

The Treasury

Budget 2025 Information Release

September 2025

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- [1] 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government
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- [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] Information out of scope – the material is not related to Budget 2025

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Treasury Report: Budget 2025 Law and Order Multilateral

Date:	6 March 2025	Report No:	T2025/593
		File Number:	DH-26-1-0-M115908

Action sought

	Action sought	Deadline
Hon Nicola Willis Minister of Finance	Discuss the proposed Budget 2025 law and order package with sector Ministers at the upcoming multilateral meeting.	8pm, 11 March 2025, ahead of Law and Order Budget multilateral meeting.

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Shereen Capper	Senior Analyst, Justice, Security and Government Services	[39] (wk)	N/A (mob) ✓
Colin Hall	Manager, Justice, Security and Government Services	[39] (wk)	[39] (mob)

Minister's Office actions (if required)

Return the signed report to Treasury.

Note any feedback on the quality of the report

Enclosure: Yes – attached.

Treasury Report: Budget 2025 Multilateral on Law and Order

Purpose

1. You are meeting with the Ministers of Justice (Hon Goldsmith), Police and Corrections (Hon Mitchell), and Children (Hon Chhour) at 8pm on Tuesday 11 March to discuss the Budget 2025 Law and Order package.
 - a. **Annex 1** provides you with a proposed agenda for the meeting and supporting Treasury advice and talking points. This version will not be provided to portfolio Ministers ahead of the meeting.
 - b. **Annex 2** is the agenda that has, with your office's approval, been sent to the Law and Order Ministers' offices and to Law and Order agencies. It is provided for your visibility only. There is no material in Annex 2 that is not already in Annex 1.
 - c. **Annex 3** provides you with an annex of Treasury's assessment of each initiative. This will not be provided to portfolio Ministers ahead of the meeting.
2. Any decisions taken at this meeting will be reflected in the next draft Budget Ministers material we are providing you for BM3 on 25 March 2025.

Recommended Action

We recommend that you:

- a **discuss** the proposed Law and Order Budget 2025 funding at your meeting with Hon Goldsmith (Justice), Hon Mitchell (Police and Corrections) and Hon Chhour (Children) on Tuesday 11 March
- b **inform** the Ministers that, in light of the pressure on the operating allowance, the draft package focuses on funding cost pressures that are critical and require funding decisions at Budget 2025
- c **inform** the Ministers that forecast cost pressures, such as future remuneration negotiations, will be deferred until a future Budget
- d **inform** the Ministers of the contents of the draft Budget 2025 Law and Order package
- e **discuss** with the Ministers the risks associated with any reprioritisation proposals and how these risks will be managed, and
- f **agree** to the request from the Minister of Justice for an exemption to the grants and funds process for Victim Support and the Proceeds of Crime Fund.

Agree/disagree.

Colin Hall
Manager, Justice, Security and Government Services

Hon Nicola Willis
Minister of Finance

____/____/____

Annex 1 – Agenda and Supporting Advice

Agenda Item 1 – Law and Order Envelope: Approach and Overview

Description of key issue	Law and Order Ministers were invited to submit cost pressures and new spending initiatives within three operating funding envelopes for Budget 2025. In addition, Ministers were able to submit reprioritisation options to offset Budget funding requests. This item is to provide context for other agenda items.																																											
Treasury recommended talking points	Inform Ministers that: <ul style="list-style-type: none"> in light of the pressure on the operating allowance, the draft package focuses on funding cost pressures that are critical and require immediate funding decisions at Budget 2025 to the extent that cost pressures do not meet this threshold, Ministers should not expect funding in the current fiscal environment, and forecast cost pressures, such as future remuneration negotiations, will be deferred until a future Budget. 																																											
Treasury advice	<p>The Treasury's recommended Budget 2025 Law and Order package provides [33] and [38] net average operating funding per annum. Agency submissions largely comprised cost pressure initiatives - the recommended package proposes only funding cost pressures which are considered critical and immediate.</p> <table> <tr> <th>Vote</th><th>Indicative Envelopes (\$m)</th><th>Submitted Net Operating (\$m)¹</th><th>Recommended Net Operating (\$m)</th><th>Budget 2024 Net Operating (\$m)</th></tr> <tr> <td>Attorney-General</td><td>2.0 – 7.0</td><td>[33]</td><td>[33]</td><td>(2.0)</td></tr> <tr> <td>Corrections</td><td>60.0 – 175.0</td><td colspan="3">[33] and [38]</td></tr> <tr> <td>Justice</td><td>35.0 – 100.0</td><td>[33] and [38]</td><td>56.8</td><td>(7.5) (107.1 total capital)</td></tr> <tr> <td>Oranga Tamariki</td><td>15.0 – 45.0</td><td colspan="3">[33]</td></tr> <tr> <td>Police</td><td>50.0 – 150.0</td><td>[33] and [38]</td><td>90.2</td><td>71.3 (68.6 total capital)</td></tr> <tr> <td>New Initiatives</td><td>25.0</td><td></td><td></td><td></td></tr> <tr> <td>Total</td><td>187.0 – 502.0</td><td colspan="3">[33] and [38]</td></tr> </table>				Vote	Indicative Envelopes (\$m)	Submitted Net Operating (\$m) ¹	Recommended Net Operating (\$m)	Budget 2024 Net Operating (\$m)	Attorney-General	2.0 – 7.0	[33]	[33]	(2.0)	Corrections	60.0 – 175.0	[33] and [38]			Justice	35.0 – 100.0	[33] and [38]	56.8	(7.5) (107.1 total capital)	Oranga Tamariki	15.0 – 45.0	[33]			Police	50.0 – 150.0	[33] and [38]	90.2	71.3 (68.6 total capital)	New Initiatives	25.0				Total	187.0 – 502.0	[33] and [38]		
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¹ [33]

² [33]

The following table provides a breakdown of Treasury's recommended Law and Order Package:

	Cost Pressures	New Spending	Reprioritisation	Total
	\$m average operating per annum			
Crown Law	-	-	-	-
Corrections	[33]	[25] and [33]	(12.3)	[25] and [33]
Justice	56.8 ³			56.8
Oranga Tamariki		[33]		
Police	120.0	[33] and [38]		
Total	[38]			

The recommended package represents a [38] uplift in the baseline of Corrections, 4 percent for the Ministry of Justice⁴, 1.2 percent for Oranga Tamariki, and [33] percent for Police.

[38] and [33]

Given the Treasury recommended cost pressure funding is lower than the funding sought, we expect that the justice agencies will need to consider further efficiency measures to manage within available funding. While it is likely that agencies will need to undertake further work once the Budget outcome is known, in the individual agency agenda items you might like to test with Ministers their initial thoughts on how agencies will manage within available funding.

³ The Ministry proposes offsetting other cost pressures with reprioritisation and revenue raising activities, but these are not detailed in the Budget submission.

⁴ Excluding Permanent Legislative Authorities and Crown Entity funding from the baseline calculation.

Agenda Item 2 – Police

Description of key issue	<p>Police submitted one set of cost pressure and new spending proposals, with varying levels of prioritisation to move towards, but not fit within, the high, medium and low indicative envelopes.</p> <p>Police presented reprioritisation options of up to [33] average operating savings per annum but many of the options presented appear to have significant service delivery impacts. Reprioritisation options submitted include reductions in crime prevention activities, changes in the mix of sworn and non-sworn staff, and corporate efficiencies, with savings primarily resulting from reduced staff.</p> <p>The table below summarises the Police submission (\$m average operating per annum):</p> <table><tr><th>Envelopes</th><th>Cost Pressures</th><th>New Spending</th><th>Reprioritisation</th><th>Total</th></tr><tr><td>50.0 - 150.0</td><td>[33] and [38]</td><td></td><td></td><td>63.2 - 191.5</td></tr></table> <p>Police’s main initiative is the baseline operating cost pressure (ID 16349) which sought [33] million average operating funding.</p> <p>Police has also sought funding to meet cost pressures relating to [33]</p> <p>New spending funding [38] million average operating funding per annum was sought for Court Timeliness – Prosecutions Uplift Programme (\$15.0 million average operating funding per annum, ID 16346) and the Enterprise Resource Management investment [38] , ID 16344).</p>	Envelopes	Cost Pressures	New Spending	Reprioritisation	Total	50.0 - 150.0	[33] and [38]			63.2 - 191.5
Envelopes	Cost Pressures	New Spending	Reprioritisation	Total							
50.0 - 150.0	[33] and [38]			63.2 - 191.5							
Treasury recommended talking points	<p>Inform the Minister of Police that the draft Budget 2025 package provides:</p> <ul style="list-style-type: none">• \$120.0 million average operating funding per annum in cost pressures• \$15.0 million average operating funding per annum for the Court Timeliness – Prosecutions Uplift Programme• [38] average operating funding per annum for the Enterprise Resource Management investment, and• [33] average per annum of the submitted reprioritisation options. <p>Inform the Minister of Police that accepted reprioritisation options include:</p> <ul style="list-style-type: none">• corporate efficiencies• [33]• reviewing the District Commanders model, and• [33] <p>Ask the Minister of Police for his initial thoughts on how Police will minimise impacts on constabulary and frontline services from reprioritisation, and actively manage its cost pressures.</p>										

<p>Treasury advice</p>	<p>The key priority for Police at Budget 2024 is addressing its baseline cost pressures.</p> <p>Following the 2024 Independent Rapid Review, \$120.0 million of cost pressure funding was provided for the 2024/25 year only, on the expectation Police would carry out further work on its financial sustainability.</p> <p>Since Budget 2024, Police has developed a better understanding of its cost pressures and drivers however the overall quantum of new cost pressure funding increased rather than reduced, and management of these pressures will require further work.</p> <p>Of the ^[33] per annum requested (ID 16349), pressures accumulated since 2021/22 onwards represent around 80% of the funding. Police advised that until that time, it was able to manage cost pressures within baselines through reprioritisation but has subsequently managed many pressures through short-term savings, rather than putting in place actions to permanently address the gap between funding and costs. This has resulted in an accumulation of cost pressures through time. Police advised that government directions on constabulary numbers have reduced the choices available to it to manage cost pressures in a sustainable manner.</p> <p>Despite the current situation being caused by poor past financial management practices, we have recommended cost pressure funding at the same level as provided for 2024/25 in Budget 2024 because there are otherwise significant risks to Police's service delivery.</p> <p>Treasury's initial assessment, based on a bottom-up approach was for ^[33] average operating funding per annum, primarily focused on addressing these historic pressures. We made a further adjustment to reduce the funding to \$120.0 million average per annum as a top-down measure to align with Budget 2024 cost pressure funding provided and to help with the development of an overall package that fitted within the Budget allowances.</p> <p>Pressures that can be considered at Budget 2026 or which were otherwise not clearly justified were not supported:</p> <ul style="list-style-type: none"> • wage bargaining costs for managers that Police negotiated on the basis it would meet costs within baselines, and non-constabulary tenure-based wage increase costs, which Police was directed to fund in baselines • price pressures based on forecast inflation rates in 2025/26, and • international travel cost pressures and wage increases for the Police executive. <p>The level of cost pressure funding recommended will require active management to avoid frontline impacts. There is a risk that the proposed scaling of the funding sought results in Police reprioritising from areas that impact frontline services.</p> <p>We expect Police will need to undertake work to balance its baseline once it knows the outcome of the funding request, but you might like to ask the Minister of Police for his initial comments on how Police will manage the risks through reprioritisation or changes to the provision of services.</p>
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	<p>The package also includes funding for:</p> <ul style="list-style-type: none"> Police Enterprise Resource Management (ERM) systems [38] operating funding per annum, ID 16344). ERM systems enable Police to roster staff and pay staff and suppliers in an accurate manner. Current systems will cease being updated from 2025 with escalating risks of failure after that date. Police has identified this as its highest priority investment for Budget 2025, and GCDO has noted the constructive engagement it has had with Police on this investment, and we recommend it is prioritised at Budget 2025. We have scaled the requested funding of [38] average operating funding per annum given the significant reliance on consultants and contractors and high average salary rates. Prosecutions Uplift Programme (\$15.0 million average operating funding per annum, ID 16346). This initiative has been identified as a key priority across the sector as a contributor to meeting targets relating to court timeliness. It continues a time limited pilot in Auckland and expands to further locations. <p>Police has submitted up to [33] of savings per annum in reprioritisation initiatives, and the recommended package includes a scaled amount of [33] average savings per annum.</p> <p>The detailed reprioritisation options presented by Police were helpful to understand the range of options available to Ministers, however many of the options appear to have significant service delivery implications. We consider that some of the saving initiatives are inconsistent with government justice policy and were submitted by Police simply to meet the parameters of the Law and Order envelopes.</p> <p>The recommended package includes savings from [33]</p> <p>corporate efficiencies and reduced senior management. These total [33] average savings per annum.</p> <p>A number of Police savings proposals were not supported where they would directly impact frontline service delivery or were otherwise not viable, including:</p> <ul style="list-style-type: none"> [33] [33] [33]
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	<p>Savings are primarily generated through reductions in FTE, including a small number of constabulary staff. Police advised that most constabulary staff would be redeployed rather than constabulary numbers being reduced. The final impact on constabulary numbers is likely to be dependent on constabulary turnover and vacancies, and the level of constabulary FTE that may be required to backfill for any non-constabulary staff reductions.</p>
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Agenda Item 3 – Department of Corrections

Description of key issue	<p>Corrections' submission was based on the indicative high envelope it was allocated (\$175.0 million average operating funding per annum), [33] and [38]</p> <p>The table below summarises the Corrections submission (\$ million average operating per annum):</p> <table><tr><td>Envelopes</td><td>Cost Pressures</td><td>New Spending</td><td>Reprioritisation</td><td>Total</td></tr><tr><td>60.0 - 175.0</td><td>[33]</td><td>[33]</td><td>(12.3)</td><td>[33]</td></tr></table> <p>Information was not provided on how Corrections would manage within the medium (\$115.0 million average operating funding per annum) or low envelopes (\$60.0 million average operating funding per annum).</p>	Envelopes	Cost Pressures	New Spending	Reprioritisation	Total	60.0 - 175.0	[33]	[33]	(12.3)	[33]
Envelopes	Cost Pressures	New Spending	Reprioritisation	Total							
60.0 - 175.0	[33]	[33]	(12.3)	[33]							
Treasury recommended talking points	<p>Inform the Minister of Corrections that the draft Budget package provides:</p> <ul style="list-style-type: none">• \$98.4 million average operating funding per annum for projected prison population growth and other volume pressures through to June 2026• [38] average operating funding per annum for remuneration funding for [38] and critical price pressure funding• [33] and [38]• \$12.3 million average savings per annum in reprioritisation. <p>Inform the Minister that forecast cost pressures, such as projected depreciation increases related to expected asset revaluations, have been deferred until a future Budget as it was not clear that the funding was required in the 2025/26 financial year.</p> <p>Ask the Minister of Corrections for his initial thoughts on how any risks associated with the proposed level of funding will be managed.</p>										
Treasury advice	<p>The Treasury recommended package for Corrections provides [33] and [38] net average operating funding per annum. This consists of [33] and [38] and [33] and [38] for new spending, offset by \$12.3 million in reprioritisation.</p> <p>Significant initiatives include:</p> <ul style="list-style-type: none">• Prisoner Population and Other Volume Pressures (ID 16479, \$98.4 million average operating funding per annum), and• [33] and [38] <p>Where cost pressure initiatives have not been supported, or not been supported in full, this is because the pressures did not appear to meet the critical or immediate test applied. For example:</p>										

	<ul style="list-style-type: none"> • Corrections' proposed tagged contingency to address prisoner population forecast uncertainty was not supported as it is not clear whether the funding is needed ([33] average operating funding per annum, submitted in initiative ID 16479). If risks materialise, the Out of Cycle Funding process can be used to address any funding needs. • While we consider there may be a good case for funding depreciation increases as a result of asset revaluations which are outside an agency's control, insufficient information was provided to support this initiative at Budget 2025 (ID 16482, [33] average operating funding per annum). It appeared that the funding sought was based on assumed future revaluations rather than seeking funding in line with actual revaluations. [33] • [33] <p>Likewise, the Health Managers uplift was a discretionary increase, and we understand Corrections has already shifted its pay bands and is seeking funding retrospectively. Given the discretionary nature of this increase, which may not be consistent with the Government's Workforce Policy Statement, we do not consider it a critical cost pressure that requires funding in for Budget 2025.</p> <ul style="list-style-type: none"> • Capital plan costs (ID 16482, [33] average operating funding per annum). This initiative sought funding for increased asset renewal, but lacked justification as it did not identify or cost the assets planned for renewal. The lack of information suggested some level of flexibility around asset replacement timeframes, and therefore we considered this initiative was capable of deferral to later Budgets. • Actuarial valuation of long service leave (included in ID 16482, [33] average operating funding per annum). We are not convinced that this is a cost which should receive new funding as it is normally something that agencies would manage within baselines. In any case, the initiative was costed based on Corrections' best estimates of the future valuation impact. As timing and actual amount of the valuation are unclear, we consider that this cost pressure should be deferred.
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	<p>Corrections submitted \$12.3 million average operating savings per annum in reprioritisation (\$10.8 million in 2025/26), which is included in full in the Treasury recommended package. This reprioritisation comprised a single initiative (ID 16483) related to efficiency measures, including improvement of internal operating structures and transitioning electronic monitoring from digital to radio frequency.</p> <p>Given the Treasury recommended level of cost pressure funding is around ^[33] average per annum less than Corrections sought, we expect that Corrections will need to achieve further cost savings. As Corrections provided limited information of reprioritisation options, it is not clear whether managing within available funding will lead to Corrections considering changes to front-line service delivery (for example reducing rehabilitation and reintegration service levels).</p> <p>While Corrections will need to undertake work to balance its baseline once it knows the outcome of the funding request, you might like to discuss with the Minister of Corrections his initial thoughts on the reprioritisation that would be required to manage within the proposed Budget 2025 funding level, and associated risks. In any event, we recommend setting the expectation that Cabinet be kept informed if to manage within its baseline funding, Corrections proposes reprioritisation options which would result in material frontline service degradation.</p>
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Agenda Item 4 – Ministry of Justice

Description of key issue	<p>The Ministry of Justice (the Ministry) submitted initiatives consistent with the low, medium and high indicative envelopes, as well as a “proposed” package (ID 16505) which was slightly higher than the medium package at [33] average operating funding per annum.</p> <p>Each initiative required a different level of reprioritisation, for example the Ministry’s proposed level of funding requires savings to address around 50% of expected cost pressures.</p> <p>The Ministry’s approach to funding for cost pressures differed from the other sector agencies in that, consistent with the Performance Plan process, its submissions covered all its identified cost pressures over the forecast period.</p> <p>[33] and [38]</p> <p>The Ministers of Justice and Courts recently wrote to you about additional non-departmental legal aid and court and coroner cost pressures.</p> <p>The table below summarises the Ministry’s submission for its preferred package, plus the Courthouses investment, and legal aid and court and coroners cost pressures (\$ million average operating per annum):</p> <table><tr><th>Envelopes</th><th>Cost Pressures⁵</th><th>New Spending</th><th>Reprioritisation</th><th>Total</th></tr><tr><td>35.0 - 100.0</td><td>[33]</td><td>[33]</td><td></td><td>[33]</td></tr></table>	Envelopes	Cost Pressures ⁵	New Spending	Reprioritisation	Total	35.0 - 100.0	[33]	[33]		[33]
Envelopes	Cost Pressures ⁵	New Spending	Reprioritisation	Total							
35.0 - 100.0	[33]	[33]		[33]							
Treasury recommended talking points	<p>Inform the Minister of Justice that the draft Law and Order package only includes funding for expected 2025/26 cost pressures, totalling \$56.8 million average operating funding per year, made up of:</p> <ul style="list-style-type: none">• \$27.5 million average operating funding per annum for volume, price and other cost pressures, and• \$29.3 million average operating funding per annum for the forecast increase in legal aid and court and coroner costs. <p>Inform the Minister that the draft package does not include funding for the [33] and [38] given the associated costs were not prioritised within the indicative funding envelopes.</p> <p>Ask the Minister of Justice for his thoughts on the risks associated with planned reprioritisation options.</p>										
Treasury advice	<p>The Treasury recommended package for the Ministry of Justice’s originally submitted cost pressures (\$27.5 million average operating funding per annum ID 16505) reflects the Ministry’s “proposed” option ([33] average operating funding per annum), with the following exclusions:</p>										

⁵ The Ministry of Justice’s cost pressures were submitted as net amounts, including approximately 50% reprioritisation at the medium envelope amount.

	<ul style="list-style-type: none"> • inflation and other cost pressures that do not accrue until 2026/27 and later years as these can be addressed in future Budgets ([33] average operating funding per annum), and • \$14.0 million operating funding per annum sought to provide a buffer for unforeseen cost pressures over the forecast period. <p>Our recommended option provides funding for approximately 50 percent of the Ministry's 2025/26 cost pressures which will allow it to address urgent pressures and to progress improvements to court timeliness. It will require the Ministry to make trade-offs regarding resource allocation and increased user fees and charges which may impact on access to justice.</p> <p>The Ministry intends to use reprioritisation and policy decisions, such as increasing user pays, to close any gap between cost pressures and funding. It is running a baseline savings programme to ensure it can manage within baselines over the forecast period.</p> <p>The proposed savings initiatives have only been provided to the Treasury in summary form and, although we are aware of some options being progressed through Cabinet papers, the full extent of policy decisions required to give effect to the package and the trade-offs associated with these decisions are unclear. You may wish to discuss the risks associated with the proposed reprioritisation options with the Minister of Justice and set expectations that revenue measures are reasonable, based on efficient delivery of services, and that any impact on the public's access to justice services is carefully considered.</p> <p><u>Additional funding request for courts and coroners cost pressure</u></p> <p>The Ministers of Justice and Courts recently wrote to you advising that the forecast non-departmental cost pressure for legal aid and court and coroners has increased by \$40-\$45 million in 2024/25. They recommended that increased revenue collected on behalf of the Crown for court fines and legal aid debt be hypothecated to cover the expenditure. We recommend you do not agree to hypothecate the Crown revenue because:</p> <ul style="list-style-type: none"> • even with hypothecation, the increased expense will still impact on the fiscal indicators⁶, and • this would risk setting a precedent for future hypothecation which would erode the Budget process established to consider each funding proposal on its merits. <p>We instead recommend you increase the funding for the Ministry of Justice through the Budget package. We recommend you provide the full funding for the non-departmental pressure not already included in the Budget submission, given the pressure is largely outside the Ministry's control, there are limited options to address this pressure in 2024/25, and as the Ministry is already agreeing to cover around 50% of its other identified cost pressures. This increases the Ministry's cost pressure funding by \$29.3 million average operating</p>
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⁶ Although Treasury does not support hypothecating revenue in general as it reduces flexibility in Budget decision making, Cabinet could agree to hypothecate the revenue on an ongoing basis for future legal aid and court and coroner cost pressures. Under the fiscal management approach, this decision would count against allowances. Although a decision could be taken to manage these costs outside of allowances, the cost would still impact on OBEGALx.

	<p>funding per annum to \$56.8 million average operating funding per annum.</p> <p>[33] and [38]</p> <p><u>Invest to save initiative</u></p> <p>We consider the Ministry's "Invest to Save" initiative to improve court timeliness through additional Judicial officer capacity (\$4.6 million average operating funding per annum submitted) can be deferred to Budget 2026. The initiative proposed three community magistrates and two additional high court judges to achieve a reduction of prisoners on remand. It is unclear how additional high court judges will impact prisoner population or remand rates and whilst the additional magistrates may reduce prisoner populations, they are not expected to be operational until early 2027 due to the need for further policy work and legislative change.</p> <p><u>Grants and funds process exemption</u></p> <p>In his Budget 2025 submission letter the Minister of Justice sought an exemption to the grants and funds process for funding for Victim Support and the Proceeds of Crime Fund as both funds are contributing directly to the Government's priorities to reduce violent crime and to improve outcomes for the victims of serious crimes. We understand you have not formally responded to this exemption request.</p> <p>The grants and funds mostly relate to the Victim Assistance Scheme which provides financial grants to victims of serious crime to cover costs resulting from the crime, or to provide support for a victim to participate in the justice process.</p> <p>The Proceeds of Crime Fund has arguably demonstrated limited value in recent years as it has moved away from its original purpose and has instead been used to fund ad hoc agency initiatives. However Cabinet recently agreed that the Proceeds of Crime Fund should now only be used for initiatives that focus on achieving the Government's Target Four [SOU-24-MIN-0169].</p> <p>Given the recent Cabinet decision to change the purpose of the Proceeds of Crime Fund, and as the focus of the two funds is consistent with the Government's priorities, we recommend you agree to the requested exemptions. The use of the Proceeds of Crime Fund could be reviewed at a future Budget if there are further questions about the value for money that is being achieved from its use.</p>
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	<p><u>Electoral Commission</u></p> <p>Although it is outside of the Law and Order package, the Minister of Justice may enquire about the funding for the Electoral Commission's cost pressures. The Electoral Commission requested [33] new average operating funding per annum, we have recommended [33] new average operating funding per annum in the draft package.</p> <p>The recommended funding provides for:</p> <ul style="list-style-type: none"> • the 2026 election only, with costs of future elections to be considered in future Budgets • price inflation (the requested funding was reduced by 30% given a 142% increase in funding for printing, stationery and postage was sought) • wage increases in line with the Government's Workforce Policy Statement guidance (recommending approximately half of the requested funding), and • integrity improvements (scaled by 20% given high salary costs). <p>We recommend not providing funding for:</p> <ul style="list-style-type: none"> • the planned modernisation business case of \$10.0 million (to be covered from baselines) • by-elections funding of \$8.5 million (to be considered case-by-case as it arises) • the four-year term referendum which has subsequently been agreed as a pre-commitment, and • capital funding of \$11.3 million as no business case has been considered by Cabinet.
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Agenda Item 5 – Oranga Tamariki

Description of key issue	<p>Hon Chhour submitted youth justice initiatives totalling [33] average operating funding per annum and [33] for capital funding. These comprised:</p> <ul style="list-style-type: none"> • [33] average operating funding per annum and \$2.0 million capital funding for coalition commitments that respond to upcoming legislation, including Military Style Academies and implementation of the Young Serious Offender legislative regime, and • [33] average operating funding per annum and [33] capital funding for investments to upgrade Oranga Tamariki's residential network, including improvements to safety, professionalism of the residential workforce, [33], and remediating dilapidated secure residences.
Treasury recommended talking points	<p>Inform the Minister for Children that the draft Law and Order package provides:</p> <ul style="list-style-type: none"> • scaled operating funding of [33] average per annum and \$2.0 million capital funding for coalition commitments, including Military Style Academies and the Young Serious Offenders legislative regime, and • [33] average operating funding per annum and [33] capital funding for improvements to safety in youth justice residences and for remediation across Oranga Tamariki's secure residential network.
Treasury advice	<p>The Treasury recommended package is significantly scaled from the funding sought by Hon Chhour, from [33] average operating funding per annum and [33] capital funding to [33] average operating funding per annum and [33] capital funding. This reflects:</p> <ul style="list-style-type: none"> • minimum viable options of \$7.8 million average operating funding per annum to implement Military-Style Academies (ID 16403) and [33] average operating funding per annum to implement the Young Serious Offender legislative regime (ID 16410) • full operating funding of \$5.4 million average per annum and \$11.2 million capital funding for Hon Chhour's initiative to "improve safety in youth justice residences" (ID 16400) • urgent funding – [33] average operating per annum and [33] – to refurbish existing residences (ID 16369), but • excluding initiatives to [33] and to professionalise Oranga Tamariki's residential workforce, due to limited confidence in the deliverability of these initiatives.

	<p><u>Coalition commitments</u></p> <p>Operating funding of \$7.8 million average per annum for Military-Style Academies will provide for [33]. This is scaled from Hon Chhour’s submission, which sought operating funding of [33].</p> <p>While upcoming legislation will require the Government to have Military-Style Academies available as a sentencing option, we have revised down Oranga Tamariki’s projections of how frequently Youth Court judges will make Orders, given Oranga Tamariki’s generous assumptions about volumes of offending. As such, we have scaled funding for the initiative to reflect our lower projections.</p> <p>We have similarly scaled funding for implementation of the Young Serious Offender regime from [33] average operating funding per annum, which reflects that we have revised Oranga Tamariki’s projections about the prevalence of judges’ use of the newly available sentencing options.</p> <p><u>Other issues Hon Chhour may raise</u></p> <p>Hon Chhour may raise business case requirements for her Budget bid to “bring residences up to regulatory standards” (ID 16369). We have not recommended funding for two components of this initiative – professionalism of the workforce or the [33] – in part due to the lack of business cases, and a corresponding lack of confidence in delivery. We have, however, recommended funding for remediation for secure residences, given the urgency of keeping residences open in 2025/26.</p> <p>While unrelated to youth justice, Hon Chhour may raise her recent decision – with the support of the Prime Minister – to pause Oranga Tamariki’s review of its contracts. Oranga Tamariki anticipates the cost of this decision could be up to [33] and has suggested it does not have viable options to fully fund this pressure from baselines.</p> <p>Hon Chhour is likely to take a paper to Cabinet to seek additional funding as a result of this decision. We provided you advice on this issue on 5 February [T2025/222 refers]. We understand Hon Chhour has already sent you an Out of Cycle Funding request, seeking time-limited operating funding in 2025/26 of \$23.7 million as a precommitment against Budget 2025 allowances. We will provide separate advice on this proposal and do not recommend discussing this issue at the Law and Order multilateral.</p>
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⁷ [33]

Annex 2 – Annotated Agenda that has been referred to the portfolio Minister

The proposed agenda for this meeting is set out below. Further details on each agenda item are set out in the tables below.

1. **Agenda Item 1:** Law and Order Envelope: Approach and Overview
2. **Agenda Item 2:** Police
3. **Agenda Item 3:** Department of Corrections
4. **Agenda Item 4:** Ministry of Justice
5. **Agenda Item 5:** Oranga Tamariki

Agenda Item 1 – Law and Order Envelope: Approach and Overview

Description of key issue	Law and Order Ministers were invited to submit cost pressures and new spending initiatives within three operating funding envelopes for Budget 2025. In addition, Ministers were able to submit reprioritisation options to offset Budget funding requests. This item is to provide context for other agenda items.
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Agenda Item 2 – Police

Description of key issue	Police submitted one set of cost pressure and new spending proposals, with varying levels of prioritisation to move towards, but not fit within, the high, medium and low indicative envelopes.				
	Police presented reprioritisation options of up to [33] average operating savings per annum but many of the options presented appear to have significant service delivery impacts. Reprioritisation options submitted include reductions in crime prevention activities, changes in the mix of sworn and non-sworn staff, and corporate efficiencies, with savings primarily resulting from reduced staff.				
	The table below summarises the Police submission (\$m average operating per annum):				
	Envelopes	Cost Pressures	New Spending	Reprioritisation	Total
	50.0 - 150.0	[33] and [38]			63.2 - 191.5
	Police’s main initiative is the baseline operating cost pressure (ID 16349) which sought [33] average operating funding.				
	Police has also sought funding to meet cost pressures relating to [33]				
	New spending funding of [33] and [38] average operating funding per annum was sought for Court Timeliness – Prosecutions Uplift Programme (\$15.0 million average operating funding per annum, ID 16346) and the Enterprise Resource Management investment [33] and [38] average operating funding per annum, ID 16344).				

Agenda Item 3 – Department of Corrections

Description of key issue	Corrections' submission was based on the indicative high envelope it was allocated (\$175.0 million average operating funding per annum), [33] and [38]			
	The table below summarises the Corrections submission (\$ million average operating per annum):			
	Envelopes	Cost Pressures	New Spending	Reprioritisation
	60.0-175.0	[33]	[33] and [38]	(12.3)
Information was not provided on how Corrections would manage within the medium (\$115.0 million average operating funding per annum) or low envelopes (\$60.0 million average operating funding per annum).				

Agenda Item 4 – Ministry of Justice

Description of key issue	The Ministry of Justice (the Ministry) submitted initiatives consistent with the low, medium and high indicative envelopes, as well as a “proposed” package (ID 16505) which was slightly higher than the medium package at [33] average operating funding per annum.			
	Each initiative required a different level of reprioritisation, for example the Ministry's proposed level of funding requires savings to address around 50% of expected cost pressures.			
	The Ministry's approach to funding for cost pressures differed from the other sector agencies in that, consistent with the Performance Plan process, its submissions covered all its identified cost pressures over the forecast period.			
	[33] and [38]			
	The Ministers of Justice and Courts recently wrote to you about additional non-departmental legal aid and court and coroner cost pressures.			
	The table below summarises the Ministry's submission for its preferred package, [33] and [38] and legal aid and court and coroners cost pressures (\$ million average operating per annum):			
	Envelopes	Cost Pressures ⁸	New Spending	Reprioritisation
	35.0 - 100.0	[33]	[33] and [38]	[33] and [38]

⁸ The Ministry of Justice's cost pressures were submitted as net amounts, including approximately 50% reprioritisation at the medium envelope amount.

Agenda Item 5 – Oranga Tamariki

Description of key issue	<p>Hon Chhour submitted youth justice initiatives [33] average operating funding per annum and [33] for capital funding. These comprised:</p> <ul style="list-style-type: none">• [33] average operating funding per annum and \$2.0 million capital funding for coalition commitments that respond to upcoming legislation, including Military Style Academies and implementation of the Young Serious Offender legislative regime, and• [33] average operating funding per annum and [33] capital funding for investments to upgrade Oranga Tamariki's residential network, including improvements to safety, professionalism of the residential workforce, [38] and remediating dilapidated secure residences.
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Annex 3 – Treasury recommendations on Law and Order submissions

Refer to attached document.

Annex 3 - Current Budget 2025 Law and Order Package

Notes

1. Some initiatives, such as those with a Public Private Partnership (PPP) component, have significant out year components. This alters the way operating averages are calculated and may result in misalignment between Total Opex and Opex P.A. in the Treasury Package.
2. Treasury's VAD framework quantifies the value (weighted through benefits and costs), alignment to Government Budget 2025 priorities, and delivery feasibility of an initiative, rated from 1 (low) to 4 (high).

							Dept. Submissions \$(m)			Current Package \$(m)			VFM Values		
Vote	ID	Budget Track	Title	Description	Current Status	Treasury Recommendation and Commentary	Total Opex	Opex P.A.	Total Capex	Total Opex	Opex P.A.	Total Capex	V	A	D
Attorney-General	16416	Cost Pressures	Crown Prosecution Services and the Law Officer Functions - Funding Sustainability	[33]	[33]		[33]		-	-	-	-	2	3	2
Corrections	16479	Cost Pressures	Corrections Prisoner Population and Other Volume Pressures	This initiative provides operating and minor capital funding for the additional costs associated with the forecasted growth in the number of people in prison through to 30 June 2026. This includes funding to hire additional frontline staff at Corrections, and other costs directly related to the increased volume. This has been limited to a one-year uplift to manage within Corrections' Budget 25 envelope. It also seeks a tagged contingency to manage prisoner volume increases in-year over and above forecast levels.	Included	We recommend supporting this initiative seeking funding for the operating and minor capital impacts of the forecast growth in the number of people in prison to 10,860 by 30 June 2026. Given the high level of uncertainty around prison population projections and as the prison population has grown more rapidly over the previous year than projected, Corrections sought additional funding in a tagged contingency to manage risks that volumes are higher than forecast. Given the uncertainty about prisoner volumes, we consider out of cycle funding is a better mechanism to fund these costs if risks materialise. It is likely that any further significant scaling would require changes to service delivery, including rehabilitation, reintegration and health services.	[33]		8.6	393.4	98.4	8.6	3	4	4
	16480	Cost Pressures	Corrections Critical Remuneration Pressures	This initiative provides funding for critical remuneration pressures, including remuneration increases for staff and contracted service partnerships, to maintain safe and effective Corrections services. This has been limited to single year of uplift (with the exception of a multi-year settlement for Health) to manage within Corrections' B25 envelope.	Included	We recommend scaling this initiative to only cover the remuneration pressures relating to Corrections' critical frontline workforce. The proposed scaled initiative provides funding for the settlement of the Health collective bargaining and for price indexation for Corrections' frontline external service providers (Auckland South Corrections Facility, prison escort services and electronic monitoring field services). We do not recommend funding enabling FTE adjustments, as these FTE are employed in less critical support roles and Corrections maintains a higher level of bargaining power, or health manager relative adjustments.	[33] and [38]	-	[38]	-			3	4	4
	16481	Cost Pressures	Corrections Critical Price Pressures	This initiative provides funding to maintain safe and effective Corrections services by addressing critical price pressures, including infrastructure, digital and other supplier cost increases due to inflation.	Included	We recommend scaling this initiative, which relates to Corrections' critical price pressures. As part of the envelope process, Corrections has evaluated its cost pressures and submitted those most critical to frontline service delivery. This initiative addresses the increase in price of Corrections' essential technology, infrastructure, utilities (reticulated gas) and rehabilitation contracts. Costings are based on a single-year uplift for all price pressures except reticulated gas where a two-year uplift is sought to allow for the Waikeria build coming into operation. Given the certainty of gas pricing based on the all-of-government contract, we are comfortable with the second-year uplift. We recommend scaling all price pressures where indexation has been applied above CPI rates.	[33]		-	70.2	17.6	-	2	3	4
	16482	Cost Pressures	Corrections Critical Other Cost Pressures	This initiative provides funding for non-discretionary "other" cost pressures faced by the Department of Corrections, namely asset revaluation depreciation impacts, actuarial provisions pertaining to annual revaluation of long service leave, and unavoidable operating implications of the Capital Plan implementation.	Excluded	We do not recommend supporting this initiative, which seeks funding for Corrections' cost pressures relating to increased depreciation resulting from revaluation, actuarial related increases, and running costs for the prison network. Funding sought reflects future estimated costs and there remains a number of unknown variables which will determine actual costs. While there may be a case for funding depreciation increases related to asset valuation in particular, we consider it is unusual to seek funding for revaluations before they occur and recommend deferring this element [33]. We therefore do not consider the initiative critical nor sufficiently justified for Budget 2025 funding.	[33]		-	-	-	-	2	3	4
	16483	Savings	Corrections' Financial Sustainability and Reprioritisation – Efficiency Measures	This reprioritisation initiative reallocates Corrections baseline funding to mitigate cost pressure submissions as a result of a continued fiscal sustainability focus and adaption of Corrections' work efforts.	Included	We recommend supporting this reprioritisation initiative to offset Corrections' cost pressure and new spending initiatives as part of the justice envelope. The savings relate to "structural productivity" and electronic monitoring. The structural productivity savings arise from improving internal operating structures within enabling workforce areas. The electronic monitoring savings transition eligible offenders from digital to radio frequency devices as an efficiency measure. Corrections does not expect these savings to impact core service delivery. Risks include the management of change processes and as the costings reflect "stretch targets", any unmet savings may result in unintended consequences for other areas of Corrections' business.	(49.2)	(12.3)	-	(49.2)	(12.3)	-	3	4	3
	16484	New Spending	Responding to Increasing Prisoner Numbers – Redevelopment of Christchurch Men's Prison Phase 1	This initiative provides the funding for the first phase of the Christchurch Men's Prison redevelopment that is required to contribute to meeting the increasing demand on the prison network, with a focus on investment in high-security capacity. In recognition of the fiscal environment, this initiative is only seeking to progress Phase 1 through Budget 2025, [33]	Included	We recommend supporting this initiative relating to the Redevelopment of Christchurch Men's Prison (CMP). However, this investment was not prioritised within the Justice envelopes so consideration will need to be given to funding options. CMP is identified in Corrections' Long Term Network Configuration Plan as a "Strategic Node" within the prison network to be prioritised for investment. The investment responds to the need for capacity by adding 240 beds, with further beds added in later phases of the investment. Given the lead times for prison builds and sustained prison population growth above forecast levels, we consider there is a good case for prioritisation. A Detailed Business Case was approved by Cabinet in November 2024.	[33] and [38]						3	4	4

							Dept. Submissions \$(m)			Current Package \$(m)			VFM Values		
Vote	ID	Budget Track	Title	Description	Current Status	Treasury Recommendation and Commentary	Total Opex	Opex P.A.	Total Capex	Total Opex	Opex P.A.	Total Capex	V	A	D
Justice	16307	Savings	Te Ao Marama Programme	This initiative relates to the Te Ao Marama tagged contingency, this funding will advance interventions, extending progress to an additional five locations	Included	We recommend funding held in the tagged contingency be returned as savings. The Te Ao Marama Programme (the Programme) seeks to introduce practices from therapeutic courts into the District Court. There is ongoing baseline funding of \$6.782 million to implement the Programme in eight sites, with an additional \$23.320 million held in a tagged contingency to extend progress to an additional five sites. The contingency funding was set aside at Budget 2024 while the Ministry of Justice focused on the implementation of the programme in existing sites and gathered information about effectiveness. This is not expected to occur until 2026. Benefits of the Programme can still be realised through continuation of the interventions to the existing sites and can be scaled up at a future Budget.	-	-	-	(25.3)	(6.3)	-	2	2	1
	16340	New Spending	[33] and [38]										3	4	2
	16417	Cost Pressures	Effective, timely and resilient election services	This initiative provides funding to retain electoral system performance while managing cost growth by improving and modernising election processes, enrolment and communications. It enables integrity and efficiency improvements and gives a pathway to delivering more timely election results. Funding service levels similar to the 2023 general election offers stability to implement these improvements.	Included	We recommend scaled funding. Funding should enable the delivery of the 2026 General Election at similar service levels compared with the 2023 election. Scaling options were presented that would impact on service levels including reducing the advanced voting period to 7 days and increasing wait times for voting. Instead of this scaling, we recommend scaling funding for price inflation (by 30%), wage increases in line with guidance, integrity improvements (by 20%); and not providing funding for the 2029 election (to be considered at a future Budget), a modernisation business case (to be covered from baselines), by-elections (to be considered case-by-case as it arises), the referendum (being considered separately) and capital as no business case has been approved.	[33]		-				3	3	3
	16502	New Spending	Improving Court Timeliness Through Additional Judicial Officer Capacity	This initiative increases judicial capacity by expanding the jurisdiction, and number of, community magistrates, and funding 2 additional High Court Judges and associated staff. Significant workload pressures in the courts are causing adjournments, delays, and a growing backlog of active cases.	Excluded	We recommend deferring this initiative. The Ministry of Justice was invited to submit invest-to-save initiatives that demonstrate how investment will be more than offset by a future increase in efficiency or savings related to a reduction of prisoners on remand. This initiative seeks funding for: (1)three community magistrates, and (2)two additional High Court judges. We recommend deferring this investment. While the magistrate component of the initiative may reduce prisoner population, it does not appear to be implementation ready and is not expected to be operational until early 2027 due to the need for further policy work and legislative change. The initiative does not outline how additional High Court judges will impact on prisoner population or remand rates.	18.4	4.6	-	-	-	-	2	2	2
	16505	Cost Pressures	Cost Pressure Management – Proposed [33]	This initiative seeks [33] per annum to meet volume and inflationary cost pressures arising across the Courts and Justice Portfolios, and summarises the programme of work that the Ministry would complete to find additional savings and efficiencies to manage unfunded cost pressures.	Included	We recommend scaled funding. The Ministry of Justice (MoJ) submitted four initiatives (low, medium, proposed, and high) to address cost pressures over the forecast period. We recommend the “proposed” option with the following exclusions: •not funding wage and other cost pressures that do not accrue until 2026/27 and later years as these can be addressed in future Budgets, and •\$14 million per annum to provide a buffer for unforeseen cost pressures over the forecast period. This option provides funding for 50% of MoJ's cost pressures which will allow it to address urgent cost pressures and to progress improvements to court timeliness but would require it to make trade-offs regarding resource allocation and increased user fees and charges which may impact on access to justice.	[33]		-	109.9	27.5	-	3	3	3
Oranga Tamariki	16369	New Spending	Secure Residences – Fit for Purpose Residences (Bringing Facilities up to Regulatory Standards)	We seek funding to improve the safety & security of children & young people (C&YP), who are in the custody of the Chief Executive & subject to a custodial sentence. The residential network and current staff workforce model are not designed, built or able to safely & securely house or meet the current capacity, physical, criminogenic, therapeutic & welfare needs of C&YP. Residences were designed & built over 20 years ago & have had scant proactive maintenance a minimal modernisation since they were established. They were designed to house C&YP much younger in age, physical development & with significantly less complex needs then the C&YP today.	Included	We partially support this initiative. Maintaining and remediating OT's secure residences will ensure they remain open and improve their safety. We do not, however, consider this initiative ready for delivery, due to OT's limited time to plan. Nevertheless, given its relative urgency, we recommend placing funding for immediate remediation of residences in a tagged contingency, subject to Cabinet's approval of a business case. [38]	[38]			6.5	1.6	15.6	4	4	2

							Dept. Submissions \$(m)			Current Package \$(m)			VFM Values		
Vote	ID	Budget Track	Title	Description	Current Status	Treasury Recommendation and Commentary	Total Opex	Opex P.A.	Total Capex	Total Opex	Opex P.A.	Total Capex	V	A	D
Oranga Tamariki	16400	New Spending	Safety improvements in Youth Justice residences	<p>This initiative seeks funding to address critical safety risks in five secure Youth Justice residences and support the delivery of therapeutic programmes to help young people who have offended turn their lives around. It comprises funding for -ten Body Imaging (BI) scanners and 45 security officers (FTE) to prevent unauthorised and harmful items coming into residences</p> <p>-secure locks on 176 doors to protect young people from harm during disorder events</p> <p>It supports implementation of legislative changes requiring universal searches on entry to residences, responding to recommendations from the Royal Commission of Inquiry into Abuse in State Care, by enabling an initial manual search response while strong safety controls (BI scanners and locks) are procured and installed.</p>	Included	<p>We support this initiative, which will purchase body imaging scanners, associated personnel, and secure locks to address critical safety risks within youth justice residences. The agency has provided a compelling rationale for why it represents the best value option to meet investment objectives. It also supports government targets (specifically “Reduced Child and Youth Offending”). The agency needs to begin addressing critical safety risks ahead of forecast increases to demand for youth justice residences. As such, funding is required ahead of associated legislation passing in 2025/26.</p>	21.6	5.4	11.2	21.6	5.4	11.2	4	4	3
	16403	New Spending	Military Style Academies	<p>This initiative seeks [33] of operating and \$2.0 million capital to deliver Military Style Academies (MSA), transitional support, and MSA Step up home for up to 40 young serious offenders who have intensive needs by 2027/28. This includes:</p> <ul style="list-style-type: none"> •Operationalising the MSA for an average 9 month duration for 10 children per academy. This will be for [33] in the first year, 1221 •Providing 1:1 transitional mentoring for each youth for a full year post academy attendance. •A 3 month (on average) stay for transition support for reintegration into society post academy attendance. •Additional capital for infrastructure changes in two residence units to ensure safe delivery of the programme. 	Included	<p>We support this initiative due to legislation already introduced to the House. The upcoming Bill, if passed, will require the government to have military-style academies (MSAs) available as a sentencing option.</p> <p>However, we recommend scaling, because we disagree with OT's projection of the volume of MSA orders. Without existing sentencing trends to inform assumptions about judges' use of the novel MSA orders, OT has generally assumed judges will prefer more punitive options. We consider this unlikely, because the principles of the OT Act place the wellbeing of the child or young person at the centre of judges' decisions.</p> <p>Regardless, OT can recommend sentences to judges, depending on the availability of MSA placements. As a result, volumes are unlikely to exceed funded levels.</p>	[33]			31.1	7.8	2.0	2	4	3
	[33]			[33]	[33]	[33]	[33]								
	16410	Cost Pressures	Young Serious Offenders - implementation of new legislative regime	<p>This initiative seeks [33] operating expenditure to implement the new legislative regime for Young Serious Offenders (YSOs), including funding for:</p> <ul style="list-style-type: none"> •Intensive case management •Electronic monitoring •Supervision with activity <p>Modelling indicates that the estimated number of young people who may be eligible for a YSO declaration, including expected community and custodial (including Military Style Academy) orders, may increase from around [33]</p> <p>Note that other operating and capital expenditure is being sought separately for new youth justice residences, improving the safety of existing facilitates and implementing Military Style Academies.</p>	Included	<p>We support this initiative, which will fund the fiscal impacts of policy decisions already agreed by Cabinet [CAB-24-MIN-0208 refers]. However, we recommend scaling the initiative by moderating OT's assumptions about the volume of YSO orders made by Youth Court judges. In several instances, OT has assumed the courts will tend towards using the new, more punitive YSO sentencing options where available (for example, assuming 75% of supervision with activity orders will include the newly available electronic monitoring sentence). We consider some of these assumptions are likely to be overestimates; the Oranga Tamariki Act 1989 requires the courts to put the rights of the young person, as well as their well-being, at the centre of judges' decision-making.</p>	[33]		-	15.8	3.9	-	2	4	2

							Dept. Submissions \$(m)			Current Package \$(m)			VFM Values		
Vote	ID	Budget Track	Title	Description	Current Status	Treasury Recommendation and Commentary	Total Opex	Opex P.A.	Total Capex	Total Opex	Opex P.A.	Total Capex	V	A	D
Police	16344	New Spending	Police Enterprise Resource Management (ERM) System Upgrade Programme Phase One	This initiative outlines the investment required to replace NZ Police's core Enterprise Resource Management (ERM) systems (HR, Payroll, Workforce Management, Finance and Purchasing). The systems are nearing end-of-life, posing a serious risk to Police's ability to continue delivering Policing services. ERM systems include rostering, scheduling of frontline Police officers, accurate and timely payment of staff & suppliers, provide crucial information about strength and capability for responding to emergency events, and the management of budgets. The ERM Programme will upgrade Police's core ERM systems to resilient, modern, cloud-based alternatives, ensuring Police can continue to deliver reliable services to the NZ public and avoid the material and unacceptable potential of system failure.	Included	We recommend scaled funding. The initiative upgrades Police's Workforce Management (WFM), HR, and Payroll solutions. The current WFM application used to roster and deploy staff will cease being updated in December 2025 (after which there are increasing risks of system failure) and be discontinued in 2027, with remaining systems discontinued from 2030. Following earlier approval of a Programme Business Case, Cabinet is expected to consider a Detailed Business Case in March. Options to defer some of the funding would reduce Budget 2025 impacts but may create additional costs and involve risks which could interrupt frontline deployment and payroll. We instead recommend a scaled option which reduces the high contractor costs of [38]	[38]		-				4	4	3
	16346	New Spending	Court Timeliness – Police Prosecution Uplift Programme	This initiative provides funding for 132.3 operational delivery FTEs to continue delivering improved prosecution services in Auckland City and scale this proven delivery model for national delivery. It is the continuation of the operational delivery part of the Prosecutions Uplift Programme (PUP), which commenced in July 2023 and has shown significant improvement results for Police and the wider Justice Sector.	Included	We recommend supporting funding for the Prosecutions Uplift Programme (PUP). PUP has been identified within the wider Law and Order envelope as a key priority initiative contributing to meeting the target that 90% of criminal cases are disposed of by specified thresholds by 2027. Reducing disposal times is expected to reduce costs across the sector. With the implementation of PUP, justice sector modelling shows that 85.3% of cases are expected to meet the thresholds (compared with 79.5% without PUP). The funding sought would enable the current two-year programme to be permanently implemented. While a scaled option (costing \$11.5m per annum and modelled to reach 81.3%) is possible, we consider funding in full provides significant additional benefit for relatively small additional cost.	60.0	15.0	-	60.0	15.0	-	3	3	3
	16348	Cost Pressures	[33]	[33]	[33]	[33]	[33]						3	3	2
	16349	Cost Pressures	Police Cost Pressure – Baseline Operating Expense	This initiative provides critical cost pressure funding to New Zealand Police related to enabling the frontline and operational delivery of Police. Police's baseline has come under pressure from wage and price increases, the cost to maintain aging infrastructure, and prior investment in Police not matching the full cost of constabulary growth. Alongside changes in demand, this has placed significant pressure on Police's ability to support the frontline and deliver Government priorities within the funding available. It addresses pressures previously raised via Police's Performance Plan relating to Police performance and fiscal sustainability.	Included	Support scaled. The Vote team initially recommended scaled funding of [33] per annum but this was scaled further during moderation to \$120 million per annum, for consistency with funding provided at Budget 2024. This funding amount addresses cost pressures accumulated since 2021/22, as Police historically has not reset its budgets to manage within baselines in line with expectations. While we do not consider this practice to be appropriate, without funding there are risks to service delivery, and [33] in savings recommended in other initiatives partially offsets this additional funding. Lower priority pressures are not supported (e.g. future pressures and managers' wage bargaining which was to be managed within baselines).	[33]		-	480.0	120.0	-	3	3	3
	16350	Cost Pressures	[33] and [38]	[33] and [38]	[33] and [38]	[33] and [38]	[33] and [38]		-	-	-	-	2	3	2
	16352	Savings	Police Grants and Funds – High Savings Options	This initiative is providing high saving options for Grants and Funds to be returned to the Crown.	Included	We recommend the high savings option submitted as it returns discretionary funding for grants and funds with minimal impact on the frontline and limited risk to the Crown. The grants cover a trial designed to prevent burglary and similar property offences, partnership funding between Tuhoe Hauroa and Police to reduce Maori youth offending and victimisation, and funding for Neighbourhood Support NZ and Community Patrols NZ. A low savings option (\$14.4m) has been presented, which would be a viable alternative should Ministers wish to retain some of the benefits of the programmes including preventing victimisation and improving community safety. The proposed savings would reduce non-constabulary staff by 15 FTE.	(31.1)	(7.8)	-	(31.1)	(7.8)	-	3	3	3

							Dept. Submissions \$(m)			Current Package \$(m)			VFM Values		
Vote	ID	Budget Track	Title	Description	Current Status	Treasury Recommendation and Commentary	Total Opex	Opex P.A.	Total Capex	Total Opex	Opex P.A.	Total Capex	V	A	D
Police	16354	Savings	Increasing Vetting Revenue	This initiative is intended to increase revenue through increases to vetting fees and reducing the level of fee waivers to charge a greater proportion of users. This will ensure the Vetting Service is fully cost recovered, including recovering costs associated with ICT systems which are near end-of-life. Additional revenue for system replacement should ultimately result in cost savings through system efficiencies such as increased automation. Increasing fees for this service does not generate additional revenue for the Crown.	Excluded	Do not support this initiative being progressed for savings. Increasing vetting fees and revenue for Police would not provide direct savings to the Crown given vetting is largely cost recovered and managed through a memorandum account. Police currently funds a deficit in the memorandum account from baselines, so there is a clear need to increase fees to reach cost recovery at some point. However Police has not yet carried out sufficient work to determine the level of fee increase and consult on proposals, and no specific figures are provided.	-	-	-	-	-	-	1	2	1
	16355	Savings	Adjusting Firearms Regulatory Fees for Cost Recovery	This initiative proposes to adjust Firearms Regulatory fees under Sections 80-86 of the Arms Act 1983 (the Act) to be in line with comparable jurisdictions for firearms, and other regulatory activities in New Zealand. This initiative reflects the advice currently under consideration by the Associate Minister of Justice (Firearms).	Included	We recommend supporting this initiative which seeks to increase third party revenue for firearms fees. Firearms fees are currently forecast to meet approximately 5% of costs of licencing and regulatory services, when earlier analysis demonstrated up to 74% of costs could be recovered. Fees have also not been revised in over 25 years. The savings reflect the increased cost recovery (and reduced need for Crown funding) enabled by the fees schedule consulted on in 2022 but not implemented. Further fee revisions can be considered following the rewrite of the Arms Act planned for completion in 2026/27.	[33]		-				3	3	3
	16356	Savings	[33]	[33]	[33]	[33]	[33]		-				1	1	2
	16358	Savings	[33]	[33]	[33]	[33]	[33]						2	2	2
	16360	Savings	[33]	[33]	[33]	[33]	[33]						3	2	3
	16370	Savings	Police Savings: Further corporate support and leadership reductions	This initiative proposes savings from further reductions to Police leadership and corporate support staff positions over and above the 173 FTE reduction achieved in late 2024. Reductions are to realise cashable benefits required to fill Police’s forecast operating deficit over the forecast period. These reductions are in addition to forecast reductions resulting from the ERM Programme delivery, which are required to offset costs [33]. The reductions described within this savings template are applicable to all funding scenarios.	Included	We recommend supporting this reprioritisation initiative. This initiative proposes savings from further reductions in corporate support staff and Police leadership by approximately 12.21. While the initiative identifies low impacts on the frontline, there is a lack of detail and the initiative is in effect a savings target. It is possible the savings in year one are reduced by the need for redundancy payments, though the level of redundancies required is dependent on overall mix of reprioritisation initiatives agreed across Police and staff attrition.	(16.2)	(4.1)	-	(16.2)	(4.1)	-	3	3	2
	16371	Savings	Police Savings: Corporate Efficiencies	This initiative proposes increased corporate efficiencies targeted annually to ensure Police's operations remain affordable and within agreed budget allocations. Savings measures will build off the FY24/25 internal fiscal sustainability programme and will be used across all funding scenarios.	Included	We recommend supporting this reprioritisation initiative. This initiative proposes savings from a range of efficiencies such as holding vacancies, further restricting non-essential travel and contractor/consultant spend. While the initiative identifies low impacts on the frontline, there is a lack of detail and the initiative is in effect a savings target.	(26.3)	(6.6)	-	(26.3)	(6.6)	-	3	3	3
	16374	Savings	[33]	[33]	[33]		[33]						3	3	2

							Dept. Submissions \$(m)			Current Package \$(m)			VFM Values		
Vote	ID	Budget Track	Title	Description	Current Status	Treasury Recommendation and Commentary	Total Opex	Opex P.A.	Total Capex	Total Opex	Opex P.A.	Total Capex	V	A	D
Police	16375	Savings	Police Savings: Further operational management reductions – Districts Model	his initiative sets out the savings from reductions to Police operational management positions extending to the 12 District model, seeking changes to reduce leadership roles that do not negatively impact operational delivery. The reductions described within this savings template are applicable to High, Medium, and Low funding scenarios.	Included	Support. This initiative proposes savings in management and leadership roles in the 12 Districts model that do not impact service delivery. This would involve consolidation and reduction of constabulary by[33] TE. It is not certain if this will result in a reduction in total constabulary numbers given attrition and vacancies, and the aim of managing impacts through backfill and redeployment to roles currently carried out by non-constabulary employees. Some potential impacts on the frontline are identified due to changes in leadership and a change management process being required, however detailed planning is yet to be completed.	(26.4)	(6.6)	-	(26.4)	(6.6)	-	3	3	2
	16377	Savings	[33]	[33]	[33]		[33]					-	3	3	2