

Reference: 20170046

20 April 2017

Thank you for your Official Information Act request, received on 15 February 2017.
You requested the following:

“A copy of all documents prepared by the Treasury (either in part or in conjunction with another Department or agency) for New Zealand Police or the Minister of Police and/or Minister of Finance regarding the proposal for the Safer Communities package, since the 1st of July 2016.

Please take this request to include: any documents that may have been generated before the proposal became known as the “safer communities” package.”

On 7 March 2017, we informed you that the deadline to respond to this request had been extended by 20 days. This was to allow consultation with relevant parties.

Information Being Released

Please find enclosed the following documents:

Item	Date	Document Description	Decision
1.	26 August 2016	Email RE: Agency Consultation - SEC paper investing in additional police numbers	Release in part
2.	15 September 2016	Treasury Report: Upcoming Ministerial Meeting on Justice Sector Costs	Release in part
3.	7 December 2016	Email RE: Draft Cabinet Paper with agency input	Release in part
4.	9 December 2016	Committee Briefing: Briefing for SEC 14 December – Investing in Police	Release in part
5.	19 December 2016	Briefing: Police Investment Cabinet Paper – Updated Costs	Release in part
6.	13 January 2017	Email RE: Cabinet Paper	Release in part

7.	18 January 2017	Treasury Report: Briefing on Police Investment Cabinet Paper	Release in part
8.	20 January 2017	Email RE: Briefing for pre-Cab - Police	Release in part

I have decided to release the relevant parts of the documents listed above, subject to information being withheld under one or more of the following sections of the Official Information Act, as applicable:

- personal contact details of officials, under section 9(2)(a) – to protect the privacy of natural persons, including deceased people
- advice still under consideration, section 9(2)(f)(iv) – to maintain the current constitutional conventions protecting the confidentiality of advice tendered by Ministers and officials, and
- names and contact details of junior officials and certain sensitive advice, under section 9(2)(g)(i) – to maintain the effective conduct of public affairs through the free and frank expression of opinions.

Some information has been deleted because it is not covered by the scope of your request. This is because the documents include matters outside your specific request.

In making my decision, I have considered the public interest considerations in section 9(1) of the Official Information Act.

Please note that this letter (with your personal details removed) and enclosed documents may be published on the Treasury website.

This fully covers the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely

Colin Hall
Manager, Justice, Security and Government Services

OIA 20170046

Information for release

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8.	<u>Email 20 January 2017 - Briefing for pre-cab Police</u>	22

From: Alex Harrington [TSY]
Sent: Friday, 26 August 2016 2:15 p.m.
To: s9(2)(a)
Cc: 'christine.stevenson@corrections.govt.nz'; Carolyn Van Leuven [DPMC]; 'colin.lynch@justice.govt.nz'; EVANS, Robert (Mark); BOLE, John; HART, Sharon; Colin Hall [TSY]
Subject: RE: Agency consultation - SEC paper Investing in additional Police numbers

[SEEMAIL][SENSITIVE]

Hi Fiona

Thank you for the opportunity to comment on this paper.

As discussed with Mark, John and Sharon this afternoon, we have drafted a comment for inclusion in the paper. Please include the following comment in the consultation section of the paper, under a heading of "Treasury Comment":

While acknowledging that NZ Police faces increased demand for services, the Treasury does not favour the approach of targeting a police officer to population ratio to address this. By focusing on the number of police officers rather than what they do or the results they achieve, this approach overlooks efficiency gains and innovations such as the roll-out of mobility devices, which is estimated to have freed up the equivalent of 354 additional officers.

The estimates of additional police officers needed to achieve a 1:500 ratio are based on Statistics NZ population projections published in November 2014. As is noted in the Background section, recent population increases have been larger than those projections, and as such this paper likely underestimates the additional police officers needed to achieve a 1:500 ratio.

If Ministers want to take an in-principle decision now about increasing police officer numbers, the Treasury would recommend considering the funding implications of such a decision through Budget 2017. This would allow Ministers to consider the expected impact of the additional police officers alongside competing priorities for funding across government. It would also allow time to consider the extent to which accompanying increases in non-sworn staff are needed (while it would help get maximum value from the extra officers, it adds around 17% to the costs); whether NZ Police could meet some of the costs from baselines; and the cost implications for the justice sector pipeline.

If the paper changes materially through consultation, we would appreciate the opportunity to see a revised draft so we can consider whether we need to update this comment.

Kind regards
Alex

Alex Harrington | Senior Analyst, Justice and Security | **The Treasury - Kaitohutohu Kaupapa Rawa**
alex.harrington@treasury.govt.nz | Tel: +64 4 890 7239 | 1 The Terrace, PO Box 3724, Wellington 6140

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From: s9(2)(a)
Sent: Wednesday, 24 August 2016 11:34 a.m.
To: 'christine.stevenson@corrections.govt.nz' <christine.stevenson@corrections.govt.nz>; Alex Harrington [TSY]

<Alex.Harrington@treasury.govt.nz>; Carolyn Van Leuven [DPMC] <Carolyn.VanLeuven@dpmc.govt.nz>;
'colin.lynch@justice.govt.nz' <colin.lynch@justice.govt.nz>

Cc: s9(2)(a)

Subject: Agency consultation - SEC paper Investing in additional Police numbers

Good morning

This Budget-sensitive paper, *Investing in additional Police numbers*, is planned to go to SEC on 7 September, to be lodged on the 1st.

Any agency feedback to me by COB Monday 29 August please.

Regards

s9(2)(a)

Police National Headquarters, 180 Molesworth Street, PO Box 3017, Wellington 6011 www.police.govt.nz

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Treasury Report: Upcoming Ministerial Meeting on Justice Sector Costs

Date:	15 September 2016	Report No:	T2016/1762
		File Number:	DH-0-3-3

Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Bill English)	Read ahead of meeting with Justice Sector Ministers	Monday 19 September, 10.30am
Associate Minister of Finance (Hon Steven Joyce)	Read ahead of meeting with Justice Sector Ministers	Monday 19 September, 10.30am
Associate Minister of Finance (Hon Paula Bennett)	Read ahead of meeting with Justice Sector Ministers	Monday 19 September, 10.30am

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
Nicky Lynch	Senior Analyst, Justice and Security	890 7255 (wk)	s9(2)(a) ✓
Colin Hall	Manager, Justice and Security	917 6227 (wk)	

Actions for the Minister's Office Staff (if required)

Return the signed report to Treasury.

Note any feedback on the quality of the report

Enclosure: No

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Treasury Report: Upcoming Ministerial Meeting on Justice Sector Costs

Executive Summary

Deleted - Not covered by your request

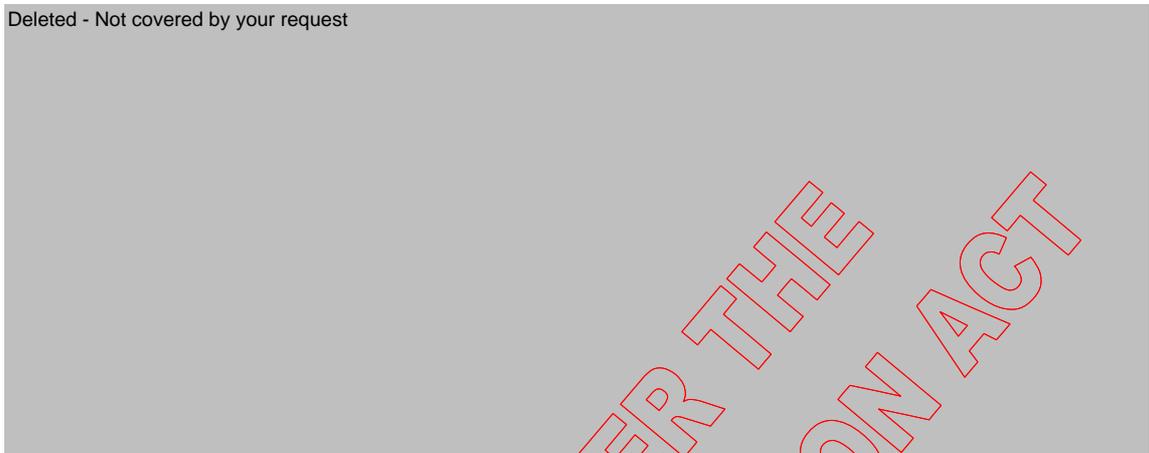


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Recommended Action

We recommend that you:

Deleted - Not covered by your request



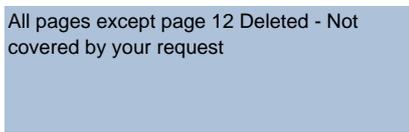
Colin Hall
Manager, Justice and Security

Hon Bill English
Minister of Finance

Hon Steven Joyce
Associate Minister of Finance

Hon Paula Bennett
Associate Minister of Finance

All pages except page 12 Deleted - Not covered by your request



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Additional police staff

40. The Minister of Police is preparing a Cabinet paper seeking agreement in principle to increase staff numbers for NZ Police, with funding to be sought through Budget 2017. This follows recent discussion in the media and in the House of Representatives, where the Prime Minister and the Minister of Police have indicated that the government is considering an increase in police numbers.
41. The draft paper proposes two options to meet a sworn officer to population ratio of 1:500:

Option	Date to meet 1:500 ratio	Extra sworn officers	Extra non-sworn employees	Operating costs once fully implemented	One-off capital costs
Option 1	December 2018	612	150	\$98m per annum	\$15m
Option 2	June 2020	738	180	\$118m per annum	\$17m

42. While acknowledging that NZ Police faces increased demand for services, we do not favour the approach of targeting a police officer to population ratio to address this. By focusing on the number of police officers rather than what they do or the results they achieve, this approach overlooks efficiency gains and innovations such as the roll-out of mobility devices, which is estimated to have freed up the equivalent of 354 additional officers. It can also hinder NZ Police management's ability to make changes to the workforce mix that would improve efficiency and effectiveness.
43. The estimates of additional police officers are based on Statistics NZ population projections published in November 2014. Recent population increases have been larger than those projections. Statistics NZ's national population estimate as at 30 June 2016, published in August 2016, is around 50,000 higher than the 2014 population projections for that point in time. As such, the paper likely underestimates the additional police officers needed to achieve a 1:500 ratio.
44. If Ministers want to take an in-principle decision now about increasing police officer numbers, we recommend considering the funding implications of such a decision through Budget 2017. This would allow Ministers to consider the expected impact of the additional police officers alongside competing priorities for funding across government. It would also allow time to consider:
- the extent to which accompanying increases in non-sworn staff are needed (while it would help get maximum value from the extra officers, it adds around 17% to the costs)
 - whether NZ Police could meet some of the costs from baselines, and
 - the cost implications for the justice sector pipeline (the Ministry of Justice has estimated that Option 1 would cost the Ministry of Justice and the Department of Corrections between \$35 million and \$82 million per year; further analysis is needed once more information is available about how the additional officers would be deployed).
45. We would also recommend avoiding public comments prior to Budget 2017 that would close off options about how the increase could be achieved.

From: Alex Harrington [TSY]
Sent: Wednesday, 7 December 2016 10:11 a.m.
To: 'CHAPPELL, Luke'; EVANS, Robert (Mark)
Cc: Lynch, Colin; STEVENSON, Christine (WELLHO); BRAZIER, Angela; Colin Hall [TSY]
Subject: RE: Draft Cabinet Paper with agency input

[SEEMAIL][SENSITIVE]

Hi Luke

Thank you for sending through this revised draft, much appreciated.

We have prepared a Treasury Comment for inclusion in the paper. Please include the following text under the heading "Treasury Comment" in your consultation section:

The Treasury acknowledges that NZ Police is facing increasing pressure as a result of rising demand, and that additional resources may well be needed to address this. However in the Treasury's view, this proposal should be considered through the Budget 2017 process, where it can be prioritised against competing proposals from across government. This would also allow time for the standard budget requirements to be undertaken for the proposal, including undertaking a cost-benefit analysis and preparing a business case for the capital component of the proposal.

It is helpful that the paper includes information on the high level targets and performance indicators that are currently being developed by NZ Police. However the paper does not propose setting specific, measurable targets in relation to this proposal that would (a) give Ministers a strong sense of the results that this proposal would achieve, and (b) allow Ministers to hold NZ Police accountable for delivery against expectations for this proposal.

The paper includes information on estimated impacts on the wider justice sector pipeline, which would be sought through Budget 2017. s9(2)(f)(iv)

s9(2)(f)(iv)

Kind regards
Alex

Alex Harrington | Senior Analyst - Justice, Security and Government Services | **The Treasury - Kaitohutohu Kaupapa Rawa**

alex.harrington@treasury.govt.nz | Tel: +64 4 890 7239 | 1 The Terrace, PO Box 3724, Wellington 6140

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From: s9(2)(a)
Sent: Tuesday, 6 December 2016 5:13 p.m.
To: Alex Harrington [TSY] <Alex.Harrington@treasury.govt.nz>
Subject: Draft Cabinet Paper with agency input

Hi Alex,

In confidence - here is the latest draft we've got after agency feedback. Thanks for your feedback and assistance – hopefully the recs and tables are as they should be.

Any feedback, please let us know ASAP.

FYI early agreement means Police can start to recruit ASAP as it takes nearly 6 months for the whole recruitment process, to enable graduates from September next year. If it was through normal budget process, no more officers would be in place until perhaps start of 2018...

Cheers,

s9(2)(a)

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Investing in Police

Responsible Person: Colin Hall – Manager, Justice, Security and Government Services, 917 6227

First Contact Person: Alex Harrington – Team Leader, Justice, Security and Government Services, 890 7239

Purpose

1. This paper seeks funding for a package of initiatives for NZ Police. This would see the recruitment of an additional 1,165 constabulary and 295 non-sworn employees (against current staffing levels of around 8,900 and 3,000 respectively), phased in over four years. Agreement now would allow NZ Police to commence recruitment with graduates starting from September 2017.

Comment

2. NZ Police has prepared a proposal for significant investment in response to increasing demand. The proposal includes 13 initiatives around four themes:
 - i. Addressing increasing volume and complexity (including frontline response, tactical crime teams and addressing organised crime, gangs and drugs)
 - ii. Regional and rural policing
 - iii. Auckland, and
 - iv. Connected and accessible services.
3. The paper seeks the following funding for NZ Police as a pre-commitment against Budget 2017:

\$ millions	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23 & outyears
Operating	63.125	113.891	151.531	188.969	192.451	192.451
Capital	12.638	9.152	8.074	8.074	5.470	-

4. We acknowledge that NZ Police is facing increasing pressure as a result of rising demand, and that additional resources may well be needed to address this.
5. However in our view, this proposal should be considered through the Budget 2017 process, where it can be prioritised against competing proposals from across government. This would also allow time for the standard budget requirements to be undertaken for the proposal, including undertaking a cost-benefit analysis and preparing a business case for the capital component of the proposal. The cost-benefit analysis should consider wider societal impacts including the justice sector pipeline, impacts on victims and offenders, and related social services including mental health.
6. In terms of benefits, the paper includes information on high level targets and performance indicators that NZ Police is developing. However the paper does not propose setting specific, measurable targets in relation to this proposal that would:
 - i. give Ministers a strong sense of the results that this proposal would achieve, and
 - ii. allow Ministers to hold NZ Police accountable for delivery against expectations for this proposal.

BUDGET-SENSITIVE

7. For instance, the paper mentions targeting a 10% reduction in serious crime, but no timeframe or reference point is included for this target. Similarly, the paper discusses performance indicators that NZ Police is developing, including attending at least 95% of home burglaries, but the paper does not describe current attendance rates, so it is unclear what difference the proposal in this paper would make. In the absence of this information, it is difficult to assess the proposal's value for money. Given the size of the proposed investment, we would expect the paper to actually set performance targets, and for these to be clear.
8. Justice sector officials have estimated the impacts of the proposal on the justice sector pipeline based on assumptions from NZ Police about how the staff would be deployed. These estimates have been prepared quickly and are subject to considerable uncertainty.

s9(2)(f)(iv)

s9(2)(f)(iv)

s9(2)(f)(iv)

s9(2)(f)(iv)

11. The paper proposes undertaking a review of the impact of the proposals in 2019. This review will be important given the degree of uncertainty around the estimates in the paper and the associated fiscal risk.

Treasury Recommendation

12. We recommend that you:
- i. **do not support** the recommendations in this paper, and
 - ii. **invite** the Minister of Police to submit the proposal for consideration through the Budget 2017 process.

The following table goes into the Executive Summary of the paper

BUDGET-SENSITIVE

Title	Pg	Recommend	Fiscal Implications (\$m GST excl.)					Treasury Comment
			16/17	17/18	18/19	19/20	Out years	
Investing in Police		Do not support. Invite the Minister of Police to submit the proposal for consideration through the Budget 2017 process.	<i>Operating</i>					Significant fiscal impacts for Police (as per this table), and for the wider justice sector (highly uncertain, but estimated at s9(2)(f)(iv) s9(2)(f)(iv) s9(2)(f)(iv) The proposal should be considered through the Budget 2017 process.
			-	63.125	113.891	151.531	188.969	
<i>Capital</i>								
-	12.638	9.152	8.074	8.074				

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POLICE INVESTMENT CABINET PAPER: UPDATED COSTS

T2017/49 (“Briefing on Police Investment Cabinet Paper”) contained cost estimates for the Police investment Cabinet paper based on the most recent draft of the Cabinet paper.

s9(2)(f)(iv)



s9(2)(f)(iv)



s9(2)(f)(iv) Making a decision on these muster-related costs now rather than through Budget 2017 has the advantage of being clear about the total costs of this proposal and taking the funding decision at the same time as the policy decision.

The muster-related operating costs in Option One rise to \$45.2 million per year. Of this:

- \$32.5 million is driven by a per-prisoner cost consistent with assumptions used in the prison capacity business case approved by Cabinet last year
- \$11.1 million relates to rehabilitative programmes, where there is more discretion over the level of investment required
- \$1.6 million relates to sentences and orders in the community

The tables below have been updated to include these additional costs.

Option One

\$ millions	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23 & outyears
Operating						
Police	59.145	109.911	147.551	184.989	188.471	188.471
Justice	3.200	9.600	19.200	32.000	32.000	32.000
Corrections	s9(2)(f)(iv)					
s9(2)(f)(iv)						
Corrections (muster-related)	9.683	17.583	29.433	45.233	45.233	45.233
Total Operating	s9(2)(f)(iv)					
Capital						
Police	12.638	9.152	8.074	8.074	5.470	-
Corrections	s9(2)(f)(iv)					
Total Capital	s9(2)(f)(iv)					

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Option Two

\$ millions	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23 & outyears
Operating						
Police	59.153	104.449	133.286	136.219	135.558	135.558
Justice	3.800	11.400	18.900	22.700	22.700	22.700
Corrections	s9(2)(f)(iv)					
Corrections (muster-related)	7.800	12.300	19.000	28.100	28.100	28.100
Total Operating	s9(2)(f)(iv)					
Capital						
Police	12.638	9.152	7.696	5.176	4.000	-
Corrections	s9(2)(f)(iv)					
Total Capital	s9(2)(f)(iv)					

Option Three

\$ millions	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23 & outyears
Operating						
Police	56.673	97.840	100.533	98.903	99.983	99.983
Justice	4.300	12.900	17.200	17.200	17.200	17.200
Corrections	s9(2)(f)(iv)					
Corrections (muster-related)	7.000	9.800	13.900	19.600	19.600	19.600
Total Operating	s9(2)(f)(iv)					
Capital						
Police	12.638	9.404	5.806	4.000	4.000	-
Corrections	s9(2)(f)(iv)					
Total Capital	s9(2)(f)(iv)					

From: Alex Harrington [TSY]
Sent: Friday, 13 January 2017 3:18 p.m.
To: ^Parliament: David Kidson
Cc: s9(2)(g)(i) [TSY]; Colin Hall [TSY]
Subject: FW: Cabinet paper
Attachments: 170113 DPM Cab paper for consultation.docx

[SEEMAIL][SENSITIVE]

Hi David

We've just received the attached updated draft Cabinet paper from Police, which we understand will be circulated to Ministers for weekend reading.

As we discussed yesterday afternoon, we have been engaging with Police on their paper this week. Police discussed a draft paper with their new Minister on Wednesday afternoon, and we (and SSC) met with them on Thursday afternoon to discuss our views. Police have been working to update the paper to incorporate feedback from their Minister, from us and from the justice sector. This updating is not yet complete, as Police acknowledge below – they haven't yet managed to incorporate all of the suggestions that we have made, but they intend to do so and this will be done as soon as possible.

There are a few things in particular that we have asked to be included/improved that are yet to be done:

- **Police initiative costs:** providing an initiative-by-initiative breakdown of costs, so Ministers can see what individual components cost.
- **Targets:** making the targets more SMART (specific, measurable etc.), to give Ministers a stronger sense of what this particular set of proposals would achieve. The targets in this version of the paper are better, but there is still some more detail to be included. Alongside the initiative-by-initiative costings, we've asked for the paper to show which initiatives contribute to which targets (recognising that they're unlikely to be able to provide a detailed quantitative split).
- **Justice sector pipeline impacts:** including detailed year-by-year costings of the full estimated pipeline impacts (both operating and capital), along with commentary on the significant underpinning assumptions and risks.

We'll continue to work closely with Police in the next few days as they further refine their paper. We'll be in touch early next week to advise on progress, and we'll be providing the Minister with advice on the final paper ahead of it being considered by Cabinet (scheduled for 24 January).

Kind regards
Alex

Alex Harrington | Team Leader - Justice, Security and Government Services | **The Treasury - Kaitohutohu Kaupapa Rawa**

alex.harrington@treasury.govt.nz | Tel: +64 4 890 7239 | 1 The Terrace, PO Box 3724, Wellington 6140

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From: SONERSON, Audrey s9(2)(a)
Sent: Friday, 13 January 2017 2:46 p.m.

To: Alex Harrington [TSY] <Alex.Harrington@treasury.govt.nz>; Carolyn Van Leuven [DPMC] <Carolyn.VanLeuven@dpmc.govt.nz>; Dallas Welch [SSC] <Dallas.Welch@SSC.govt.nz>
Cc: s9(2)(g)(i) @treasury.govt.nz>; Colin Hall [TSY] <Colin.Hall@treasury.govt.nz>; Tania Warburton [DPMC] <Tania.Warburton@dpmc.govt.nz>; Catherine Williams [SSC] <Catherine.Williams@ssc.govt.nz>; s9(2)(a)

s9(2)(a)

Subject: Cabinet paper

Hi all,

Attached for your consideration is the next version of the Cabinet paper. You will see that it is closer to complete but not yet complete. There are still some bits to finalise and some suggestions you have made that we are yet to action.

However, this is the version that will be circulated to Ministers (subject to any changes the office makes before distribution).

Thank you for your constructive feedback so far and for your patience through this process!

I suggest we meet on Tuesday to discuss and I will ask my EA to arrange a time with you.

Thanks
Audrey



Audrey Sonerson
Deputy Commissioner: Resource Management
New Zealand Police
s9(2)(a)
Police National Headquarters – 180 Molesworth Street, Thorndon, Wellington www.police.govt.nz

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Treasury Report: Briefing on Police Investment Cabinet Paper

Date:	18 January 2017	Report No:	T2017/49
		File Number:	DH-44-1

Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Steven Joyce)	Note our advice on a paper that the Minister of Police intends taking to Cabinet seeking significant investment in NZ Police	Tuesday 24 January 2017
Associate Minister of Finance (Hon Simon Bridges)	Note	Tuesday 24 January 2017
Associate Minister of Finance (Hon Amy Adams)	Note	Tuesday 24 January 2017

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
Alex Harrington	Team Leader, Justice, Security and Government Services	04 890 7239 (wk)	✓
Colin Hall	Manager, Justice, Security and Government Services	04 917 6227 (wk)	

Actions for the Minister's Office Staff (if required)

Return the signed report to Treasury.

Note any feedback on the quality of the report

Enclosure: No

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Treasury Report: Briefing on Police Investment Cabinet Paper

Purpose of Report

1. The Minister of Police intends taking a paper to Cabinet on Tuesday 24 January entitled "Safe, Confident and Resilient Communities – Investment in Policing 2020". This report provides a briefing on that paper.
2. The Cabinet paper is due to be lodged with the Cabinet Office on Thursday 19 January. Though we have been working closely with NZ Police, at the time of finalising this report we have not seen a final version of the Cabinet paper. Accordingly this report is based on the latest draft of the Cabinet paper and discussions we have had with NZ Police about how the paper will be updated before it is finalised.

The Investment Proposal

Details of the Proposal

3. NZ Police has prepared a proposal for significant investment, primarily in response to increasing demand. The paper proposes a package of 12 initiatives around the following themes:
 - i. targeting and catching offenders
 - ii. preventing crime and victimisation, and
 - iii. delivering a more responsive police service.
4. The proposal would see the recruitment of an additional 1,165 constabulary and 295 non-sworn employees (against current staffing levels of around 8,900 and 3,000 respectively), phased in over four years.
5. As well as this central proposal (Option One), NZ Police has prepared two alternative options that remove lower priority initiatives from Option One:
 - Option Two: 825 constabulary and 245 non-sworn staff, and
 - Option Three: 625 constabulary and 195 non-sworn staff.
6. The proposal is effectively the same as that considered on 14 December 2016 by the Cabinet Committee on State Sector Reform and Expenditure Control (SEC). However this paper provides a clearer narrative, greater detail about the initiatives, and clearer performance targets.

Targets

7. The proposal would commit NZ Police to a range of targets to be achieved by 2020/21, which include reductions in crime, increasing home burglary clearance rates, reductions in family violence deaths and faster response times.

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8. The targets are much better than the ones included in the paper considered by SEC on 14 December. They are specific and measurable, and they have clearly defined timeframes for their achievement.
9. Understandably, NZ Police has not been able to break these targets down to show exactly how much each of the initiatives would contribute to each of the targets. However, the paper does at least provide qualitative information on this, by showing which initiatives contribute to achieving which targets.
10. The targets in the paper relate specifically to Option One. If Ministers decide to proceed with another option, not all of these targets could be achieved; NZ Police would need to provide further advice to Ministers on what targets could be achieved for a smaller option. NZ Police has work underway on the targets that could be achieved by Option Two and Option Three, but it is not clear at the time of finalising this report whether this will be available in time to include in the Cabinet paper.

Costings

11. The proposal has large operating and capital costs, which are sought as a pre-commitment against Budget 2017. These costs are set out in the table below:

Option One

\$ millions	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23 & outyears
Operating						
Police	59.145	109.911	147.551	184.989	188.471	188.471
Justice	3.200	9.600	19.200	32.000	32.000	32.000
Corrections	s9(2)(f)(iv)					
Total Operating	s9(2)(f)(iv)					
Capital						
Police	12.638	9.152	8.074	8.074	5.470	-
Corrections	s9(2)(f)(iv)					
Total Capital	s9(2)(f)(iv)					

12. Options Two and Three have lower costs, as set out below:

Option Two

\$ millions	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23 & outyears
Operating						
Police	59.153	104.449	133.286	136.219	135.558	135.558
Justice	3.800	11.400	18.900	22.700	22.700	22.700
Corrections	s9(2)(f)(iv)					
Total Operating	s9(2)(f)(iv)					
Capital						
Police	12.638	9.152	7.696	5.176	4.000	-
Corrections	s9(2)(f)(iv)					
Total Capital	s9(2)(f)(iv)					

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Option Three

\$ millions	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23 & outyears
Operating						
Police	56.673	97.840	100.533	98.903	99.983	99.983
Justice	4.300	12.900	17.200	17.200	17.200	17.200
Corrections	s9(2)(f)(iv)					
Total Operating	s9(2)(f)(iv)					
Capital						
Police	12.638	9.404	5.806	4.000	4.000	-
Corrections	s9(2)(f)(iv)					
Total Capital	s9(2)(f)(iv)					

NZ Police initiative costings

- NZ Police has provided us with detailed spreadsheets that provide the basis for the costings of the Police initiatives. In our view the costings are reasonable. They are built on sensible inputs around the costs of additional personnel (including salaries, allowances, equipment and information technology) and capital (particularly vehicles). The average operating cost per full-time equivalent (FTE) employee in these costings is around \$138,000 per year. This is similar to the cost per FTE for NZ Police's current baseline (\$1.6 billion for around 12,000 staff).

Justice sector pipeline costings

- There is a high degree of uncertainty about the cost estimates for the wider justice sector pipeline. In our view, justice sector officials have followed a reasonable process for developing these cost estimates. NZ Police estimated the additional proceedings across offence groups based on what current staff do and where the extra staff in the proposals would be deployed. This was flowed through into expected increases in court actions and sentences (custodial and non-custodial), which included an estimated extra [1] prison beds. The Ministry of Justice and the Department of Corrections have provided costings for the expected additional volumes, broken into legal aid, courts costs and costs for the Department of Corrections (both operating and capital). s9(2)(f)(iv)

s9(2)(f)(iv)

- We consider this to be a reasonable basis for the costings, but there is considerable uncertainty because it is difficult to know what the additional police officers will find, who they will prosecute for what offences, and what sentences will be imposed. Officials are wary of making precise estimates given recent errors in forecasting the impact of policy and legislative changes, such as changes around restorative justice and the Bail Amendment Act. s9(2)(f)(iv)

s9(2)(f)(iv)

- The justice sector pipeline costs for Options Two and Three involve relatively simple scaling of the costings of Option One, which is appropriate in our view. s9(2)(f)(iv)

s9(2)(f)(iv)

[1] - s9(2)(f)(iv) & s9(2)(g)(i)

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17. s9(2)(f)(iv)
18. The Cabinet paper notes that there are actions that could be taken to reduce or offset the expected impact on the justice sector pipeline. It proposes six-monthly reporting to SEC on progress with implementing the initiative, overall trends in the prison muster, and options to reduce pipeline pressure. We support investigation of options to reduce this pressure.

Choosing Between Options

19. NZ Police's preferred option is Option One (i.e. implementing all 12 initiatives). In our view, Options Two and Three are viable alternatives.
20. As mentioned above, NZ Police has developed robust targets for Option One, but at the time of finalising this report it has not finalised the targets that could be achieved by Option Two and Option Three. This makes it more difficult to make an objective choice between the three options.
21. If Ministers wish to proceed with a bespoke option that is different from Options One to Three, NZ Police may need to come back with advice around that option. For instance, some of the initiatives will be premised on rolling out a particular approach across all districts, and it may not make sense to implement a scaled version.
22. The 12 initiatives are directed towards achieving different goals – reducing crime, faster response times, more accessible services etc. Each of these is a valid goal, and it can be difficult to prioritise across these objectively.
23. Having said that, we consider the prioritisation that NZ Police has done in developing the three options to be sensible. The highest priority initiatives, which are included in all three options, would go towards strengthening frontline emergency response (200 staff) and tactical crime teams to focus on youth offending and crimes that affect more people (300 staff). Given recent crime trends and sustained increases in demand, we agree that bolstering these areas is a priority.
24. When shifting from Option One to Option Two, the three initiatives that are removed are (i) 180 officers to future-proof policing services for Auckland; (ii) 20 ethnic liaison officers; and (iii) 140 officers for 24/7 regional hubs. We agree that these are relatively low priority initiatives.
25. Shifting from Option Two to Option Three would see the further removal of (i) 100 sworn officers to target organised crime, gangs and drugs; (ii) 100 prevention-focused officers to reduce family and community harm; and (iii) increased EAGLE helicopter air support. We consider these initiatives to be relatively high priority, but we agree with NZ Police that, if there is limited funding available, bolstering frontline emergency response and tactical crime teams would be more important to do.
26. Our preference would have been for this proposal to be considered through Budget 2017 to allow prioritisation against other initiatives and for a business case to be prepared. However we understand Ministers wish to make a decision by the end of January to allow the increase in police numbers to commence in 2017/18.

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27. Overall, if Ministers are choosing between the three options in the paper, we would advise choosing the smallest one, Option Three. This is because of the significant investment involved and the uncertainty around the justice sector pipeline implications.

Recommended Action

We recommend that you:

- a **note** that the Minister of Police intends taking a paper to Cabinet on 24 January seeking significant investment in NZ Police in response to increasing demand
- b **note** that we expect the paper will provide a clearer narrative, greater detail about the initiatives, and clearer performance targets than the paper considered in December by SEC
- c **note** that we have reviewed the costings and consider them to be reasonable, though there is considerable uncertainty around the impacts on the wider justice sector pipeline, and
- d **note** that if Ministers are choosing between the three options in the paper, we would advise choosing the smallest one, Option Three, because of the significant investment involved and the uncertainty around the justice sector pipeline implications.

Colin Hall
Manager, Justice, Security and Government Services

Steven Joyce
Minister of Finance

From: Alex Harrington [TSY]
Sent: Friday, 20 January 2017 3:39 p.m.
To: @Precab
Cc: Colin Hall [TSY]; s9(2)(g)(i) [TSY]; Andrew Blazey [TSY]; Struan Little [TSY]; Gabriel Makhlouf [TSY]
Subject: briefing for pre-Cab: Police

[SEEMAIL][SENSITIVE]

Hi s9(2)(g)(i)

Apologies for the delay, we've just received the Cabinet paper. Here is the pre-cab briefing:

Title	Description and analysis	Fiscal implications	Treasury recommendation
Safe, Confident and Resilient Communities – Investment in Policing 2020	<p>The paper proposes investment in NZ Police, primarily to address increasing demand. This would see an extra 880 sworn and 245 non-sworn staff.</p> <p>The bulk of the cost is for a series of initiatives in NZ Police. This is expected to have a material impact on the justice sector pipeline,</p> <p>s9(2)(f)(iv)</p> <p>We consider the costings of the initiatives to be reasonable, and we consider a reasonable process has been followed to estimate the pipeline impacts, though considerable uncertainty remains.</p>	<p>The paper seeks funding of \$508m operating and \$34m capital over four years, which would be a pre-commitment against Budget 2017 allowances.</p> <p>s9(2)(f)(iv)</p>	<p>The proposal would help NZ Police to deliver quality services to a growing population.</p> <p>In order to assess the relative merit of the proposal, it would need to be considered through the Budget 2017 process, where a cost-benefit analysis and a business case could be prepared and where it could be prioritised against other proposals.</p>

Here is a link to the paper: [Investment in Police Cabinet paper \(Treasury:3653114v1\)](#) [Add to worklist](#)
 It's possible the paper may change; this is what NZ Police has just sent to their Minister's office.

Here are links to the Treasury report we sent on this paper on 18 January, and a subsequent note from 19 January advising of an update to the costings. The paper has changed materially since then.
[Briefing on Police Investment Cabinet Paper \(Treasury:3649883v1\)](#) [Add to worklist](#)
[Police Investment Cabinet Paper: Updated Costs \(Treasury:3650819v2\)](#) [Add to worklist](#)

Kind regards
 Alex

Alex Harrington | Team Leader - Justice, Security and Government Services | **The Treasury - Kaitohutohu Kaupapa Rawa**

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