

The Treasury

Budget 2024 Information Release

September 2024

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Budget 2024 Justice Sector Multilateral:

Hon Paul Goldsmith (Justice)

Hon Judith Collins (Attorney-General)

Hon Mark Mitchell (Police, Corrections and Serious Fraud)

Hon Nicole McKee (Courts)

Proposed Agenda

You are meeting with the four Justice Sector Ministers at 8PM Tuesday 19 March to discuss their Budget 2024 submissions. Given that a total of 55 savings and spending initiatives were submitted by the sector, you may wish to focus the discussion on:

- 1. Savings initiatives:** covering the key savings initiatives and opportunities for further savings from back-office and low value programmes; and the viability and risks of savings initiatives regarding frontline services and any expected flow-on impact from savings initiatives to other Sector agencies.
- 2. New spending and cost pressure initiatives and their impact across the Justice pipeline:** including the benefits of proposed investment, the impact of proposed new investment in the sector on existing pressures, particularly any flow on impacts from the investment in the number of Police officers.
- 3. Future budgets and policy/operational change to mitigate pressures:** understanding sector long-term priorities considering increased volumes; how policy/operational change and Budget 2024 investment will help mitigate future pressures and achieve value; and what the Ministers get from increased investment in the sector.

Budget 2024 Package – General Information

- Following agency submissions for Budget 2024, both operating and capital demands are significantly higher than the funding available.
- This ambition for new spending will not be achievable from both a fiscal and delivery perspective.
- We therefore recommend you emphasise to Ministers that it will be necessary for them to consider what the Government does at this Budget versus future Budgets.
- We also recommend that you continue to push Ministers on where further savings could be realised, particularly with regards to stopping funds and programmes not aligned with your priorities, or addressing back office and contractor and consultant growth.
- Finally, we recommend that – where appropriate – you re-emphasise that you are taking a stricter approach to out-of-cycle requests for funding ahead of Budget 2024, to ensure that the Government can assess the relative benefits of proposals across the full Budget package.

Vote summary

The Budget 2024 draft package proposes \$1,815 million new operating and ^[37] for the Justice Sector across the forecast period. Funding is primarily for:

- increased capacity for Corrections
- the manifesto commitment to increase Police constabulary staff by 500, and
- frontline wage pressures in Corrections, Police and the Ministry of Justice.

The new funding is offset by the proposed sector savings totalling \$886 million, with the net impact being ^[33] additional funding for the sector.

Draft Budget 2024 new operating funding targets increasing capacity at the ends of the justice pipeline (Police and Corrections) while reducing funding in the in-between connectors of Justice, Courts, Attorney-General and SFO.

Current Budget 2024 Justice Sector Operating Funding Package

	<i>Police</i>	<i>Corrections</i>	<i>Justice/ Courts</i>	<i>Attorney- General</i>	<i>Serious Fraud</i>	<i>Total</i>
Savings Target	(472.000)	(434.400)	(323.200)	(26.400)	(4.400)	(1,260.400)
Agency Savings	(176.772)	(426.122)	(216.961)	(24.822)	(2.400)	(847.077)
Sector Savings	(27.410)	(25.161)	(19.362)	(1.578)	(2.000)	(75.511)
Total Savings Submitted	(204.182)	(451.283)	(236.323)	(26.400)	(4.400)	(922.588)
Package Savings	(204.182)	(451.283)	(216.227) ¹	(9.578) ²	(4.400)	(885.670)
Cost Pressures	^[33]	^[38]				^[37] and ^[38]
New Spending	248.060	^[37]	17.072			^[37]
Net Impact	^[33] , ^[37] and ^[38]					

¹ ^[33]

² Reduction in Attorney-General savings reflects Ministerial decisions not to pursue reduced Crown prosecutor capacity savings.

³ Includes the increased funding ^[33]

Further information on Savings / Reprioritisation

Justice agencies struggled to meet their savings target. Corrections was the only large sector agency to fully meet its target, however it also sought significantly higher cost pressure funding than the other agencies.

The failure of agencies to meet the target was largely due to the trade-off between making savings and maintaining service delivery/meeting government priorities. Savings from the sector largely arose from back-office efficiencies with service/policy changes also being a significant contributor.

Breakdown of Submitted Savings by Agency

Agency Submissions	Back Office	Frontline	Revenue Raising	Service/Policy Change	Grand Total
Attorney-General	(8.000)	(16.822)			(24.822)
Corrections	(357.722)			(68.400)	(426.122)
Justice/Courts	(67.352)	(3.549)	(64.122)	(81.938)	(216.961)
Police	[33]				(176.772)
Serious Fraud	(2.400)				(2.400)
Sector Savings	(9.836)			(65.675)	(75.511)
Total	[33]				

Savings options requiring further discussion

Police Back Office Savings

Police has not met its savings target. While an Independent Rapid Review has been commissioned to test whether further savings are possible, you may wish to test with the Minister of Police whether he considers further savings can be generated from Police's back office.

Title	Draft package (\$m)		Treasury recommendation and Comment
	Total Opex	Total Capex	
Police -15791 - Reduction of Corporate Support Police Employee budget by equivalent of [33]	[33]	-	Support - We support this savings proposal as it generates savings from back-office functions, in line with the Government's prioritisation of frontline activity. There is a risk that some roles are essential to support the frontline and will need to be filled from the ranks of constabulary, but this risk appears to be manageable and balanced by the benefit of Police considering which back-office roles are genuinely essential to the delivery of frontline services.

If you wished to delve further into options for further savings, the following are some areas that could be pursued.

- The growth in non-sworn staff has outstripped the growth of constabulary staff by almost 40% since 2015, moving the proportion of sworn to non-sworn police from 4:1 to 3:1. The 1,700 increase in non-sworn staff over the period is significantly higher than the proposed ^[33]
- Whether large projects such as Next Generation Critical Communications been reviewed for potential savings.
- What the drivers of Police’s significant consultant expenditure (\$84 million in 2022/23).
- Whether there are other options that were considered and ruled out or deferred for future consideration.

Family Violence Sexual Violence Savings

Below are the savings proposals from the justice sector relating to family violence and sexual violence. The Interdepartmental Executive Board (IEB) for the Elimination of Family Violence and Sexual Violence (named Te Puna Aonui) is responsible for delivery of Te Aorerekura, the National Strategy to Eliminate Family Violence and Sexual Violence. The IEB unit sits as departmental agency within Vote Justice.

There may be additional related savings which fall under other votes in the family violence and sexual violence sector that could be explored through a review of how funding is distributed via the IEB model.

Title	Draft package (\$m)		Treasury Comment
	Total Opex	Total Capex	
[33]			

Title	Draft package (\$m)		Treasury Comment
	Total Opex	Total Capex	
[33]			

Service Impact Risks from Proposed Savings

The justice system is interconnected with individuals in the system flowing through a 'pipeline'. Actions or events in one part of the system can have a material impact on other agencies/votes. Given the condensed timeframes for developing savings initiatives there may be impacts that might not have been considered when savings were proposed. The Justice Sector Summary letter noted that some savings initiatives may impact the delivery of Government priorities and frontline service delivery. There are also some risks we have identified in some initiatives.

Title	Draft package (\$m)		Treasury Comment
	Total Opex	Total Capex	
Corrections – 15479 – Frontline Operations Optimisation	(20.922)	-	Support - This initiative delivers approximately \$5 million of savings per annum by delivering site-specific frontline optimisation opportunities. This includes specific and limited refinements to both the custodial and probation operating models, such as extended unlock regimes in certain sites and settings to reduce custodial workload. The initiative is limited to optimisation and does not propose to scale core frontline operations. Corrections advises that this approach mitigates the risks of operating outside its legislative requirements and union agreements, and of creating additional health and safety risk for its frontline workforce.
Corrections – 15477 - Corrections Service Delivery - Optimisation and Scaling	(164.400)	-	Support - This initiative provides \$41.1 million of savings through optimisation and scaling of services delivered in prisons and communities. Savings are achieved across health, education, rehabilitation, employment, housing and reintegration services. One specific saving proposed is the scaling of the Hikitea mental health and addiction service at the Waikeria Prison redevelopment. Corrections has identified degradation of outcomes associated with reducing reoffending as the primary risk of this initiative. There may also be some commercial risk associated with early exit of third-party contracts for some of the services.

Title	Draft package (\$m)		Treasury Comment
	Total Opex	Total Capex	
Courts – 15708 – Operating cost reduction due to lower demand for certain court and coronial services	(3.549)	-	Support - This initiative proposes reducing the Court and Coroner Related Costs appropriation by \$3.549 million over the forecast period following lower demand for interpreters and specialist services/reports. ^[33] There is also risk that savings are less than submitted if, following recent policy changes, demand increases for the services.
Justice Sector (funding held in Vote Corrections) – 15447 – High Impact Innovation Programme Scale-Down	(15.800)	-	Support – This initiative delivers savings by scaling the High Impact Innovation Programme (HIIP), a capability that provides project management, change, design and advisory services for cross-sector initiatives. A programme review in 2023 signalled the need for a more targeted, less specialised programme to deliver priority justice areas. Planned FTE decreases will represent a significant reduction in the size of the HIIP programme. This initiative forms part of the Justice Cluster cross-sector savings, which are being pro-rated across the five agencies.
Serious Fraud – 15732 - Workforce Reduction and Potential Reorganisation	(0.800)	-	Support Scaled - This initiative delivers savings through workforce reduction within the SFO. Existing vacancies will enable savings to be delivered in 2024/25. Going forward, an organisational efficiency review will realise workforce savings while minimising the impact on service delivery. A reduction in SFO’s prosecution capability will shift costs to other agencies, most notably Police. To mitigate this risk, the Justice Cluster has identified \$0.500 million of cross-Sector savings to count against SFO’s savings requirement. This initiative has been scaled by \$0.500 million to recognise this offset.

You may wish to discuss the risks associated with the above initiatives.

- Whether the net impact of the proposal to reduce rehabilitation services, including the Hikitea mental health and addiction service, and the introduction of rehabilitation services to remand prisoners, will result in a net increase to rehabilitation services.
- The High Impact Innovation Programme (HIIP) provides funding and support for a number of cross-Sector initiatives agreed by the Justice Sector Leadership Board. The savings proposed are associated with a scale-down of the programme from ^[33]
Therefore, HIIP will be reduced in size and scope. There may be some benefit in continued investment in a scaled-down HIIP, given the following programmes are funded through this vehicle:
 - Apanui Justice Programme: This programme works with iwi and hapu to bring about intergenerational change in the justice system and is cited in pre-treaty negotiations with Te Whānau- ā -Apanui. There is a risk that removing funding for the programme could create immediate relationship issues with the iwi and destabilise the near-final settlement.
 - Timely Justice Portfolio: This project focuses on immediate measures to address court backlog and short-term benefits are expected to be realised within the current year.

Other Savings Proposal you may wish to discuss

Your office has raised questions around certain savings proposals that you may wish to discuss with relevant Ministers. We have set these out below with some additional background.

Title	Draft package (\$m)		Treasury Comment
	Total Opex	Total Capex	
Courts -15712 - Increase in sundry Courts and Tribunals civil fee revenue	(25.079)		Support - This initiative generates ~\$25 million in revenue through increases to several fees across courts and tribunals. Proposed increases are based initially on a staggered CPI uplift then expected CPI growth going forward. Behaviour change, such as fewer filings following fee increases, has been considered. The initiative also proposes evidential requirements for fee waivers and greater fee collection. Full cost recovery analysis and legislative change is needed promptly to realise revenue by the assumed effective date of January 2025. Fee increases (notably tribunal and criminal record fees) adds cost for individuals, businesses, and agencies. There is also risk that sizable fee increases are subject to judicial and parliamentary review on the basis that it limits access to justice.
Justice – 15613 - Increased revenue from changes to the collection of court fines and legal aid debt	[33]		Support - Fee changes for infringement notices will impact local authorities, who pay fees when filing, and those fined, who pay another fee on top of the fine. While the highlighted fees are due for review (some are unchanged since 1998) full cost recovery analysis and legislative change (including PFA amendments) are needed imminently to realise revenue in the timeframes proposed. There is risk that increasing the cost of imposing fines for local authorities may decrease their volume resulting in lower revenue. Legal aid debt enforcement changes are more deliverable but both changes have considerable equity impacts.

- We understand that the Minister of Justice is expected to take a paper to Cabinet on the two above initiatives on 15 April to set out the full cost recovery impact analysis and risk mitigations. The financial implications can separately be recognised through the Budget 2024 Cabinet paper. We can provide further advice as part of the Cabinet process.
- As changes to the percentage of an infringement fine that can be retained by the Crown is governed by the Public Finance Act 1989, the Minister of Justice is expected to write to you seeking your agreement. This will provide an earlier opportunity to set your expectations.

Title	Draft package (\$m)		Treasury Comment
	Total Opex	Total Capex	
Justice – 15702 - Criminal Cases Review Commission – [33]	[33]		

- We understand the Minister of Justice will take a paper to Cabinet on 15 April to seek policy decisions on the [33]. As part of this process, targeted consultation is expected to be undertaken which will provide greater clarity on transition costs.
- We can provide you further advice on this through the Cabinet process.

Title	Draft package (\$m)		Treasury Comment
	Total Opex	Total Capex	
Sector (Justice) – 15488 – Reducing the Justice Sector Directorate operating budget	(3.368)		Support - This initiative reduces the Justice Sector directorate budget. Savings arise from contractor reductions and the operating budget of the Chief Victim’s Advisor (CVA). The impact of this is expected to be 3 contractor roles, 1 FTE and ceasing the research budget for the CVA. The submitted savings pose little risk and can be realised from 2024/25. This is a Justice Sector initiative and savings are being pro-rated across the five agencies. The functions of the CVA may be able to be adequately fulfilled by NGOs and further savings could be pursued through the disestablishment of the CVA position. The role was established in 2015 to provide independent advice on how to improve victims experience in the sector, with a particular focus on improving systems, policies and laws for victims. There is some cross-over between the advocacy roles of the CVA and Victim Support, which receives hypothecated revenue from the Offender Levy and a top up from the Crown to ensure revenue is consistent year on year. If the CVA role is disestablished, we estimate additional savings of ~\$1.2 million realised from 2025/26. Disestablishment of the CVA poses perception risk and further information would be needed to pursue this option.
Justice – 14486 - Human Rights Commission – operating cost reduction	(3.596)		Support - This initiative returns funding from the Human Rights Commission (HRC). [33]. The reduction may create perception risk of the HRC’s independence and its international accreditation. The reduction also likely requires the HRC to reprioritise some workstreams. If this impacts resolution services, this may place additional pressure on the Human Rights Review Tribunal. On balance, we consider that these risks can be managed within the HRC’s remaining budget.

- The HRC’s savings submission represents approximately 6% of its per annum baseline. (\$15.329 million in 2022/23).
- The HRC has received a 60% increase in funding since 2017/18, when funding was \$9.696. The funding increases were primarily through around \$2.0 million per year in Budget 2019 to improve Commissioner support/internal capabilities and additional resource to respond to increased demand for mediation and Office of Human Rights Proceedings services and significant inquiries; and funding of \$2.5 million per year in Budget 2022 to deliver incitement of hatred reforms and human rights awareness and social change campaigns.
- If further savings are pursued in this area, we recommend that these should be targeted so they do not impact resolution services to reduce the risk that a decrease in resolution services creates pressures on the Human Rights Review Tribunal, which is funded separately in Vote Courts.

Title	Draft package (\$m)		Treasury Comment
	Total Opex	Total Capex	
Justice – 15525 - Operational policy adjustments to reduce legal aid operating expenditure	(3.144)		Support - This initiative returns funding resulting from a policy/operational change to legal aid settings. The Ministry proposes to reduce grants for criminal legal aid where the maximum penalty is less than 6 months imprisonment. This will be achieved by applying greater scrutiny to these applications to determine whether they meet the 'interest of justice' test, which is expected to reduce grants by 10%. The Ministry expects the policy change to be limited to fine sentences but if the mix of sentences changes this proposal may create costs for Corrections management of community sentences. There are also equity risks around access to justice.
Justice – 15621 - Reducing legal aid funding within baseline appropriation	(18.868)		Support - This initiative proposes to reduce legal aid by \$18.868 million over the forecast period following lower demand for certain initiatives. ^[33] While we support the full savings, ^[33]

- Budget 2022 increased legal aid funding but also increased eligibility settings and payment rates. This resulted in upward pressure on expenditure, although starting from the lower base following the impact of COVID-19. ^[33]
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Title	Draft package (\$m)		Treasury Comment
	Total Opex	Total Capex	
[33]			

- [33]
-

[33]

Title	Draft package (\$m)		Treasury Comment
	Total Opex	Total Capex	

[33]

Declined Savings Options

Through the Budget package development, we understand the following savings proposals have been declined.

Title	Draft package (\$m)		Treasury Comment
	Total Opex	Total Capex	
Attorney-General – 15404 - Crown prosecution services – reduction of funding	(0.000)		<p>This initiative proposed savings of \$16.822 million. Crown prosecution services are under pressure, and, by itself, the proposal may have a significant impact on the overall performance of the justice sector through lower quality prosecution services and a reduction in court timelines, impeding the government’s law and order priority. The flow on impacts may also increase cost pressures for Corrections by increasing the remand population as well as other sector agencies.</p> <p>Crown Law proposed to replace the \$16.822 million savings with a drawdown from an existing tagged contingency to expand Crown prosecution services (ie maintain existing services rather than expand services). Instead, current baseline funding is being maintained and the tagged contingency is being reduced commensurately.</p>

⁴ Darren Walton, Samara Martin & Judy Li (2020) Iwi community justice panels reduce harm from re-offending, *Kōtuitui: New Zealand Journal of Social Sciences Online*, 15:1, 75-92, DOI: 10.1080/1177083X.2019.1642921

Title	Draft package (\$m)		Treasury Comment
	Total Opex	Total Capex	
[33]			

All other savings initiatives submitted by the Justice Sector

Title	Draft package (\$m)		Treasury Comment
	Total Opex	Total Capex	
Attorney-General – 15403 - Workforce Reduction	(8.000)		Support - This savings proposal removes ^[33] from Crown Law's non-essential back-office functions (including contractor and consultant spending). Although any risks associated with this initiative appear low, if the agency's work volume pressure were to increase (which the agency has indicated is likely to occur), there is risk that frontline services may be more impacted with future cost pressures expected to be passed on to other agencies.
Corrections – 15476 - Back-office Support Services - Optimisation and Scaling	(172.400)		Support – This initiative delivers savings through optimisation and scaling of back-office services. Approximately a third of savings have been realised by removing non-business critical vacancies, while a further third will be delivered through attrition and/or restructuring. The remaining savings are delivered by scaling surge recruitment, refining People and Capability operations and annual leave management. Corrections anticipates the initiative will result in minimum viable levels of back-office support to the frontline workforce. If the level of support required is higher than assumed, there is a risk of impacting frontline service delivery.
Corrections – 15478 – Asset Stewardship and Management – Optimisation and Scaling	(68.400)		Support - This initiative delivers savings related to asset management optimisation and scaling. Specifically, Corrections proposes to ^[37] , reduce current asset maintenance expenditure by 10 percent, reduce property leases and review asset useful lives and depreciation accounting policy. The primary risk associated with this initiative is the risk to asset availability due to lower levels of maintenance. There may also be an impact upon frontline staff who work in these environments. These risks have been determined to be manageable.

Title	Draft package (\$m)		Treasury Comment
	Total Opex	Total Capex	
Courts - 15642 – Operating cost reduction by returning funding allocated to lifting cultural capability	(4.658)		Support - This initiative delivers savings by returning approximately a third of funding allocated to lifting cultural capability across the Ministry of Justice. ^[33] The risk of the scaled-down capability function is an adverse impact to the Ministry’s ability to develop effective and sustainable policy and its ability to foster meaningful and enduring relationships with Māori communities.
Sector – 15558 - Victims of Crime – Improving Outcomes Initiative – Return of funding	[33]		Support - ^[33] Funding was previously drawn down for Corrections’ High Impact Innovation Programme and to provide additional funding to Victims Support. The remainder of the tagged contingency was intended to progress a range of initiatives to improve the experience for victims of crime. As these initiatives have not been implemented, returning this funding has no impact on users of the justice system. Given the funding is in a tagged contingency, it is not a baseline reduction but has been submitted given the difficulties for the justice sector to meet its target and deliver Government expectations. This is a Justice Sector initiative and savings are being pro-rated across the five agencies.
Justice – 15657 - Optimising back-office functions and expenditure to enable organisational sustainability			[33]
Justice – 15692 - Operating cost reduction by a partial return of Te Ao Marama Programme funding	(25.230)		Support - This initiative limits the implementation of the Te Ao Marama programme from 13 District Court sites to 8. Given the early stages of delivery, the savings are realisable immediately. The Te Ao Marama programme is a judicially led initiative that sought to introduce practices from therapeutic courts (including the Family Violence and Alcohol & Drug courts) into the District Court and increase the role of iwi and community groups. This was expected to reduce reoffending by 12%. Groups located in the areas proposed to be scaled, have not been consulted which creates reputational risk that may impede implementation elsewhere. Benefits from the program can still be realised through continuation of the programme at the remaining 8 sites and can be scaled up later if practicable.
Justice – 15609 - Inspector-General of Intelligence and Security - Operating cost reduction	(0.240)		Support -This savings proposal closes a vacancy in the Office of the Inspector-General of Intelligence and Security. We consider any risks associated with this initiative are low.

Title	Draft package (\$m)		Treasury Comment
	Total Opex	Total Capex	
Sector (Justice) – 15498 - End of the mana orite relationship as mutually agreed between the Justice Sector Leadership Board and Inaia Tonu Nei.	(6.000)		Support - This initiative returns Budget 2022 funding for the Mana Orite workstream between Inaia Tonu Nei (a kaupapa leadership group focused on improving Māori experiences in the criminal justice system) and the Justice Sector Leadership Board. The intention of the relationship was to collaborate on reforms to the justice system to address Māori disparities. There is little risk associated with these savings as parties have mutually agreed to end the relationship and will formally do so by June 2024. This is a Justice Sector initiative and savings are being pro-rated across the five agencies.
Justice – 15512 - Operating cost reduction by reducing contracted services from Public Trust	(4.932)		Support - We support this savings proposal but note that cost recovery options or reduced service levels need to be considered carefully. This will be required to ensure savings are implemented in a way that prevents Public Trust operating in an unsustainable manner by trying to provide the same service levels with reduced funding.
Justice – 15572 - Office of the Privacy Commissioner - Operating cost reduction	(2.124)		Support - This initiative reduces the budget of the Office of the Privacy Commissioner (OPC). ^[33] The savings from this initiative may risk OPC’s ability to respond to major privacy breaches and undertake litigation or prosecution of key privacy issues. As the OPC primarily focusses on the requirements of the Privacy Act and has a focus on prevention, we consider these risks to be manageable.
Police – 15778 - Increase Police revenue (cost recovery)	[33]		
Police – 15783 - Scaling back on prior Government Police priorities			
Serious Fraud – 15713 - Non-people Cost Savings	(1.600)	-	Support - This initiative delivers cost savings from non-people activities, including data storage cost reduction, travel reduction and reduction in SFO’s use of its prosecution panel. Approximately half of identified savings are efficiency savings, while the remainder are cost savings determined to have the least impact on operational capacity. SFO considers there is a risk of service degradation and inefficiency and some longer-term implementation risk, as data storage cost savings are expected to diminish over time as the cost of this service increases with technological advancement.

Further savings options

The Ministry of Justice did not submit sufficient savings to meet its target. While additional options were provided, these potentially have material frontline impact. We consider the Ministry’s submission to reasonably represent what can be achieved without impacting frontline services. If you wished to test further options for savings, below are some options that could be explored.

- [33]

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New spending and cost pressure funding and the impact across the Justice pipeline

Significant New Spending Initiatives

The largest new spending initiatives are Corrections bid for increased prison capacity to address immediate and acute volume pressures and Police’s bid to implement the coalition agreement commitment to 500 new frontline Police.

Title	Draft package (\$m)		Treasury Recommendation and Comment
	Total Opex	Total Capex	
<p>Corrections – 15473 – Prisoner Population: Responding to Increasing Prisoner Numbers</p>	[37]		<p>Support scaled – [33]</p> <p>This bid represents a single consolidated initiative to address the increasing prison population. Costs are for an 810-bed expansion at Waikeria Prison and for the costs associated with increasing prisoner numbers. The supported scaled option covers costs associated with the recent growth in the prison population, which Corrections has been managing to date from one-off savings, and the projected 10,000 number of prisoners [33]</p> <p>There is risk that prison population growth is higher than forecast and the prison population reaches 10,000 earlier than expected. If this occurs, consideration will need to be given at the time to how the increased costs can be managed. Given the lead time for prison builds, we recommend funding for the Waikeria expansion is provided for in Budget 24, pending finalisation of a business case. The associated funding should be set aside in a tagged contingency subject to Cabinet approval of a business case.</p>
<p>Police– 15784 – Investing in Core Policing</p>	248.060	18.748	<p>Support scaled – [33]</p> <p>sought) On the basis that this initiative is a Government priority, we support a scaled version of this initiative. All costs would benefit from greater scrutiny and funding should be held in tagged contingencies pending a review of costs. Costs are based on Police’s scaled option of 62 non-sworn staff to support the extra constabulary officers. We have further scaled funding to eliminate [33]</p>

Police’s submission for the coalition agreement’s commitment to 500 new police sought new funding of [33]. Scaling reflects the scaled option provided by Police with the removal of extraneous components ([33]) and unexplained costs ([33]). The increase in funding is staggered over two years, with higher funding in the second year as recruitment ramps up. This allows for funding to be reassessed in Budget 2025, if necessary, to manage the risk that higher non-sworn staff are necessary, or some property or overhead funding is necessary.

You may wish to discuss with the Minister of Police:

- what value will the Crown receive from this investment in Police?
- will it reduce offending rates, system volumes and therefore system costs?
- how will performance be measured?

The impact on the rest of the justice sector of the increase in constabulary staff is unclear. Previous analysis by the Ministry of the Justice suggested that for every 3 new police officers, one additional prison bed would be required, with a commensurate increase in court case volumes. However, in Police’s view the previous and planned increase in officers has not contributed to increased volumes for the rest of the sector. You may wish to ask Ministers about the expected flow-on impacts on the sector of the increased investment in Police and how any impacts can be managed.

We recommend holding most of the funding is held in a tagged contingency to allow the costs to be scrutinised further and to manage the risk of recruitment delays leading to Police holding higher than necessary funding.

Other New Spending Initiatives

Title	Draft package (\$m)		Treasury recommendation and Comment
	Total Opex	Total Capex	
Corrections – 15475 - Corrections Rehabilitation Programmes - Extending to Remand Prisoners	48.000	30.000	[33]
Justice – 15625 - Responding to gang harm	8.682	0.246	Support Scaled – (\$9.000 million opex and \$0.246 million capex sought) This initiative provides for the costs incurred by the Ministry of Justice following the implementation of the Government’s agreed Gangs Policy (CAB-23-MIN-0491 refers). Funding purchases 20 additional court security staff, 4 court support staff and associated overheads to manage increased volumes and increased gang presence at hearings resulting from the policy. Scaling of \$0.318 million has been applied to a senior advisor role and associated overheads which we did not see justification for. We consider that the recommended funding represents the minimum viable option given existing court backlogs. Deferring the initiative risks exacerbating these backlogs, creating costs in other parts of the sector.

Title	Draft package (\$m)		Treasury recommendation and Comment
	Total Opex	Total Capex	
Justice – 15637 - Taking a tougher approach to sentencing	3.246	0.921	Support Scaled – (\$3.839 million opex and \$0.921 million capex sought) This initiative provides for Ministry of Justice costs expected from implementing manifesto commitments related to sentencing: reinstating three strikes, limiting the use of discounts, and removing legal aid funding for s27 reports. Funding recommended is for changes to case management systems to record the new sentence types and 7 new FTE to alleviate the expected increase in court volumes. Roles include an additional judge, judicial support staff and court registrars. Scaling of \$0.593 million has been applied to a senior advisor role, outyear contractor spend (in the expectation that implementation is time limited) and rental costs. As the final design of the sentencing changes has not been agreed, a tagged contingency is recommended.
[37]			
[33]			

Cost Pressure Initiatives

Title	Draft package (\$m)		Treasury recommendation and Comment
	Total Opex	Total Capex	
Corrections – 15474 - Corrections Critical Frontline Remuneration Cost Pressure	[38]	-	Support - This initiative seeks funding for Corrections' frontline remuneration pressures. It comprises three elements: the cost pressure associated with Corrections' settled bargaining rounds of \$171.40 million, ^[38] and increased contract costs for labour cost escalation for frontline third-party services of \$33.86 million. Corrections has assessed the risk of self-funding as unmanageable as it would necessitate savings to frontline staffing levels to address the funding shortfall. We agree with this assessment given Corrections appears to have been very thorough in its identification of savings initiatives.
[38]			
Police – 15779 - Police Fleet Renewal Programme – Vehicles and Vessels	28.740	33.970	Support Scaled – ^[33]) We support this initiative which would enable Police to renew vehicles in line with its asset management strategy. Cost escalation, including exchange rate impacts, mean that depreciation reserves and other baseline funding is not sufficient for the planned replacement and fit-out of vehicles and associated on-road costs. Given Budget allowance constraints, we recommend scaling funding by ^[33] capex which would allow Police to address some key cost pressures while sweating some vehicles for longer and not replacing some fleet as it reaches end-of-life.
[33]			

Title	Draft package (\$m)		Treasury recommendation and Comment
	Total Opex	Total Capex	
[33]			

Future budgets and policy/operational change to mitigate pressure

Impact of proposed package and policy on system pressures

The package collectively submitted by the Justice sector nets to [33] in new spending. While restoring law and order is a priority for the government, this level of funding expectation presents significant affordability challenges for future Budgets.

You may wish to discuss with sector Ministers:

- how cost pressures and government priorities can be managed not only through new funding but by policy and operational change to drive efficiency
- what outcomes can be expected from the proposed Budget 2024 investment in the sector and whether the investment will reduce pressures on the system and in turn, costs, in particular:
 - whether there are policy/operational levers that can be pulled to stop people entering the criminal justice system in the first place
 - whether there is scope to work with colleagues in the social sector on early interventions
 - at a sector level how is success being measured and tracked
 - whether, if the goal of all the initiatives and policy changes is to drive down offending, expenditure on the sector be reduced in the longer term
 - how the impact of the 500 new police officers can be measured and what impact on offending can be expected
 - whether policy/operational change can reduce court backlogs – for example whether changes to jury thresholds or other court procedures be explored to increase court timeliness.

Signalled Asset Pressures and options to manage

All three justice operational agencies have raised the poor state of their assets. If raised by sector Ministers, you may wish to discuss:

- How have agencies' depreciation been used strategically to plan for asset maintenance and renewal and to what extent are asset replacement proposals funded by baseline funding compared to new funding requests
- whether the sector has collaborated to ensure respective asset renewal plans align and whether there is scope for greater collaboration.