

6 November 2024

W. Forest
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Tēnā koe Miss Forest

Request for information

I refer to your Official Information Act 1982 (OIA) request of 18 October 2024, for the following information:

Please provide the copy of the proposal or impact assessment of the cost savings that has been provided to the minister to make a decision that eventually led to 170 roles being made redundant when the government asked for budget savings of \$55m.

As well as a significant investment in Police, the Government's 2024 Budget asked Police to make savings of \$55 million through a reduction in employee headcount. At the time it was estimated 175 roles would need to be disestablished to achieve the required savings.

Following this announcement in May, detailed design work was commissioned. A document outlining the proposed changes was released to Police staff for consultation, with the consultation period running from 20 August to 10 September. A substantial amount of feedback was received and considered by the Executive Leadership Team, following which a final decision document was released to staff on 9 October.

Attached is a copy of Police's Budget 2024 Savings Proposal for a reduction in Corporate Support FTEs. Please note that Police was originally asked to make savings of 350 FTEs and you will see that this is reflected in the Proposal document I am releasing to you. However, as noted above the Government subsequently reduced the amount of savings required of Police.

Some information has been withheld under the following sections of the OIA:

- 9(2)(a), to protect the privacy of natural persons
- 9(2)(f)(iv), to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials
- 9(2)(g)(i), to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty.

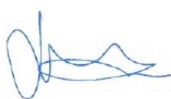
Please note that the 'Total' column of the table at the top of page 7 incorrectly summed the net FTE reduction. At the time this paper was submitted the total reduction was proposed to be 350 FTE which would have been achieved in the 2025/26 Financial Year. No further reductions were proposed for later years.

Where information has been withheld in this response Police considers the interests requiring protection by withholding the information are not outweighed by any public interest in release of the information.

Please note that as part of its commitment to openness and transparency, Police proactively releases some information and documents that may be of interest to the public. An anonymised version of this response may be publicly released on the New Zealand Police website.

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602.

Nāku noa, nā



Leigh MacDonald
ED Strategy & Transformation
New Zealand Police

Annex 2: Budget 2024 Savings Template

Section 1: Overview

Section 1A: Basic initiative information										
Initiative title (max 120 characters)	Reduction of Corporate Support Police Employee budget by equivalent of 350 FTEs									
Lead Minister	Minister of Police	Agency	Police							
Initiative description (max 800 characters)	This initiative proposes to reduce the Corporate Support Police Employee budget by the equivalent of 350 FTE's based on the financial year 23/24 baseline budget. This will be achieved using a phased approach to generate financial savings of \$40.9M per annum once at those levels (excluding transition costs of 14.2M). This would involve a large restructuring and redundancy programme. Given the scale this would be achieved over two years. The target functional group will be Corporate Support; s.9(2)(f)(iv) OIA [REDACTED]									
Type of saving (PA objective in CFISnet)	<input checked="" type="checkbox"/>	Baseline reduction	<input type="checkbox"/>	Targeted policy savings	<input type="checkbox"/>	Capital pipeline review				
Is this a cross-Vote initiative?	N	Click or tap here to enter text.								
Is this a revenue initiative?	N									
Agency contact	Name: Louise Cameron Phone: s.9(2)(a) OIA Email: louise.cameron@police.govt.nz		Treasury contact (Vote Analyst)	Name: Adam Crozier Phone: Email: adam.crozier@treasury.govt.nz						
Section 1B: Summary of savings profile										
Operating funding available for return (\$m)										
2023/24	2024/25	2025/26	2026/27	2027/28 & outyears*	Total					
-	3.989	24.438	40.898	40.898	110.223					
*For irregular outyears, add additional rows above to display the full profile of the initiative. Delete "& outyears" for time-limited funding. See the Guide to Submitting Initiatives on CFISnet for Budget 2024 for more information on entering outyears into CFISnet.										
Capital funding available for return (\$m)										
23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33*	Total
-	-	-	-	-	-	-	-	-	-	-
*Extend the profile above if funding is needed beyond 2032/33.										

Section 2: Alignment and options analysis

Section 2A: Alignment			
The answer to each question must not exceed 1-2 paragraphs			
Does this savings initiative have consequences for the Budget priorities? (if there are implications for multiple Priorities, select the most relevant)	<input type="checkbox"/>	Addressing the rising cost of living	X Delivering effective and fiscally sustainable public services
	<input type="checkbox"/>	Building for growth and enabling private enterprise	<input type="checkbox"/> No consequences
	Reducing Police employee personnel costs will make a positive contribution towards living within a reducing baseline. However, it will impact effective service delivery as constabulary employees are likely to be diverted to undertake activities previously undertaken by employees, and many employee roles require specialist skillsets and knowledge, risking the effectiveness of services delivered. It would also reduce the level of support received by all remaining Police, reducing their ability to carry out their functions and hence reduce operational service delivery to the public. s.9(2)(g)(i) OIA		
Section 2B: Options analysis			
The answer to each question must not exceed 1-2 paragraphs			
What was the process used to select the preferred option?	<p>Police's Fiscal Sustainability Programme was established to identify specific initiatives to drive savings to manage Police's forecast deficit position in the current and future financial years. The scope of this programme was expanded to include options to achieve the baseline reduction. Packages considered focus on four key areas:</p> <ul style="list-style-type: none"> • Reducing and driving efficiencies within Police's workforce • Reducing, stopping or changing how Police deliver and provide services • Reducing and driving efficiencies through Police asset base • Increasing the funding available to Police through cost recovery <p>This initiative was identified as part of a review into reducing and driving efficiencies within our workforce, areas of growth were identified in the Police Employee workforce to minimise impacting frontline services. These roles have increased since 2017 due to increased operational workforce levels requiring additional support, prior government initiatives, freeing up constabulary to deliver frontline activities, and to manage demand for services.</p>		

Section 3: Costs and benefits analysis

Section 3A: Benefits and non-fiscal costs	
The answer to each question must not exceed 1-2 paragraphs. The primary benefit of savings is fiscal. Therefore, the primary purpose of this section is to highlight any risks or impacts of the savings initiative.	
The Risks and Impacts section below is required for all initiatives invited into the capital pipeline review, regardless of whether there are any changes are proposed to this initiative.	
Where do the savings or	Savings would be generated by reducing the budgeted headcount by 350 Police Employee FTE (or the fiscal equivalent) in Corporate Support across two years, this equates to a reduction of more than 30% of Police Employee Corporate support positions. s.9(2)(f)(iv) OIA

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revenue arise from? s.9(2)(f)(iv) OIA

Corporate Support positions assist Police by enabling operational staff to perform their roles. This includes traditional corporate functions all large organisations are required to have such as Finance, Procurement, ICT, and HR (including Recruitment). It also includes employees who more directly support the frontline by ensuring the effective and efficient management of Police assets such as fleet, property, and people capability (uniforms, body armour etc.). Many of these positions are responsible for keeping Police safe through ensuring compliance with legislation and providing assurance on our systems and processes. Corporate Support roles also provide the business intelligence and capability to run the business of Police as efficiently and effectively as possible. These roles also ensure the physical safety and wellness of front-line Police, though ensuring they can communicate as required, they have fit for purpose equipment, and that they have the policies and training required to be safe every day. s.9(2)(g)(i) OIA

Many of these corporate services are already at minimum resourcing levels. Where possible activities will be stopped and all but essential activities will be directed to remaining employees. s.9(2)(f)(iv) OIA
 Comparison of Public Services Commission data suggests that Police is already at or below the State Sector average, as a proportion of the workforce, in key corporate support roles. The groupings do not match exactly the numbers in support roles (for example Police Prosecutions employees are operational but are included within the 'Legal, HR and Finance professional category), however they clearly indicate that Police does not have support levels above other agencies.

Risks and impacts

Occupational Group	State Sector	Police
Policy Analyst	6.0%	0.5%
ICT Professionals and Technicians	3.5%	3.2%
Legal, HR and Finance Professionals	5.2%	5.4%
Clerical and Administrative Workers	9.1%	9.0%
Combined	23.8%	18.1%

Examples of where Police already has the bare minimum of employees in corporate support functions:

- Police's recruitment team consistently hold two to three times more open roles than industry standards in private sector recruitment agencies or equivalent state sector agencies and achieve industry leading quality results such as attrition amongst new hires.
- Police has two employees dedicated to privacy, and one internal auditor. Organisations many times smaller than Police have multiple people in equivalent roles.
- Police receive more media and Official Information Act requests than any other agency but have significantly fewer employees managing these than several other agencies.
- Finance: Police has over 1000 cost centres; these are supported by a Finance team of only 40 FTEs.
- Mission critical ICT functions previously had been maintained by contractors and external service providers. In many cases these have now been replaced by Police Employees at significant reduced costs, it is not possible to remove both contractors and Employees and deliver critical services to front line Constabulary employees.

The following are risks and impacts that will be realised:

- s.9(2)(g)(i) OIA

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	<ul style="list-style-type: none">• s.9(2)(g)(i) OIA••••••••••						
	X	High	<input type="checkbox"/>	Medium	<input type="checkbox"/>	Low	
Impact on frontline services	s.9(2)(f)(iv) OIA						
	<input type="checkbox"/>	Yes - positive	<input type="checkbox"/>	Yes - negative	X	No impact	

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Climate impact	An assessment would need to be carried out to determine climate impact when further analysis when determining where and how many employees and what services would be impacted. Until this is carried out, we can only determine there is unlikely to be any impact on the climate.
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Section 3B: Status quo

The answer to each question must not exceed 1-2 paragraphs.

Status quo	Police currently budget \$477.99m for 4,909 Police Employee FTEs. This is split between Corporate Support, Operational Support and Operational Public Facing positions. Status quo would be to retain the current staff levels.
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Existing operating funding for programme/service (\$m)

2023/24	2024/25	2025/26	2026/27	2027/28 & outyears*	Total
-	-	-	-	-	-

*Extend the profile above to a “steady state” if funding into outyears is irregular. Delete “& outyears” for time-limited funding.

Existing capital funding for programme/service (\$m)

23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33*	Total
-	-	-	-	-	-	-	-	-	-	-

*Extend the profile above if funding is needed beyond 2032/33.

Section 3C: Savings profile and cost breakdown

The answer to each question must not exceed 1-2 paragraphs.

Formula and assumptions underlying costing	<p>Redundancy / Restructuring work groups</p> <ul style="list-style-type: none"> A reduction of the Corporate Support Police Employee budget by the equivalent of 350 FTE's based on the financial year 23/24 baseline. <p>Calculations are based on the following assumptions.</p> <ul style="list-style-type: none"> Potential savings are calculated based on the average total remuneration of the Corporate Support group. (excludes potential overhead savings). Potential transition costs (redundancy payments) are assumed to be based on the formulae within the Band G-J Collective Employment Agreement. It is assumed those made redundant have the same average remuneration and service period as the overall workgroup. i.e. No acknowledgment of those with higher potential redundancy payment being more likely to take voluntary redundancy. Impact of the annual leave pay out of the FTE's made redundant has not been taken into consideration. The process will take 2 years to be fully effective commencing 1 July 2024.
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Provide a breakdown of total initiative expenditure by individual expense category. Total operating and capital expenses in this section must match the totals in *Section 1B: Summary of funding profile*. Insert additional rows as appropriate for additional expense categories.

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Recommended operating savings (\$m)						
Operating expense category	2023/24	2024/25	2025/26	2026/27	2027/28 & outyears*	Total
<i>[Name of Departmental operating expense category]</i>	-	-	-	-	-	-
<i>[Name of Non-Departmental operating expense category]</i>	-	-	-	-	-	-
Depreciation and/or capital charge (if relevant)	-	-	-	-	-	-
Net FTE funding	-	3.989	24.438	40.898	40.898	110.223
Net contractor/consultant funding	-	-	-	-	-	-
Net FTE and contractor/consultant overhead funding	-	-	-	-	-	-
<i>[Name/type of contingency]</i>	-	-	-	-	-	-
Total (\$m)	-	3.989	24.438	40.898	40.898	110.223
*Extend the profile above to a “steady state” if funding into outyears is irregular. Delete “& outyears” for time-limited funding.						

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Headcount Change	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Total # of net FTEs (employees)	-	(175)	(350)	(350)	(350)	(1,225)
Total # of net FTEs (contractors/consultants)	-	-	-	-	-	-
Total # of net FTEs (employees and contractors/consultants)	-	(175)	(350)	(350)	(350)	(1,225)

Additional occupation breakdown of FTE changes (count and funding) over the forecast period

Occupation	Net count changed	Net funding changed (\$m)	Net amount overheads changed (\$m)
Managers	-	-	-
Policy Analyst	-	-	-
Information Professionals	-	-	-
Social, Health and Education Workers	-	-	-
ICT Professionals and Technicians	-	-	-
Legal, HR and Finance Professionals	-	-	-
Other Professionals not included elsewhere	-	-	-
Inspectors and Regulatory Officers	-	-	-
Contact Centre Workers	-	-	-
Clerical and Administrative Workers	-	-	-
Other Occupations	-	-	-

Recommended capital savings (\$m)

Capital expense category	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33*	Total

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[Name of Departmental capital expense category]	-	-	-	-	-	-	-	-	-	-	-	-
[Name of Non-Departmental capital expense category]	-	-	-	-	-	-	-	-	-	-	-	-
[Name/type of contingency]	-	-	-	-	-	-	-	-	-	-	-	-
Total (\$m)	-	-	-	-	-	-	-	-	-	-	-	-

*Extend the profile above if funding is needed beyond 2032/33.

Section 4: Delivery

Implementation of savings

The answer to each question must not exceed 1-2 paragraphs

The number of FTEs and full financial year fiscal savings and costs are:

	Const.	Emp	Total	Savings (\$M)	Redundancy costs (\$M)
Employee Reduction	0	350	350	40.9	\$14.2

Implementation of savings from this programme, activity or investment

Police assumes an average reduction of 14.6 FTEs made each month from July 2024 to June 2026. This means the redundancy cost will be evenly spread across FY 24/25 and FY25/26. The savings due to the reduction in employees is aligned to same period. In practice the reduction would not be consistent each month as phases would be conducted by business group, but averages have been used for modelling.

This option cannot be fully implemented through normal attrition with no recruitment into Corporate Support roles until overall numbers reach the target.

Police would look at a range of options for reducing numbers or gaining the equivalent fiscal saving other than compulsory redundancy. This would include considerations such as encouraging employees working reduced hours, taking periods of Leave without pay, or earlier retirement. It is not possible to accurately assess the implications of each approach until a full assessment has been undertaken. However, they are unlikely to move outside of the range of costs outlined above.

Transition costs associated with the savings initiative (\$m)

2023/24	2024/25	2025/26	2026/27	2027/28 & outyears*	Total
-	7.088	7.088	-	-	14.176

Was this activity funded from the Climate N *If yes, please provide the Cabinet minute reference for this initiative, and the Budget initiative ID (if applicable).*

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Emergency Response Fund?		
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Section 5: Equity

The answer to each question must not exceed 1-2 paragraphs.

Timing of costs and benefits	Costs, benefits, and risks would be expected in the short (0-5 years) to medium term (5-10 years), dependant on the level of cuts required and option selected and the availability of funding for transition costs (redundancy) should they be required.	
Specific implications regarding the Crown's obligations under the Treaty of Waitangi	Y/N	There are no immediately apparent implications, however, a continual assessment of this would need to be conducted as more assessment is carried out on what roles/business units would be impacted. Given the scale of the cuts, and that those responsible for providing specialist advice and knowledge would be affected, it is likely that Police would lose capability that enables the understanding and meeting of Treaty of Waitangi obligations.
Distributional Impacts	This initiative would release a significant number of employees, at a time when other agencies are doing similar, or at least not hiring into these functions. This will mean that some of these employees will have significant challenges finding employment matching their current skill level. This will have significant negative lifetime earning effects on them and their families. The roles under consideration have a very high proportion of female employees so it is likely that this group will be dis-proportionally affected. In addition, Police has been working for a number of years to increase representation from previously under-represented ethnicities and other groups. The Corporate Support functions have more employees from these groups than other parts of Police. This distribution would be affected by any cuts.	

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Section 6: Capital pipeline review - Project detail

For initiatives being considered as part of the Capital Pipeline Review:

For initiatives that are being reported as a programme, please list all the individual projects in that programme with a capital value of over \$50m for Infrastructure, or \$15m for Data and Digital and Organisational Change investments, and provide the additional details noted below. For initiatives that refer to a single project, please complete a single line for your project.

Please ensure that details and figures in this table align to your capital pipeline summary in Annex Five.

Project name	Region of delivery	Planning start date	Expected delivery start date	Expected delivery end date	Total capex (\$m)	Total opex (\$m)
<i>[Name of project]</i>	[•]	[•]	[•]	[•]	[•]	[•]
<i>[Name of project]</i>	[•]	[•]	[•]	[•]	[•]	[•]
<i>[Name of project]</i>	[•]	[•]	[•]	[•]	[•]	[•]