



## Aide Memoire: Options to reduce the impact of savings on frontline staff

|                        |                                                                                                   |                       |               |
|------------------------|---------------------------------------------------------------------------------------------------|-----------------------|---------------|
| <b>To</b>              | Minister of Conservation                                                                          | <b>Date submitted</b> | 13 March 2024 |
| <b>Risk Assessment</b> | Medium                                                                                            | <b>Priority</b>       | High          |
| <b>Reference</b>       | 24-B-0150                                                                                         | <b>DocCM</b>          | DOC-7593206   |
| <b>Security Level</b>  | <b>BUDGET SENSITIVE / STAFF SENSITIVE</b>                                                         |                       |               |
| <b>Attachments</b>     | Attachment 1 – Draft text for Cabinet paper 'Options to reduce the impact on frontline DOC staff' |                       |               |

| <b>Contacts</b>                                                     |                   |
|---------------------------------------------------------------------|-------------------|
| <b>Name and position</b>                                            | <b>Cell phone</b> |
| Ruth Isaac, Deputy Director-General, Policy and Regulatory Services | s.9(2)(a)         |
| James Johnson, Manager, Budget and Funding Policy                   |                   |

13/03/2024

Ruth Isaac  
Deputy Director-General  
Policy and Regulatory Services  
For Director-General of  
Conservation

## Purpose – Te aronga

---

1. To provide you with an update on possible options to reduce the impact on frontline conservation staff from budget savings, including updated figures and FTE estimates.

## Background and context – Te horopaki

---

### *Budget process*

2. The Minister of Finance (MOF) set a baseline reduction target (BRT) for the Department of Conservation (DOC) of \$33.8 million as part of the Budget 2024 process. We submitted five savings initiatives to the Treasury to meet the BRT (24-B-0047 refers) s.9(2)(f)(iv) [REDACTED]  
[REDACTED]
3. In addition to the BRT, DOC's cost pressures in 2024/25 are estimated to be \$15.8 million, increasing to a cumulative s.9(2)(i) [REDACTED] in 2025/26, and rising further in outyears. On 16 February 2024, you wrote to MOF outlining DOC's financial position and seeking s.9(2)(g)(i) [REDACTED]  
[REDACTED]

### *Upcoming budget meetings and request for information on options*

4. You are meeting with the Minister of Finance on 14 March and may wish to discuss the potential options (noted below) to reduce the impact of savings on frontline DOC staff.
5. There is also a Budget Ministers meeting on 18 March and this meeting may discuss a potential budget Cabinet paper seeking early budget decisions. We have had an initial discussion with Treasury about this paper, and they requested we draft text on possible options to reduce the impact of DOC's savings on frontline staff, which could be included in this paper (if agreed by Budget Ministers). The Minister of Finance has not made any final decisions regarding what will be included in this Cabinet paper.

## We have updated the figures for frontline impacts of 2024/25 savings

---

6. Since your letter to MOF, we have been working on implementation plans to deliver DOC's BRT and cost pressure savings s.9(2)(f)(iv) [REDACTED]

7.

8.

## There are three options in relation to frontline conservation impacts

---

9. We have drafted text that could be included in a budget Cabinet paper that outlines three options in relation to how budget savings will impact frontline conservation staff (see Attachment 1).

Option one - accept the package of indicative savings identified by DOC

10. s.9(2)(f)(iv) [redacted]  
[redacted]
- [redacted] 9(2)(f)(iv) [redacted]
- [redacted] [redacted]
- [redacted] [redacted]
- [redacted] [redacted]  
[redacted]  
[redacted]  
[redacted]  
[redacted]
- [redacted] [redacted]  
[redacted]  
[redacted]  
[redacted]  
[redacted]
- [redacted] [redacted]  
[redacted]  
[redacted]

**Next steps – Ngā tāwhaitanga**

---

15. We understand you are meeting with the Minister of Finance on 14 March. The Treasury cannot confirm when a decision will be made regarding whether these options will be included in a budget Cabinet paper, or whether/when early decisions might be made regarding savings options that require significant redundancies, but it may be discussed in the upcoming Budget Ministers meeting.

**ENDS**

---

Released under the Official Information Act

## Appendix 1: Text for Budget Ministers' paper

### Options to reduce conservation frontline impacts from savings

As a result of Covid, the Department of Conservation (DOC) was required to make \$28 million of savings in 2021/22, when third-party revenue decreased. This was met through 'back office' or corporate savings, limiting the availability of further low hanging fruit in the back office. While DOC's funding has increased in recent years, much has been ringfenced for specific new initiatives, for grants to other parties, overdue maintenance catch up or replacement of outdated systems. DOC's baseline funding is set to reduce by 19 per cent in 2024/25 (excluding any impact from Budget 2024 savings) due to these funding streams ending.

The Department of Conservation is undertaking a Financial Sustainability Review (FSR) which will produce advice on how to put DOC on a sustainable funding path, with advice on options ahead of Budget 2025. The key findings of Phase 1 of the FSR were that DOC is not on sustainable financial footing, that forecast costs exceed funding, and public expectations continue to grow.

Increasing non-Crown revenue for conservation is a critical component of ensuring DOC is financially sustainable and affordable in the future. The Minister of Conservation intends to bring a paper to Cabinet in June setting out a strategy to increase third-party funding and outlining his wider conservation priorities. There is limited scope to make appreciable increases in the short-term, including to cost recovery and charging, but this is a priority for 2025/26 and will require further policy work and financial analysis.

The Minister of Finance has set a \$33.8 million (6.5%) baseline reduction target (BRT) for DOC from 2024/25. In addition to the BRT, DOC's cost pressures in 2024/25 are estimated to be \$15.8 million, increasing to a cumulative s.9(2)(i) in 2025/26 and rising further in outyears. The Minister of Conservation has submitted Budget 2024 savings initiatives to meet the BRT and DOC has identified an indicative savings package to meet cost pressures as well.

To date, DOC has identified s.9(2)(i) of savings towards its s.9(2)(i) cumulative cost pressures in 2025/26. The savings identified will impact conservation outcomes. ■

s.9(2)(f)(iv)

DOC has already reduced its back office to meet the 2021 reductions in revenue, and further reductions to back office are proposed as part of the Budget 2024 BRT savings package.

Cabinet has three options to consider regarding DOC's savings and the impact on frontline staff:

- (1) **Accept the package of indicative savings identified by DOC.** This involves impacts on a range of priority conservation outcomes and projects **s.9(2)(f)(iv)**  
**[REDACTED]**
- (2) **Agree to a **9(2)(f)(iv)** ongoing reduction in DOC's BRT.** **s.9(2)(f)(iv)**  
**[REDACTED]** his would take pressure off while DOC to progress the Financial Sustainability Review and give advice to Ministers and Cabinet on the financially sustainable strategic direction for DOC.
- (3) **s.9(2)(f)(iv)**  
**[REDACTED]**

Note that under all options, DOC still needs to find **s.9(2)(f)(iv)** to meet its cost pressures for 2025/26.

Released under the Official Information Act