

Efficiency & Effectiveness Programme

ELT Update & Cost saving decisions being sought

26 March 2024

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Key messages

- The savings proposals from the business groups have been tested to determine what is “bankable” for the 24/25 financial year. This sees \$15m of confirmed savings against our \$34m baseline reduction and \$50m cost pressure targets. There is a substantial gap.
- The reduction in FTE levels will be the major contributor to meet the targets. There are \$25m+ in potential FTE savings from the initial business group submissions. Note that these proposals will be incorporated into the workstream that is assessing the Government direction/legislation impact on FTE levels.
- The reliance on FTE reductions to meet targets reinforces the requirement for a fit for purpose change process.

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Cost Reduction Commitments, and Work Required

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Personnel Changes – Minor

- These are cost reduction commitments associated with low-risk changes in personnel. These include changes like not extending Fixed Term Agreements. Some central oversight of this work is required to understand the overall ‘ask’ on HR.
- These changes are *likely* to deliver cost reductions in time for FY24/25.

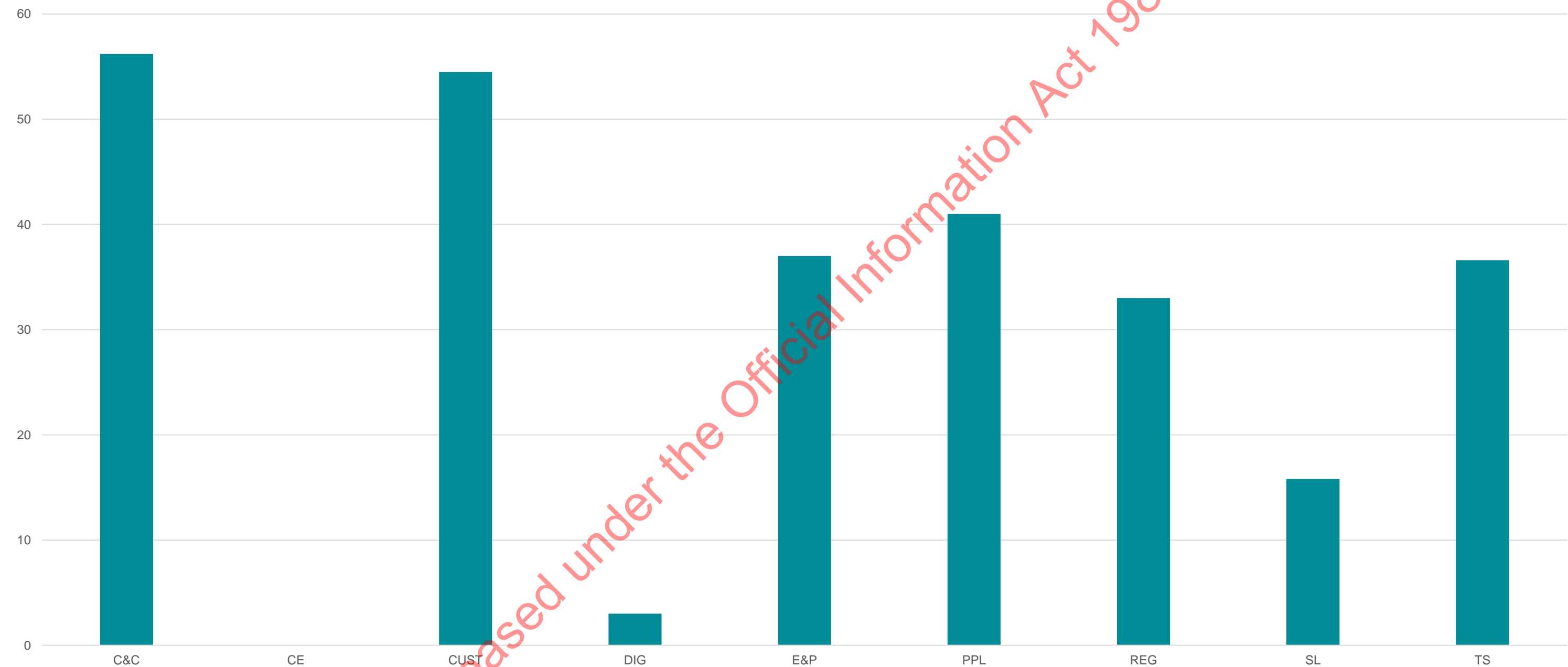
Personnel Changes – Major

- These are cost reduction commitments that require high effort changes in personnel, i.e. a full change process. These changes range from small to large cohorts, but all changes are associated with incumbent staff.
- This category has substantial overlap with wider organisational design choices and needs sequencing / alignment with GPS and Te kāpehu changes. This work requires central oversight and support to the wider business to successfully deliver multiple changes concurrently and achieve desired outcomes.
- These changes are split into ‘Phase 1’ and ‘Phase 2’. Phase 1 changes are *possible* to deliver cost reductions by Q2 FY24/25 if they are resourced immediately. Phase 2 changes cannot begin until October 2024 and will not deliver savings until FY25/26.

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FTE reductions from the Business group submissions



Note that this is an approximate visual based on information received to date, the number of roles impacted through organisational changes will be significantly larger once GPS and Te kāpehu changes are included, as well re-distribution of activities for reduced teams.

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