

Efficiency & Effectiveness Programme

Progress Update

Executive Sponsor: Sara Lindsay
Meeting Date: 30 April 2024

Executive Summary

- The board have approved the operational budget for 24/25. Finance will be preparing a draft budget by GGM and expense line for the end of April. This has cemented the target range for Agency budget reduction, from previously anticipated spending levels, of ~\$84m (inclusive of budget reductions and cost pressures).
- Savings initiatives and proposed FTE changes are currently insufficient to achieve our saving targets. There is a remaining ~\$29.7m shortfall assuming zero execution risk, which is implausible. This figure is broadly unchanged from previous reporting.

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- A complete view of total people changes by Group with associated cost reductions and cost to implement is now available (see Appendix 1).

Out of Scope

E&E Dashboard | April 2024 Update



The tentative savings level assumes that:

- All people changes are delivered successfully with the agreed FTE reductions totalling ~\$14.5m in FY25.



E&E Dashboard | Additional Context

Activity Type	Committed, built into FY25 budget	Tentative, work underway for FY25 budget	Tentative savings available from FY26	Commentary
Out of Scope				
People (Minor)	\$6,743,187	\$12,300,000		People changes that do not require a change process, such as reductions in contractors, and management changes to reduce leave or manage performance. The \$12m of ‘tentative’ savings is mainly from implementing Contractor Levers (limits on hours, rates, etc.).
People (Change Process)	\$0	\$14,587,250	\$8,606,750	Note that the total ‘potential’ savings from currently proposed FTE changes is \$23.2m, and this is pro-rated based on what is possible for FY25 on currently known change timelines, with remaining savings from FY26. Redundancy costs of ~\$4.9m have not been included as they should be accrued in FY24, but there are an additional ~\$1.9m of redundancies potentially occurring in FY25.

Out of Scope				
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Appendix

- 1. [Redacted]
- 2. People Change Numbers, Savings, Costs
- 3. [Redacted]
- 4. [Redacted]
- 5. [Redacted]
- 6. [Redacted]

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Appendix 2: Summary of Proposed FTE Reductions

Includes reductions from E&E, GPS, and other known changes.

Business Group	FTE Changes Proposed	Change in Incumbent Roles (est.)	Cost Reduction: FY26	Cost Reduction: FY25	Cost to Implement: FY24	Commentary
What this column shows:	Total FTE change, including vacancies held and attrition.	Total change for people currently in roles, which are in the FY24 budget.	Value of the total FTE changes, for a full year.	Value of the total FTE change for FY25 after the change is 'complete'	Approx cost to implement change, based on average of \$40k redundancy for filled roles.	Where savings had not been calculated based on salary mid-point for affected roles, an average salary of \$120k per FTE was used.
Proposed changes in May/June 24, landing in Sept/Oct 24						
C&S	4	4	\$490,000	\$367,500	\$160,000	
Digital	12	12	\$1,440,000	\$1,080,000	\$480,000	
E&P	31	20	\$3,730,000	\$2,797,500	\$800,000	
PPL	16	15	\$1,920,000	\$1,440,000	\$600,000	
REG	25	12	\$2,395,000	\$1,796,250	\$500,000	
SL	35	35	\$4,200,000	\$3,150,000	\$1,400,000	
Te Ama	17	9	\$1,715,500	\$1,286,625	\$360,000	
TS	16	14	\$1,687,000	\$1,265,250	\$600,000	
Total	156	121	\$17,577,500	\$13,183,125	\$4,900,000	Potential redundancies paid in FY24
Proposed changes in Oct 24, landing in Mar 25						
PPL	7	7	\$585,000	\$146,250	\$280,000	This is a second phase after major organisational changes are complete.
REG	9	5	\$1,600,000	\$400,000	\$200,000	
Te Ama	36	27	\$2,472,500	\$618,125	\$1,120,000	This is largely the Finance team (post budget) and Procurement.
TS	8	7	\$959,000	\$239,750	\$320,000	These changes are pending GPS confirmation and are 'add-ons' not confirmed for change.
Total	60	46	\$5,616,500	\$1,404,125	\$1,920,000	Potential redundancies paid in FY25
Grand Total	216	167	\$23,194,000	\$14,587,250	\$6,820,000	

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