment draft portfolio plan, covering the portion of the portfolio administered by MBIE.

Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

- a **Note** Cabinet requires departments to prepare a Performance Plan showing how we manage within baselines

Noted

- b **Note** given the breadth of MBIE's work, the Performance Plan will also include specific portfolio plans, approved by the relevant portfolio Minister

Noted

- c **Note** the attached draft MBIE Performance Plan (Annex 2)

Noted

- d **Provide** feedback on the draft Social Development and Employment portfolio plan as it relates to MBIE (Annex 1) and, subject to any changes required, **approve** the portfolio plan for submission to the Treasury

Approved / Not approved



Jeff de Jong
Manager, Skills and Employment Policy
LSE Group, MBIE

09 / 10 / 2024

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

___ / ___ / 2024

Performance Plans are a new Cabinet requirement

1. The Minister of Finance wrote to you on 1 August 2024 about a new requirement for all departments to submit a Performance Plan. This was agreed by Cabinet on 29 July 2024 [CAB-24-MIN-0273 refers]. Performance Plans will be owned and signed out by the responsible Minister. Minister Lee is the responsible Minister for the MBIE Performance Plan.
2. Given the breadth of MBIE's work, we are also preparing additional shorter portfolio plans to highlight the opportunities and trade-offs at a portfolio level. Portfolio Ministers are required to approve these individual portfolio plans.
3. The Minister of Finance has expressed that for Budget 2025 a very high bar will be applied for new spending to manage within tight Budget allowances. Existing spending will need to be reprioritised to support any new commitments and additional savings will need to be found, beyond those identified in Budget 2024.
4. Performance Plans seek to:
 - a. Provide assurance to Ministers that each department has a plan in place to deliver within set baselines, subject to Ministerial comfort with associated trade-offs; and
 - b. Surface fiscal sustainability, performance and delivery risks to Ministers, identify levers available to address these and confirm the ongoing approach to managing them.
5. Ministers and the Cabinet Expenditure and Regulatory Review Committee (EXP) are the primary audience for the Performance Plans. They are designed to enable Ministers to discuss cross-government trade-off considerations and to inform Budget decisions.

Context from the MBIE performance plan

6. Minister Lee is the responsible Minister for the MBIE Performance Plan. The draft MBIE plan outlines MBIE's role in advancing Government priorities and specific targets. It also highlights the following key issues:
 - a. MBIE's portfolio policy functions are already having to make trade-offs on Ministers' priorities. The existing policy appropriations across portfolios do not allow for resourcing at the current pace and breadth of work.
 - b. MBIE is facing critical cost pressures. These cost pressures are due to changes in, or increased demand for, service delivery requirements, reduction in third-party revenue, inflationary pressures, or the addition of new functions. There is also a significant proportion of wage cost pressure within third party funded functions.
 - c. There is increased expectation on cost pressures to be managed within baseline. MBIE will need to find substantial savings to meet these pressures which will involve curtailing existing service levels and risking not fulfilling its regulatory functions.
 - d. If new Crown funding is not approved (specific revenue proposals in some portfolios and new Crown funding), MBIE will face much more significant service cuts, stopping whole policies and programmes, removing whole areas of service delivery capacity, and more far-reaching workforce changes.

Key messages for the Social Development and Employment portfolio plan

7. The Portfolio plans are in draft form, and there is further work and assurance processes continuing alongside the Treasury process.
8. This plan deals only with the aspects of the Social Development and Employment portfolio that MBIE administers.
9. MBIE's portion of the portfolio is small at around \$6.5 million per year, consisting of:
 - a. Monitoring, analysing and advising Ministers on the state of the labour market
 - b. Policy advice on achieving the Government's labour market priorities
 - c. One programme – the Sector Workforce Engagement Programme – which is aimed at supporting sectors to resolve skills shortages and reduce their reliance on migrant workforces.
10. The main cost pressure faced in the portfolio is wage pressures, which we intend to manage through natural attrition and/or considering the seniority of positions when filling vacancies to manage within appropriations.
11. Beyond that, the main driver of expenditure in the portfolio is choices by Ministers to start new or scale up existing activities.

Next steps

12. We require your approval to submit the portfolio plan by the 14th of October to meet the Treasury's deadlines, and will incorporate any feedback you may have before doing so.
13. The Treasury has given agencies the following deadlines to meet:
 - a. 17 October – Draft Performance Plans (including portfolio plans) uploaded to Treasury
 - b. 7 November – Performance Plans uploaded to Treasury for central agencies review
 - c. December 2024 – Central agencies review completed
 - d. Early 2025 – Performance Plans go to EXP
 - e. June 2025 – Final Performance Plans complete
14. There are many unknowns about Budget 25 and other upcoming guidance from central agencies. Any further decisions requiring MBIE to deliver its work in a different way that impacts our budgets will have an impact on cost pressures. This will have to be worked on in due course, as clearer and definitive information is available.

Annexes

Annex 1: Draft Social Development and Employment portfolio plan

Annex 2: Draft MBIE Performance Plan

Annex 1: Draft Social Development and Employment Portfolio Plan (MBIE only)

Annex 2: Draft MBIE Performance Plan
