

# The Treasury

## Budget 2016 Information Release

### Release Document July 2016

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[1]	to prevent prejudice to the security or defence of New Zealand or the international relations of the government	6(a)
[4]	to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial	6(c)
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[s18(c)(i)]	that the making available of the information requested would be contrary to the provisions of a specified enactment	
[40]	Not in scope	

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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) and section 18 of the Official Information Act.

Reference: T2015/2918

DH-42-0

Date: 8 December 2015

To: Minister of Finance (Hon Bill English)

Deadline: 9 December 2015  
(if any)

## Ministry of Justice Budget 16 Cost Pressure Initiatives

You are meeting with the Minister of Justice at 9:30am on Thursday 10 December 2015 to discuss Ministry of Justice (Ministry) cost pressures. This aide memoire provides information on:

- The Ministry's cost pressures and cost pressure budget initiatives
- Work by the Ministry towards achieving fiscal sustainability, and
- Possible talking points for the meeting.

### *Cost pressures and cost pressure initiatives*

In its cost pressures template, submitted on 30 October, the Ministry identified the following cost pressures across Votes Justice, Courts and Treaty Negotiations:

[33, 38]

On 4 December the Minister of Justice submitted cost pressure and new policy initiatives for Budget 16. The cost pressure initiatives can be roughly categorised as follows:

Cost Pressure Initiatives	\$ million*, GST exclusive			
	2016/17	2017/18	2018/19	2019/20
Legal Aid and Public Defence Service (Volume, [38])	[38]			
Court Mandated Programmes (Volume)				
Christchurch Justice and Emergency Services Precinct (Policy)	25.4	28.2	-	-
2017 Election Costs (Volume)	[38]		-	-

[33]	[33]
Other (Volume, Policy)	
<b>Total Cost Pressure Initiatives</b>	

\*Figures may not add due to rounding (nearest \$0.1 million)

*Previous Funding*

The Ministry committed in 2012 to living within baselines until 2020, and achieved this up to Budget 15. During this time the Ministry was able to draw on the Justice Sector Fund (JSF) for time-limited funding of cost pressures and new initiatives. Following a review of the JSF earlier this year, the JSF can no longer be used for cost pressures. The Ministry now needs to seek additional funding at Budget for any cost pressures that cannot be managed within baselines.

At Budget 15 the Ministry received \$10 million per year in new funding. In 2015/16 the funding went towards various initiatives, including invest to save options through the Investing in Justice (IJ) programme. In 2016/17 the majority of the funding (\$8 million) will go towards funding legal aid cost pressures.

*What is the Ministry of Justice doing to deal with ongoing cost pressures?*

The Ministry of Justice has undergone a significant spending review in the form of IJ. Treasury sits on the governance group for IJ, together with other Central Agency and Justice Sector agency representatives. This expenditure review was conducted by KPMG and covered 55% of the Ministry's operational spend. Following on from IJ the Ministry has plans to realise \$85.6 million in savings over the next four years to help address cost pressures.

These savings are mostly in departmental spending and will make a contribution to meeting the Ministry's departmental cost pressures. However non-departmental appropriations, particularly legal aid, are experiencing demand-driven cost pressures. Our conversations with the Ministry indicate that these are beyond what the Ministry can solve through efficiency savings.

[33]

*Suggested talking points*

- How is Investing in Justice helping the Ministry to manage its cost pressures?
- What progress has the Ministry made on improving efficiency in court processes, including consideration of the property footprint?
- What opportunities has the Ministry identified for savings beyond Investing in Justice?

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Appendix 1

The Minister of Justice's Budget Initiatives

\$ million*, GST exclusive	2016/17	2017/18	2018/19	2019/20
<i>Cost Pressure Initiatives</i>				
Legal Aid Non Departmental Expenditure Shortfall	16.8	10.8	13.7	13.2
Christchurch Justice and Emergency Services Precinct – Shortfall funding	25.4	28.2	-	-
Funding to deliver the 2017 Election [33]	[33]		-	-
Community Law Centres – stabilise funding at existing level	0.5	1.3	1.2	1.2
Domestic Violence Programmes funding shortfall	[33]			
Investing in the Public Defence Service	2.8	[33]		
Operating Associated with Investing in Justice	7.4	4.4	2.1	0.4
Restorative Justice Shortfall	4.0	4.0	4.0	4.0
[33]				
Independent Police Conduct Authority	0.7	0.7	0.7	0.7
<b>Total Cost Pressure Initiatives</b>	[33]			
<i>New Policy Initiatives</i>				
Changing civil legal aid policy settings to increase eligibility	1.9	3.8	5.8	5.8
[33]				
Dunedin Court Services	[33]			
<b>Total New Policy Initiatives</b>				
<b>Total Budget Initiatives</b>				

\*Figures may not add due to rounding (nearest \$0.1 million)