

# The Treasury

## Budget 2024 Information Release

### September 2024

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Key to sections of the Act under which information has been withheld:

- [1] 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government
- [23] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [25] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [27] 9(2)(ba)(ii) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest
- [31] 9(2)(f)(ii) - to maintain the current constitutional conventions protecting collective and individual ministerial responsibility
- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment;
- [36] 9(2)(h) - to maintain legal professional privilege
- [37] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [40] 18(c)(i) - that the making available of the information requested would be contrary to the provisions of a specified enactment

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# Hon Nicola Willis

Minister of Finance  
Minister for the Public Service  
Minister for Social Investment  
Associate Minister of Climate Change



8 March 2024

Hon Mark Mitchell  
Minister of Police  
Parliament Buildings

Dear Mark

## **INDEPENDENT RAPID REVIEWS FOR BUDGET 2024**

I am writing to provide more information about the independent rapid reviews Cabinet discussed on Monday 4 March, to inform Budget 2024.

As you know, our Government is committed to restoring law and order and we see New Zealand Police as essential to delivering on that commitment.

At this Budget, frontline policing is a priority for funding. In support of that, we have asked Police to look for savings in their functions that could allow for more resources to be delivered to the frontline. We have committed that savings will be offset by funding increases for the frontline, including training more police. That commitment remains.

I appreciate your support to identify savings and efficiencies to date. Budget Ministers share your view that there is potential for further savings from head office functions of New Zealand Police.

To that end, this letter seeks your agreement to jointly commission an independent rapid review of head office functions of New Zealand Police by Martyn Dunne in accordance with the **attached** Terms of Reference. Recommendations for this review are provided below.

A progress update is expected in mid-March and the final report is due by 3 April 2024. I am keen for you to be actively involved in the process, including receiving progress updates and consideration of the final recommendations. There will be a small cost for the independent reviewers, which I expect to be met from your agency's baselines.

The Police Commissioner has statutory responsibilities to the Minister of Police, as well as duties to act independently in respect of certain matters, as set out in section 16 of the Policing Act 2008, which support the principle of constabulary independence. For the avoidance of doubt, nothing in this review is intended to cut across the existing responsibilities and independence of the Commissioner, and in undertaking the review the independent reviewer must respect those matters. Prior to the reviewer's final report to us, the reviewer must provide the Commissioner with a copy of the report in draft so that the Commissioner may make any comment regarding those matters to be included in the final report.

Timely access to relevant information will be critical for the review. I would appreciate you ensuring this review is a priority for the agency in the coming weeks.

Please indicate your agreement to the rapid review and its terms of reference by counter signing this letter and returning it to me. I acknowledge this review is coming at a time when the system is already under pressure, and I thank you for your ongoing collaboration in meeting our fiscal and policy goals.

Yours Sincerely

A handwritten signature in blue ink, appearing to read 'Nicola Willis', written in a cursive style.

Hon Nicola Willis  
**Minister of Finance**

cc:

Hon Casey Costello, Associate Minister of Police

Andrew Coster, Commissioner of Police

Caralee McLiesh, Secretary to the Treasury and Chief Executive

**Recommendations**

I agree and seek your agreement to the following:

**agree** to commission an independent rapid review of head office functions of New Zealand Police as per the attached Terms of Reference;

agree / not agree  
Minister of Police

**note** that the Treasury will contract the independent reviewer and costs are expected to be less than \$50,000;

**note** that the Treasury will provide secretariat support to the independent reviewer;

**note** that costs for the review will be met from baselines; and

**agree** to Treasury invoicing New Zealand Police for these costs on completion of the review.

agree / not agree  
Minister of Police



Hon Mark Mitchell  
Minister of Police

20/03/24.

## **Terms of Reference**

### **Independent Rapid Review of New Zealand Police (Head Office)**

#### **CONTEXT**

1. High inflation and interest rates are creating significant cost of living issues for New Zealanders and slowing economic growth. This is resulting in lower-than-expected revenue and substantial cost pressures for the Government, which has been in fiscal deficit since 2019/20.
2. This Government is committed to getting government expenditure under control after several years of significant growth across the public sector without corresponding improvement in outcomes. In doing this, we are looking for better value for money.
3. To progress our objective, the Government has an ongoing Fiscal Sustainability Programme to embed a culture of responsible spending across Government. The first step in this Programme included an Initial Baseline Exercise to find savings options ahead of Budget 2024.

#### **INDEPENDENT RAPID REVIEWS**

4. The Government intends to complete a small number of Independent Rapid Reviews in advance of Budget 2024. These reviews are for agencies that we consider an independent view would be helpful to provide challenge and assure us that all savings options have been considered.
5. Independent Rapid Reviews have been commissioned based on consideration of:
  - Submissions made as part of the Initial Baseline Exercise
  - Potential to find significant additional savings
  - Growth in headcount of the agency since 2017.

## TERMS OF REFERENCE

### Objective

6. The Independent Rapid Review is to identify realisable savings over the forecast period (and ideally from 2024/25) to support value for money in public spending.
7. The Independent Rapid Review will increase visibility and enhance scrutiny of public spending by this agency.

### Scope

8. The Government is seeking value for money from all government spending.
9. In determining where to focus, the Independent Rapid Review must take into account the expectations set by Government for the Initial Baseline Exercise, including what was asked of agencies and the protection of frontline services. For the avoidance of doubt, this includes non-departmental appropriations and public funding to Crown entities.
10. The Independent Reviewer has discretion as to their approach to this scope so long as the objectives of the Independent Rapid Review are met.
11. Given the timing for this review, as a starting point the Independent Reviewer will have available the material already put forward by agencies in their Initial Baseline Exercise.
12. The Independent Reviewer will likely need to focus on:
  - Areas identified in the guidance for the Initial Baseline Exercise, including low-value programmes, programmes not aligned to the Government's priorities and non-essential back-office functions, to assess gaps and opportunities as to whether there are additional savings options to support value for money
  - Protection of frontline services
  - Areas of FTE and contractor and consultant growth
  - Contestable funds and grants.
13. The Independent Reviewer is to provide savings options to meet the objectives of this Independent Rapid Review. Decisions on these savings options will be made by Ministers as part of the Budget 2024 process.
14. In doing so, the Independent Reviewer will also have regard to the changes that may be needed to the operating model of the department over the medium term, or further work necessary, to ensure its financial sustainability and ability to deliver Government priorities within tighter baselines.
15. The Police Commissioner has statutory responsibilities to the Minister of Police as well as duties to act independently in respect of certain matters (see section 16 of the Policing Act 2008, set out in full in the Appendix) which support the principle of constabulary independence. For the avoidance of doubt, nothing in this terms of

reference is intended to cut across the existing responsibilities and independence of the Police Commissioner, and in undertaking this Independent Rapid Review, the Independent Reviewer is required to respect those matters.

### **Agency Context**

16. This review is limited to the head office functions of the New Zealand Police.
17. Police's non-sworn workforce has grown as a proportion of the total Police workforce. While some of this is driven by operational roles to support the growth in constabulary roles (such as in emergency call centres), compared to the track signalled when the 1,800 new Police goal was agreed in 2017, constabulary growth followed the planned track while non-sworn growth exceeded it by 15% through to June 2023.
18. Police contractor spend has also grown and is the highest in the justice sector (\$84 million in 2022/23).
19. The review may give particular consideration to savings opportunities from:
  - changes to the overall seniority of non-sworn staff, including management layers and spans of control;
  - costs to deliver some of its big projects, particularly Next Generation Critical Communications and the Firearms registry;
  - ReFrame (a Police operating model refresh); and
  - the Police property portfolio and options to reduce the property footprint.

### **Dependencies**

20. The Independent Rapid Review will depend on the quality of information available to the Independent Reviewer. The agency will cooperate fully with this review to ensure the availability of information. The Independent Reviewer will heavily rely on input from expertise from within the agency. The Independent Reviewer will need to engage constructively with the agency to develop pragmatic savings options that are realisable.
21. The Independent Reviewer is not responsible for advising on the targeted policy savings prepared by the Treasury for Budget 2024, but can test and challenge these options if they consider it necessary to achieve the objectives of the Independent Rapid Review.

### **Product**

22. The Independent Reviewer will provide a written report to the Minister of Finance and the agency Minister no later than 3 April 2024. The report should:
  - describe the methodological approach taken;
  - identify savings options and provide advice on those options;



- detail key assumptions and qualifications to that advice;
  - provide or reference any supporting data, modelling or analysis.
23. Prior to the written report being finalised, the Independent Reviewer will provide a copy of the report in draft to the Police Commissioner for comment. The Police Commissioner's comment for these purposes is limited to the matters referred to in paragraph 15 above.
24. The Reviewer will also be available to provide:
- an oral briefing on progress and emergent findings to the Minister of Finance and the agency Minister from 20 March 2024 and before providing their written report. This acts as a mid-point check-in for the review.
  - an oral briefing to the Minister of Finance and the agency Minister following receipt of the written report until end April 2024.

### **Support**

25. The Treasury will provide secretariat support to the Independent Reviewer.

### **Independent Reviewer**

26. Martyn Dunne has been engaged to act as the Independent Reviewer for this Independent Rapid Review.

## **Appendix**

### Section 16 Policing Act 2008

#### **16 Responsibilities and independence of Commissioner**

- (1) The Commissioner is responsible to the Minister for—
- (a) carrying out the functions and duties of the Police; and
  - (b) the general conduct of the Police; and
  - (c) the effective, efficient, and economical management of the Police; and
  - (d) tendering advice to the Minister and other Ministers of the Crown; and
  - (e) giving effect to any lawful ministerial directions.
- (2) The Commissioner is not responsible to, and must act independently of, any Minister of the Crown (including any person acting on the instruction of a Minister of the Crown) regarding—
- (a) the maintenance of order in relation to any individual or group of individuals; and
  - (b) the enforcement of the law in relation to any individual or group of individuals; and
  - (c) the investigation and prosecution of offences; and
  - (d) decisions about individual Police employees.