

1. Portfolio overview: Social Development and Employment (MBIE)

KEY ISSUES

The Social Development and Employment portfolio is split between MBIE and MSD. The MBIE side is minor, totalling around \$6.5 million per year.

That funding purchases:

- Monitoring, analysing and advising Ministers on the state of the labour market
- Policy advice on achieving the Government’s labour market priorities
- One programme – the Sector Workforce Engagement Programme – which is aimed at supporting sectors to resolve skills shortages and reduce their reliance on migrant workforces.

TARGETS AND PRIORITIES

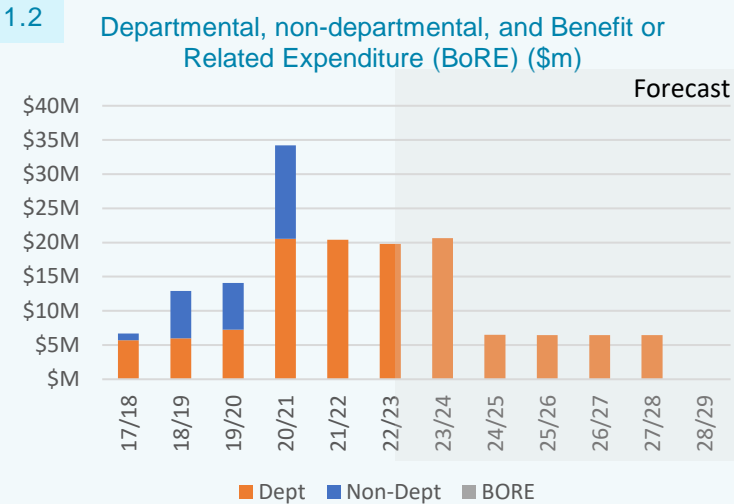
Government targets

The SDE work programme supports Target 5: Fewer people on the Jobseeker Support Benefit.

Strategic priorities

Hon Upston’s priorities letter set out 5 priorities across her portfolios. The SDE work programme supports Priority One: Getting people into employment and lifting employment outcomes.

EXPENDITURE BY TYPE



Recent changes in expenditure

The largest changes in portfolio expenditure have been driven by decisions to establish and/or disestablish policies and programmes – in particular the Regional Skills Leadership Groups.

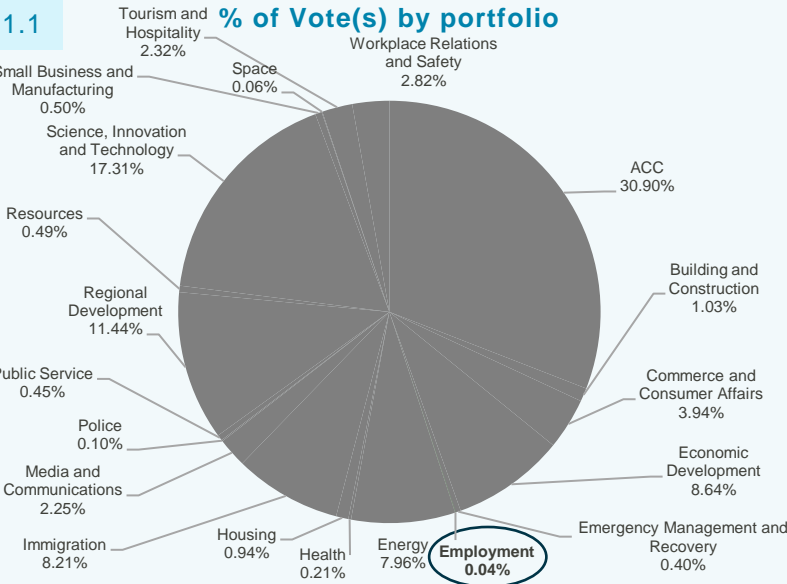
Expected changes in expenditure

Any future changes in expenditure would come from Ministerial decisions to establish new programmes – for example, the “Essential Workers” workforce planning mechanism in the Coalition Agreement.

Monitoring and funding of Crown companies or entities

Not applicable

SPEND BY PORTFOLIO



Portfolio priorities

Within Hon Upston’s Priority One above, the SDE work programme supports these overarching goals as articulated in the Government’s Employment Action Plan:

- Support people to have the skills they need to succeed in work, increasing earning potential and reducing benefit in-flows and encouraging continued upskilling in-work for improved productivity and resilience.
- Improve employers’ access to skills, employees’ access to jobs that make best use of their skills and enable students and employees to make informed decisions about investing in their skills.

2. Portfolio overview: Current specific fiscal risks, workforce, and third-party revenue

SPECIFIC FISCAL RISKS

Title / Description	Amount and Probability	Mitigations
N/A		

WORKFORCE

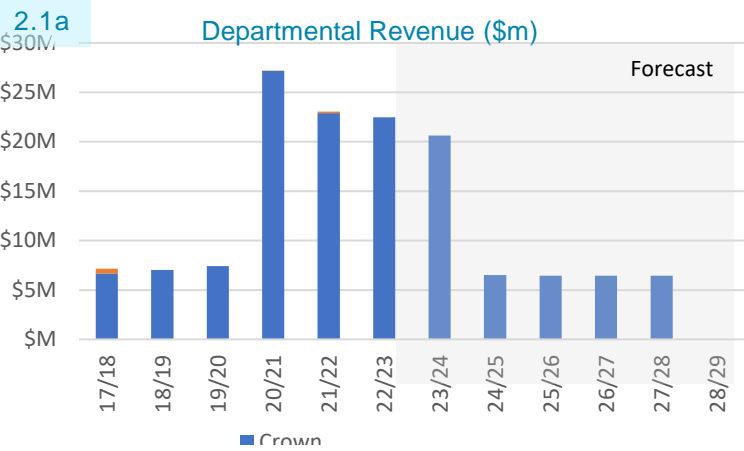
2.2

Drivers and implications of change(s) in FTE

Similar to portfolio expenditure, changes in FTE in the portfolio have mainly been driven by decisions to establish and/or disestablish new policies or programmes. Regional Skills Leadership Groups and, to a lesser extent, Income Insurance, have been key drivers of FTE change in the last few years.

DEPARTMENTS WITH THIRD PARTY REVENUE (INCLUDING TAX, FEES, LEVIES, EXCISE, DUTIES AND CHARGES)

Revenue sources



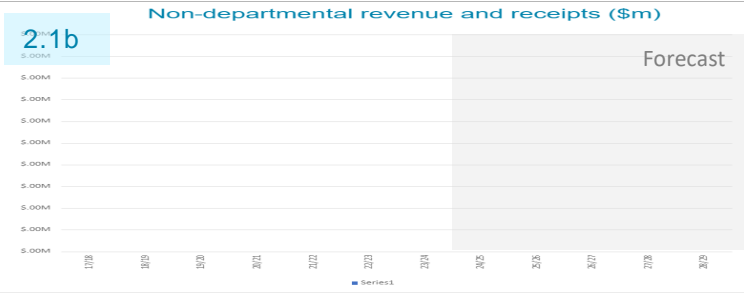
Scenarios that could impact third-party revenue

Scenarios	Incidence in last 10 years	Likely in next 10 years?
N/A		

Activities funded by third-party revenue and when were they last reviewed

Activity name	% User funded	Date last reviewed	Date next reviewed	Material under or over recovery	Key performance measure and 2023/24 performance
N/A					

2.1b



3. Portfolio Managing within baselines: Current and future drivers

DRIVERS OF COST PRESSURES AND INITIATIVES FOR MANAGING WITHIN BASELINES

4.1

	Operating impact \$m increase, (decrease)					
	2017/18	2024/25	2025/26	2026/27	2027/28	2028/29
Total baseline*	4.84	2.87	2.87	2.87	2.87	2.87
Operating baseline	4.84	2.87	2.87	2.87	2.87	2.87
Total volume pressures	-	-	-	-	-	-
Total price pressures	-	-	-	-	-	-
Total wage pressures	-	0.12	0.21	0.29	0.38	0.47
Total other pressures	-	0.02	0.06	0.06	0.06	0.07
Total cost pressures	-	0.13	0.26	0.35	0.44	0.54
Total reprioritisation/ savings		(0.13)	(0.26)	(0.35)	(0.44)	(0.54)
Net impact on baseline	-	0.00	0.00	0.00	0.00	0.00

*includes all operating (departmental, non-departmental, Benefits or Related Expenses and revenue dependent appropriations). Benefits or Related Expenses and revenue dependent appropriations are removed in the operating baseline.

Summary of cost pressures:

The portfolio's cost pressures stem mainly from wage pressures, which we expect to manage through natural attrition and/or considering seniority when filling vacancies to remain within baselines.

NB: figures above exclude cost pressures relating to the Employment Policy Advice category within the Policy MCA. Due to the method for calculating the cost pressures, it has been included in the Workplace Relations and Safety portfolio plan. But the portion of the cost pressure relating to this portfolio will be managed within this portfolio's baseline.

Plan for managing within baselines (Table 4.1)

[How are you planning on managing savings and cost pressures in the next four years to live within set baselines (including considering revenue raising options)? *This should include all current savings measures and the trade-offs required, e.g. Budget 2024 savings.]

Impact						
Area	24/25	25/26	26/27	27/28	28/29	Description
Workforce	0.13	0.26	0.35	0.44	0.54	We will manage wage cost pressures through natural attrition and/or considering seniority of positions when filling vacancies to live within appropriations.

FUTURE DRIVERS

Changing economic conditions and longer term global megatrends like climate change, technological advancement and demographic change will shape the economy and labour market, sometimes gradually and sometimes abruptly. This may create demand for new policy work to respond or get ahead of those issues.

Ministers will continue to have choices about the work programme to respond to those things.

4.2

Choices to mitigate/manage long term pressures

Policy that causes demand or demand driver	Options to manage this?	Lead time required to make changes?
N/A		

4. Portfolio Managing within baselines: Workforce and capability

Strategy for workforce costs, including remuneration

Bargaining is underway and we are unable to provide full details of MBIE's remuneration strategy while that is ongoing. The focus of MBIE's approach is to ensure workforce costs balance affordability alongside ongoing sustainability, and enable us to deliver MBIE's work programme.

MBIE is working through what measures need to be put in place to balance those cost pressures we have been directed to absorb. This is being done as part of our preparation for Budget 2025.

Capability – non-workforce (e.g. organisational systems, processes, governance, technology and data)

MBIE has both a significant enterprise ICT infrastructure and technology platforms that underpin specific economic systems and engagement with businesses and the public – from key application processes (eg visas), registries (eg licenced builders), to contact centre help lines (eg tenancy).

MBIE is investing in modern, cloud-based, scalable, multi-use platforms to reduce system complexity. Two specific areas requiring ongoing investment and effort are the transition of visa processing off legacy systems (Immigration) and the upcoming need to replace legacy assets that support the corporate registries (eg: the companies office). In the next 12-24 months moving off all on-premise data centres into the public cloud is also a key shift.

Simplification and the considered use of AI will contribute to greater efficiency and effectiveness across the business. Cyber threats are a growing issue. In response we have already delivered a number of modern security tools as part of a zero-trust architecture. We continue to implement these across MBIE.

MBIE collects and manages a wide range of data. We have invested in and are implementing a cloud data platform designed to make data more accessible, but also safe. This work is prioritised within our new Data Strategy which brings together new technology and data capabilities, and a new way of working to deliver the value of analysis and insights that shape policy and operational decisions at speed. MBIE has extensive governance and risk management systems in place, managing both strategic, policy and operational matters.