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❖ Chief Executive's overview

It's time to rethink your image of Corrections. There is so much more to us than the stock images of high fences and barred cells. Look closer and you'll find a diverse range of people, programmes, industries and talents operating within a large and multifaceted organisation.

Three-quarters of offenders serve their sentence in the community. Those who are in prison are expected to participate in industry, treatment and learning programmes that make their time in prison more productive and ensure they come out with a better chance of not returning. On average, prisoners carry out 30 hours of industry, treatment and learning activities each week.

I am particularly proud that the number of prisoners gaining qualifications has risen by 25%, as well as our new initiatives such as the literacy and driver training programmes delivered by the Howard League, secure online learning, the extended drug and alcohol support available and the nearly \$14 million we are investing to improve mental health services for offenders.

The vast majority of offenders in the community carry out community work. As well as the more traditional work such as ground maintenance and cleaning graffiti, we have more people than ever before gaining essential life skills aimed at reducing re-offending. Last year 11,500 offenders spent 85,466 hours learning work and living skills involving road safety, parenting, budgeting, gardening and cooking.

Increasingly we are partnering with organisations you wouldn't usually associate with Corrections. One of the projects from our partnership with the Department of Conservation (DoC) involved re-fitting an old building to house newborn kākāpō chicks. This recovery effort for one of the world's rarest parrots – there are fewer than 150 left – is not just giving these flightless birds another chance, it's providing a new perspective and another chance for the people involved too.

Over the last year offenders have helped restore historically significant sites, they have produced thousands of kilos of vegetables and made up bags of kindling to help vulnerable people in their community. Prisoners have trained mobility dogs to help people living with disabilities, made weighted blankets for children with sensory issues, knitted coats and built kennels for SPCA puppies, prepared gourmet dinners for the Rimutaka Prison Gate to Plate event and constructed Habitat for Humanity houses for families struggling to have a roof over their head.

Supporting these offenders is a great team that is committed to reducing re-offending. This year our people ensured no-one escaped from prison. They kept security and public safety at the forefront of the work they do. They were there on the ground to meet offenders returning from Australia, and shared their knowledge across agencies and overseas in Samoa, Vanuatu and Pitcairn Island.

Our people saved lives and changed lives.

We are a Department made up of many moving parts, but we are all moving firmly in the right direction – towards a reduction in re-offending.



Ray Smith
Chief Executive



❖ What Corrections does – Change Lives, Shape Futures

The Department of Corrections is responsible for the management of New Zealand's corrections system.

We do this by:

Operating prison facilities in accordance with the United Nations Standard Minimum Rules for the Treatment of Prisoners. We manage prisoners safely and humanely, meeting their legitimate needs.

We do this by:

Making sure prisoners and community-based offenders comply with the sentences and orders imposed by the courts and the New Zealand Parole Board.

Public Safety

We do this by:

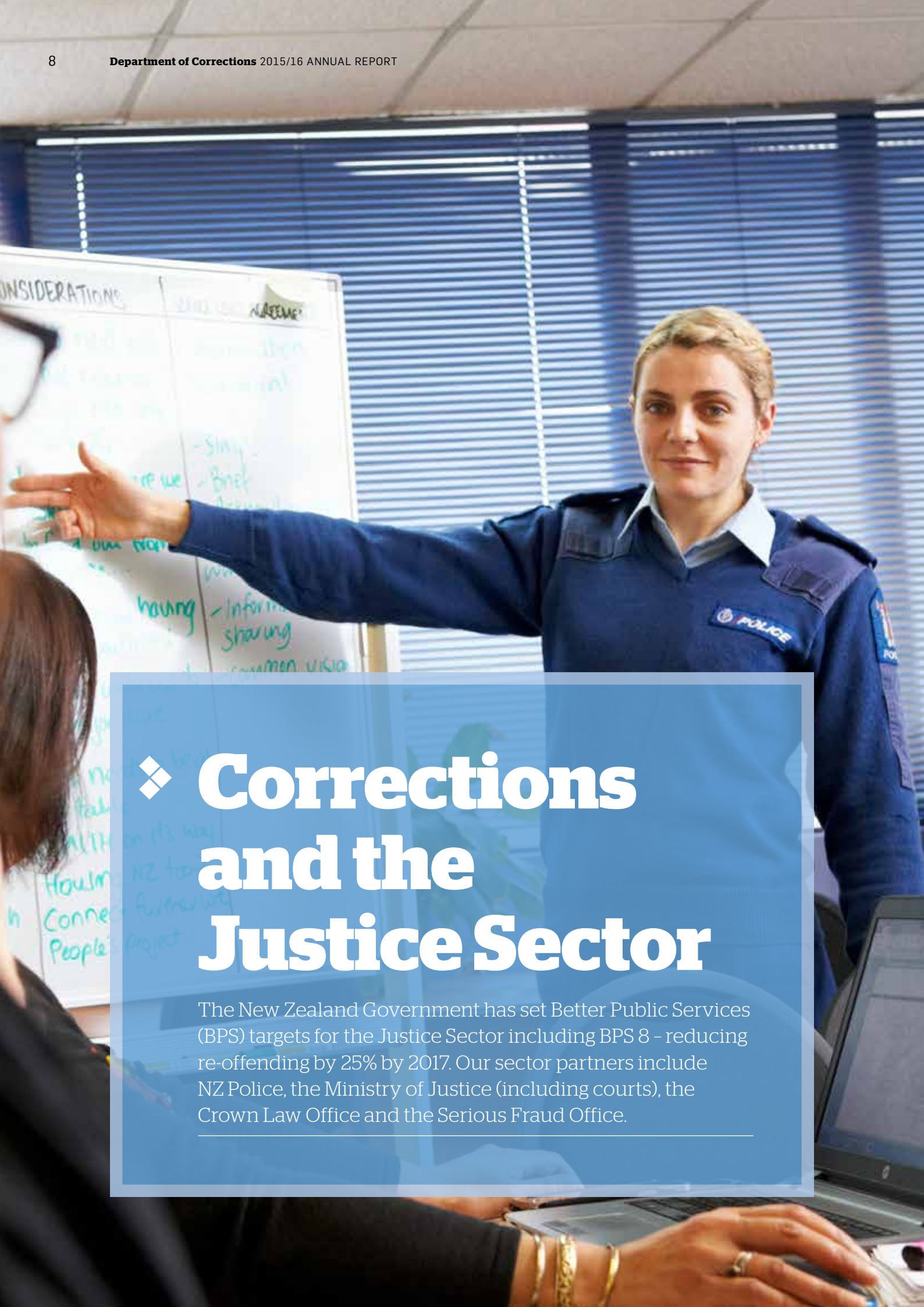
Providing offenders with rehabilitation programmes, education and job training that will turn their lives around and break the cycle of re-offending.

Underlying these core responsibilities is a commitment to the people of New Zealand – to protect them from those who could harm them.

Whether it is monitoring offenders serving sentences in the community, putting in place support plans for those at risk of re-offending, upgrading our facilities to ensure their security or providing information to the courts and Parole Board to assist with their decision making, everything Corrections does is centred on keeping communities safe.

Public safety is our bottom line, and the best contribution we can make is to ensure that people who come into the Corrections system do not re-offend. That is why reducing re-offending is our ultimate goal, and is at the heart of our strategic plan. We work actively with offenders to provide rehabilitation, education and employment training, which play a positive role in helping offenders to turn their lives around.

Minister's priorities	Section in the annual report	Department's Appropriations	Department's impacts	Department's outcomes	Justice Sector overall
Public safety is improved	Public Safety is Improved – pages 26-43	Prison-based Custodial	The integrity of sentences and orders is maintained and offenders are held to account	Public safety is improved	SAFE AND JUST SOCIETY
Improve the safety of Corrections staff		Sentences and Orders Served in the Community	The Judiciary and New Zealand Parole Board make informed decisions		
Reducing re-offending by 25%	Re-offending is Reduced – pages 44-63	Information and Administrative Services to the Judiciary and New Zealand Parole Board	Risks of harm to others are minimised		
Improve performance through Public Private Partnerships	Better Public Value – pages 64-69		Offenders have the skills and support to lead law-abiding lives	Re-offending is reduced	
Better public value	Visible Leadership – pages 70-76	Rehabilitation and Reintegration	Offenders' health and wellbeing are maintained		
		Policy Advice and Ministerial Services	Supporting our people		



❖ Corrections and the Justice Sector

The New Zealand Government has set Better Public Services (BPS) targets for the Justice Sector including BPS 8 - reducing re-offending by 25% by 2017. Our sector partners include NZ Police, the Ministry of Justice (including courts), the Crown Law Office and the Serious Fraud Office.

The Justice Sector

New Zealanders are increasingly expecting Justice Sector agencies to work together in innovative ways, pooling information and resources to achieve better outcomes. Teaming up with our Justice Sector partners is one of the ways that Corrections delivers services at both a national and a local level.

We work together to reduce crime and volumes in the criminal justice pipeline. Policies and approaches in one part of the pipeline can have significant effects on others; as a Sector, we can progress the pipeline in a coherent way and align our services, to provide greater benefits to the community.

Our role in the Justice Sector

Corrections plays an important role within the Justice Sector outcomes framework. Offenders are held to account in the correctional facilities that we manage, and under the community-based sentences and orders that we administer. Ensuring the integrity of these sentences and orders is central to maintaining public trust in the justice system. Our rehabilitative and reintegrative work with offenders reduces re-offending and the harm caused by crime, leading to safer communities and a more safe and just society. We help offenders to become functioning members of society who work, look after their families and participate in their communities.

Corrections is involved in the following major programmes which Justice Sector agencies are collaborating to work on:

- > The Investment Approach to Justice – the purpose is to “reduce the future burden of crime on society”. This is to be achieved by using rigorous and evidence-based investment practices to:
 - better understand the people who are at risk of future offending or victimisation
 - better understand what works to reduce crime
 - consider changes to crime prevention services accordingly.

The project is part of a broader social investment initiative. The Investment Approach to Justice will provide information to support the development of a person-centric, agency-neutral picture of risk and service effectiveness for social investment. Corrections is involved in the design of the approach and sit on relevant governance committees. We are contributing comprehensive offender conviction and sentencing data, to assist in the technical modelling and analysis which underpins the approach.

- > An inter-agency initiative that is combining data from Corrections and several other agencies to support crime prevention.
- > Christchurch Justice and Emergency Services Precinct – bringing Corrections, emergency services and all other justice services into one purpose-built, leading edge precinct in central Christchurch.
- > Better outcomes for Māori – improving how our justice system operates for Māori, through such efforts as exploring partnerships with iwi/Māori to design and deliver interventions that better address the needs of Māori, and making better use of our data to understand where and how we can improve services and build evidence about what works.
- > Reducing family violence – Corrections has taken an active role in this initiative, working with agencies across the Justice Sector to reduce family violence. Corrections is the lead agency of the perpetrator work stream of the Ministerial Group on Family Violence and Sexual Violence, working to determine the optimum mix of services available to respond to perpetrators, as well as contributing to the design of a cross-agency system to more effectively identify and assess them. The work will also improve access to interventions for perpetrators and whānau, and ensure that interventions match the risks and needs of perpetrators to more effectively reduce harm. We also support the Ministry of Justice led review of the *Domestic Violence Act 1995* and the subsequent proposed changes to legislation. These changes will see a greater ability for agencies to provide meaningful interventions for perpetrators and victims at the earliest opportunity, increased information sharing to keep victims safe, improved access to civil orders (such as protection and property orders) and additional criminal offences to reflect the harm caused by family violence.



The Justice Sector Leadership Board

To help us to work better together we have formed the Justice Sector Leadership Board. The Board includes:

- > Secretary for Justice (chair)
- > Commissioner, NZ Police
- > Chief Executive, Department of Corrections
- > Chief Executive, Serious Fraud Office
- > Solicitor-General, Crown Law Office

The Leadership Board is responsible for ensuring that we achieve our collective goals, including our Better Public Services targets. They coordinate major change programmes and oversee planning to improve services, reduce harm, reduce the number of people in the criminal justice system, maintain institutions and manage investment. The Leadership Board is supported by the Sector Group within the Ministry of Justice.



Justice Sector Fund

The Justice Sector Fund (JSF) was created in April 2012, and is a way for the Justice Sector to share savings and generate financial flexibility to invest in areas that deliver the best results. Through the JSF we can use the money saved by one agency to fund effective initiatives within another agency, providing for a more flexible, inter-agency approach to reducing crime and re-offending.

By June 2016, the JSF had been used to fund 56 initiatives, including 16 specifically for Corrections. In total, \$253 million of savings from the Justice Sector have been reallocated through the JSF. Examples include the review of family violence laws, expanding the use of restorative justice, reintegration programmes for people released from prison and installing audio-visual links between courts and prisons to improve public and prisoner safety.

Applications for funding from the JSF are required to show that the funded initiative will contribute to one or both of the following:

- > reducing crime and re-offending, and advance our key result areas
- > assist the sector to modernise and become more cost effective; spending more now in order to spend less in the future.

One of the main goals of the JSF is to allow new initiatives to be trialled and assessed. Once it has been shown that they are effective, they are able to seek long term funding through the annual Budget process.



Our role in the Social Sector

Corrections and Social Sector agencies deal with some of the same people. Corrections is working with the Social Sector to ensure that we have cohesive action plans and processes in place to help these people, whether it be in Child, Youth and Family, Work and Income or in prison.

Corrections contributes to the following work within the Social Sector:

- > ***Children's Action Plan & Vulnerable Children Act 2014***

We are part of a cross-agency effort to prevent child abuse and neglect as required by the *Children's Action Plan & Vulnerable Children Act 2014*.

- > ***Youth Crime Action Plan***

In order to support the BPS target to reduce youth offending, Corrections has been working alongside Justice and Social Sector colleagues in the development and implementation of the Youth Crime Action Plan (YCAP). We continue to be involved at the working group level to refresh the actions and to consider how YCAP sits alongside the work of the Investing in Children Programme, as well as in the steering group and the governance group. Through our involvement we have also contributed to the development of the youth justice minimum dataset.



❖ Making a difference in a challenging environment

The Department of Corrections operates in a highly dynamic context, and we are able to respond to the challenges that we are faced with.



The Department of Corrections has robust systems in place to respond to challenges

The prison population has consistently increased since 1985, and has more than doubled from 4,079 prisoners in 1996 to 9,532 as at 30 June 2016. Corrections' asset planning has always included resilience to adjust for unforeseen circumstances, as well as allowing for growth in the prison population.

A large proportion of the rising prisoner population has been driven by remand prisoners (offenders awaiting either trial or sentencing), who are held in high security facilities and separated from sentenced prisoners.

Corrections has a dynamic prisoner placement process and, with careful planning around where and how remand prisoners are held, we have ensured that all prisoners have been accommodated appropriately throughout the year while maintaining high levels of public safety.

To accommodate growth in the short term, Corrections has undertaken a capital programme to reconfigure some prisons, expand double bunking and introduce additional units to increase capacity by 374 beds over the next 12 months.

Achieving our goals of reducing re-offending and ensuring a safe and secure corrections system, relies largely on the efforts of frontline staff. With the increasing prison population it is imperative that we continue to recruit and retain high quality staff who wish to change lives and shape futures, and who can provide the services required to rehabilitate prisoners successfully.

Rehabilitation programmes that are designed and delivered effectively, and that are known to work, are key to reducing re-offending. During 2015/16 we increased our focus through the RR25% Boost programme in order to reach a larger proportion of the offender base by expanding services such as short programmes targeting violent offenders, intensive alcohol and drug treatment and family violence programmes in prisons and through the development of a new parenting skills programme.

The resilience of Corrections, both in terms of the physical infrastructure and our people, was demonstrated with the response to events at Mount Eden Corrections Facility and our work to monitor and manage offenders deported from overseas.

The demographics of the prison population have changed

Corrections has managed a changing offender population over the last five years, as the balance between prison and community-based sentences has shifted. Traffic and dishonesty offences are now more likely to receive sentences such as home detention, and more supervision orders are being imposed for serious offences. This has been enabled by the use of electronic monitoring (EM), as advances in technology have allowed more proactive monitoring of sentences and orders in the community.

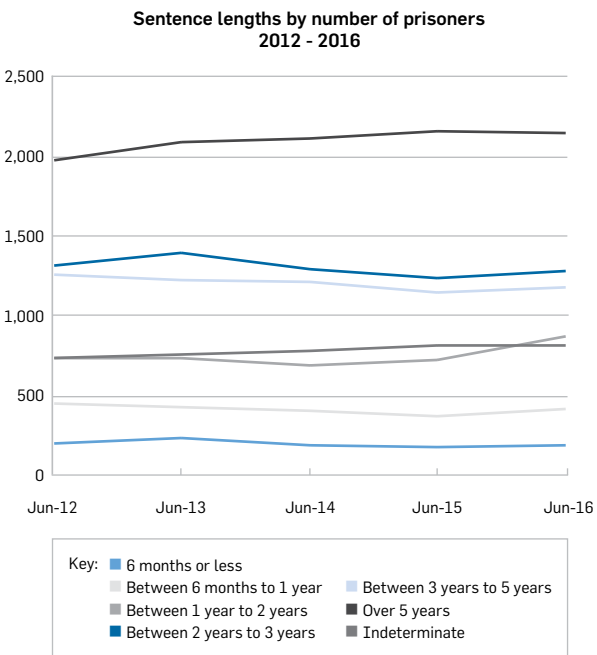
Proactive monitoring requires effective responses when offenders breach their conditions, and this financial year has seen the introduction of higher levels of GPS monitoring through the 3M contract supplemented by the creation of the GPS Immediate Response Team and the EM Assurance Team, which provide an intensive level of monitoring and accelerated responses for offenders serving sentences in the community.

These changes have made community-based sentences available for more offenders, meaning that a larger part of the prison population consists of more serious or repeat offenders.



The impact of sentence lengths

The relative numbers of prisoners serving sentences of different lengths is a significant factor in our management of the prison network. The following graph outlines the numbers of prisoners serving sentences of particular lengths, from June 2012 to June 2016.



As shown in the graph, the number of prisoners serving sentences of under two years makes up a significant portion of the overall prison population, and has increased over the last 12 months. In order to effectively manage short serving sentences it is imperative that rehabilitative needs are identified in a timely manner to ensure that these interventions can be completed. During 2015/16 Corrections ensured that over 80% of prisoners started and completed a rehabilitation programme. In addition, the focus of the RR25% Boost programme has ensured that more interventions were targeted towards short term sentences.

With over 15,700 prisoners received into custody in 2015/16, significant work resource has been targeted towards offenders beginning sentences, through offender plans and health assessments, and at the completion of sentences through reintegration services.

Additional demands created by returning offenders

From November 2015, Corrections began to have responsibility for some offenders returning from Australia, 180 of whom are now subject to the *Returning Offenders (Management and Information) Act 2015*. Corrections' dedicated team works alongside NZ Customs, NZ Police, the Ministry of Social Development and the Prisoners Aid and Rehabilitation Society network, to ensure that offenders are aware of the obligations of their order and to offer them reintegrative support.

Mount Eden Corrections Facility

Following a number of serious allegations involving the management of the privately-run Mount Eden Corrections Facility (MECF), Corrections invoked the 'Step-In' clause in our contract with Serco in July 2015. This allowed Corrections to install our own prison director and management team into MECF, to oversee day-to-day operations. Since July 2015, there has been an average of 45 Corrections' staff located at MECF every day.

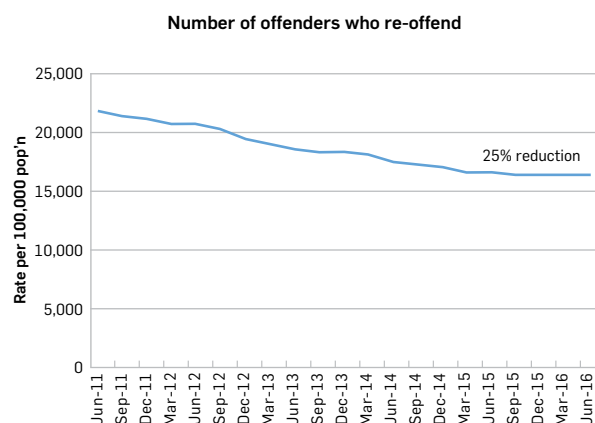
MECF is a critical part of the overall prison network, as it provides approximately 34% of remand capacity. Maintaining operations at MECF is essential, and Corrections proactively mobilised staff from around the country to ensure that stability on the site was restored while balancing the needs of the entire prison network.

An agreement with Serco was announced in April 2016, which has Corrections managing MECF with Serco providing staff and transition services until the end of the contract in March 2017, at which time Corrections will take over full operations at the site. Serco paid Corrections \$8 million in settlement of cost associated with the Step-In as part of the agreement.

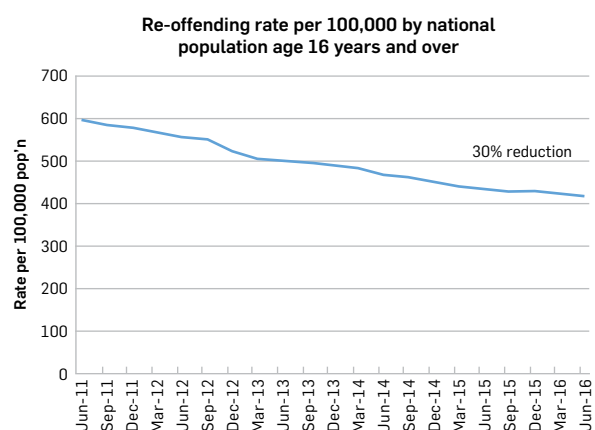


Challenges in reducing re-offending

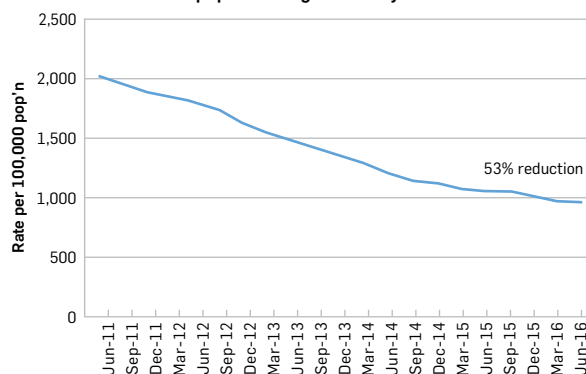
The number of offenders who re-offend has been declining over the past five years, with almost 25% fewer re-offenders in the system than in 2011.



At a population level the rate of re-offending over the past five years for all people aged 16 and over has steadily declined, importantly with even steeper declines in the 16 to 19 year population.



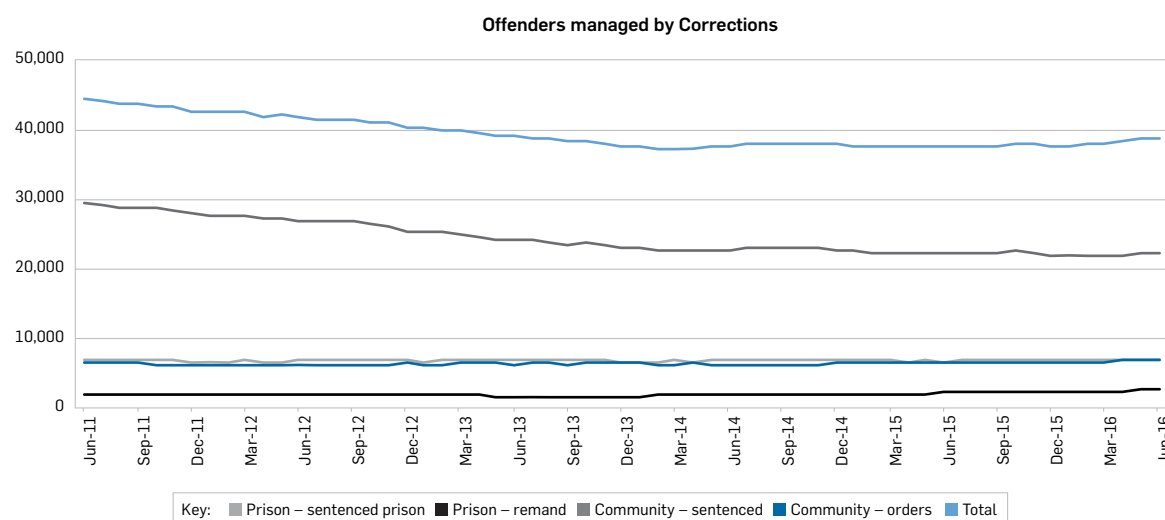
Re-offending rate per 100,000 by national population aged 16-19 years



The total number of offenders under Corrections management has also declined over the five year period, with a reduction in offenders serving community-based sentences outweighing the increases in imprisonment.

While overall numbers of offenders entering the Corrections system has been reducing, those that are under sentence are more recidivist and higher-risk. Effective targeting of policing activities resulting in improved prosecution and conviction rates has been successful in ensuring offenders who commit the most serious crimes are those who are in prison.

The reduction in the rate of re-offending was 5.6% at 30 June 2016 (refer to Appendix One). That measure combines the rate of reimprisonment among prisoners within 12 months of their release, and the rate of reconviction among offenders serving community-based sentences within 12 months of the start of their sentence.



Mental health

Offenders have higher mental health needs than the general population, with a recent Corrections study showing that anxiety, panic, post-traumatic stress and mood disorders are significantly more prevalent among offenders than among the general population. Effectively managing these conditions can create a broad spectrum of benefits to society, to the offenders themselves and to Corrections. If offender health needs are not addressed then offenders can have difficulty complying with their conditions, completing their sentences and engaging in rehabilitation. In June 2016, Corrections secured additional Justice Sector funding of \$14 million to improve mental health services for offenders over the next two years. This is in addition to the packages of care that are currently at all prison sites for prisoners with mild to moderate mental health needs, and mental health in-reach clinicians at three prison sites.

Gangs

Corrections is part of the Whole of Government Gangs Action Plan, which was initiated in 2014 to reduce the harm that gangs cause to families and communities. Offenders with gang connections are twice as likely to re-offend compared to prisoners with non-gang affiliations, and are prone to re-offend with increased seriousness.

Corrections provides exit pathways to offenders who want to end their involvement with a gang. This can involve moving to a new area, building alternative support networks and accessing services such as gang-related tattoo removal. Pathways to exit gangs can also form part of a broader suite of rehabilitative interventions, which support offenders to build sustainable and law-abiding lifestyles.

Prisoners with gang affiliations commit a disproportionate number of assaults in prisons. In 2015, gang affiliated prisoners were responsible for just over half (55%) of assaults despite comprising 29% of the prison population. Gangs also play a significant role in the introduction of contraband to Corrections sites. The introduction of prohibited items or substances can undermine the security, integrity and safety of prisons, and can present significant challenges to prisoners who are working to resolve issues such as substance abuse. Our range of anti-contraband activities, including cell searches, drug tests, detector dogs and scanning of visitors to prisons, all help to reduce the accessibility of and harm caused by contraband, and can reduce the influence of gangs within the prison system.



❖ Corrections by the numbers

In 2015/16 the Department of Corrections:

Continued to deliver against our key strategic outcomes: improving public safety and reducing re-offending. In this year we have:

- > ensured the security of prison sites, with no breakout escapes
- > provided offender plans to 98% of prisoners who were entitled to receive one
- > supported 8,372 prisoners to complete a rehabilitation programme
- > ensured 3,648 community-based offenders completed a rehabilitation programme
- > referred 5,780 offenders to a reintegration intervention
- > ensured the integrity of the prison system, with only 3.4% of random drugs tests returning a positive result
- > ensured that 93% of psychological reports were provided within the timeframes of the New Zealand Parole Board
- > referred 814 offenders to an employment support service
- > supported more than 1,800 prisoners to receive improved services to assist them in finding stable employment
- > completed implementation of the Industry Treatment and Learning (working prisons) framework in all public prisons, with 75% of prisoners now engaged.

We managed a budget of approximately \$1.3 billion and maintained \$2.7 billion worth of non-current assets, including:

- > 18 operational prisons, 17 directly operated by Corrections and one privately managed by SecureFuture
- > Over 150 Community Corrections sites, including those leased, owned and shared with other agencies.

With:

- > Nearly 8,000 staff of which approximately 85% were frontline
- > 428 medical staff and
- > Over 1,600 registered volunteers who made more than 19,500 visits to prisons.

Who managed and supported:

- > A prison population that reached 9,532 as at 30 June and over 36,000 sentences and orders in the community.

What we've achieved this year

Over
12,000

offenders completed a rehabilitation programme

The transition to the
Industry
Treatment and
Learning framework

was completed in
all public prisons

Personal
Protective
Equipment

was provided
to all frontline
custodial staff

76%

of prisoners with an
identified need received
placement in a relevant
programme

Administrative support
was provided to

8,113

hearings of the
New Zealand Parole Board

More than
1,000

offenders began
intensive alcohol and drug
treatment programmes

4,628

qualifications were
achieved by prisoners
while in prison

Over
6,000

Education Assessments
within prisons

ZERO

breakout escapes
occurred from
Corrections prisons

50%

of community-based
offenders with an identified
need received placement in a
relevant programme

42%

of prisoners demonstrated
statistically significant gains
through intensive literacy and
numeracy provision

The reduction in the rate of
re-offending was

5.6%

Over
2,000

prisoners were referred
to the Out of Gate
reintegration service

Over
4,400

general random drug
tests were carried out
in prisons

81%

of prisoners started and
completed a rehabilitation
programme

100%

of Prison Services
Health Centres retained
Cornerstone® accreditation

Offender Summary

administered by the Department of Corrections

Sentenced prisoners	Average cost of \$307.53 per offender per day	Offenders have been convicted of a crime and given a prison sentence	
		Average volume in 2015/16 was 6,816, this was 61 more than in 2014/15	Average length of sentence imposed in 2015/16: 534 days
Remand prisoners	Average cost of \$239.17 per offender per day	Remand prisoners are being held while awaiting trial or sentencing	
		Average volume in 2015/16 was 2,377, this was 400 more than in 2014/15	Average length of remand periods in 2015/16: 68 days
Extended supervision	Average cost of \$80.90 per offender per day	Corrections monitors child sex offenders for up to 10 years following a prison sentence	
		Average volume in 2015/16 was 215, this was 11 less than in 2014/15	Average length of order in 2015/16: 3,013 days
Home detention	Average cost of \$59.87 per offender per day	Offenders must remain at an approved residence under electronic monitoring and close supervision by a probation officer	
		Average volume in 2015/16 was 1,620, this was 63 more than in 2014/15	Average length of sentence in 2015/16: 195 days
Parole/ residential restrictions	Average cost of \$36.29 per offender per day	Oversight from a probation officer after release from prison sentences of more than two years	
		Average volume in 2015/16 was 2,301, this was 127 less than in 2014/15	Average length of order in 2015/16: 441 days

Intensive supervision	Average cost of \$21.13 per offender per day	A rehabilitative community-based sentence with intensive oversight from a probation officer	
		Average volume in 2015/16 was 2,867, this was 290 more than in 2014/15	Average length of sentence in 2015/16: 437 days
Release on conditions	Average cost of \$19.12 per offender per day	Oversight from a probation officer after release at the end of a prison sentence of two years or less	
		Average volume in 2015/16 was 3,581, this was 363 more than in 2014/15	Average length of sentence in 2015/16: 332 days
Supervision	Average cost of \$15.75 per offender per day	A rehabilitative community-based sentence with oversight from a probation officer	
		Average volume in 2015/16 was 7,597, this was 297 more than in 2014/15	Average length of sentence in 2015/16: 277 days
Community detention	Average cost of \$13.18 per offender per day	The offender must comply with an electronically-monitored curfew imposed by the court	
		Average volume in 2015/16 was 1,600, this was 55 less than in 2014/15	Average length of sentence in 2015/16: 185 days
Post detention conditions	Average cost of \$10.64 per offender per day	Oversight from a probation officer after completion of a home detention sentence	
		Average volume in 2015/16 was 1,273, this was three more than in 2014/15	Average length of sentence in 2015/16: 209 days
Community work	Average cost of \$9.74 per offender per day	Offenders do unpaid work in the community for non-profit organisations	
		Average volume in 2015/16 was 15,014, this was 949 less than in 2014/15	Average length of sentence in 2015/16: 101 hours



❖ Financial overview

The following pages provide an overview of our financial performance for the year ended 30 June 2016.

Overall results

The Department incurred total operating expenses of \$1.3 billion which was \$15.9 million (1%) below the supplementary estimates and \$66.4 million (5%) above the previous year.

The increased year on year expenditure was mainly attributable to a full year impact of operations at Auckland South Corrections Facility following service commencement in May 2015.

A relatively stable prison population in previous years enabled us to meet cost pressures in the past by implementing a number of savings strategies. This year we did manage to achieve intended savings from initiatives including streamlining our staffing structures in prisons to unify the delivery of services and the decommissioning of a number of end-of-life beds.

Through Budget 2016 our baseline has been reset to reflect the impact of the higher prison population and continued growth projected by the Justice Sector Forecast.

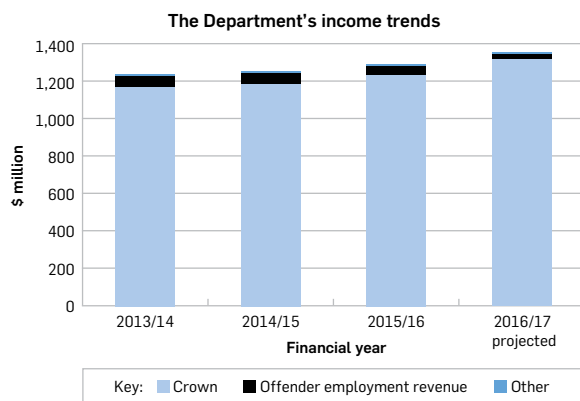
The revenue received by Corrections was \$1.3 billion, which was \$13.5 million below the supplementary estimates. This was mainly due to the recognition of lower Crown revenue to reflect the transfer of funding to 2017 and outyears relating to pre-approved in-principle expense transfers.

While our income is predominantly provided by the Crown we also generate a small revenue stream from our offender employment activities such as farming, distribution and other industries. The timing of livestock sales has attributed to offender employment revenue being slightly below the supplementary estimates.

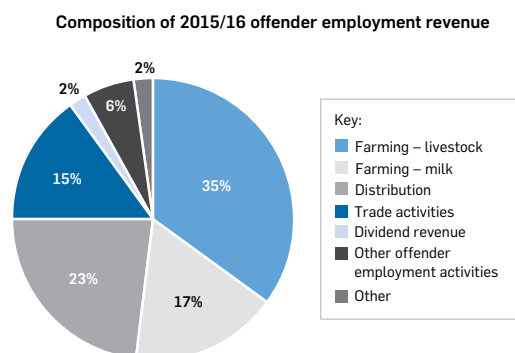
During 2015/16 Corrections received settlement proceeds of \$8 million from Serco to cover the cost of the Step-In at MECF. In addition, \$1.7 million of insurance proceeds was recognised relating to settlement of claims for the 2013 Spring Hill Corrections Facility riot.

Income

The graph below illustrates the sources of the Department's revenue.



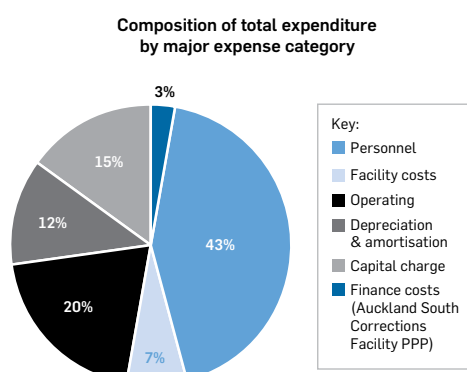
The graph below illustrates the composition of offender employment revenue as shown in the income trends graph by activity.



Expenditure by cost category

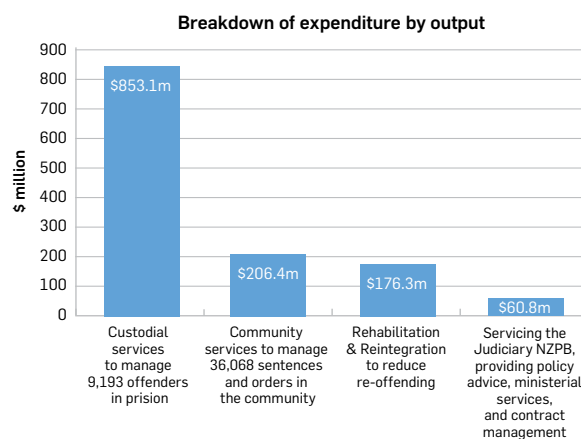
Nearly 80% of our \$1.3 billion spend in 2015/16 related to workforce and asset ownership costs.

We employ nearly 8,000 staff which results in \$559 million of personnel costs that makes up 43% of our total spend. Approximately 85% of our workforce is deployed in frontline roles which are highly specialised and require a considerable investment in upfront and ongoing training.

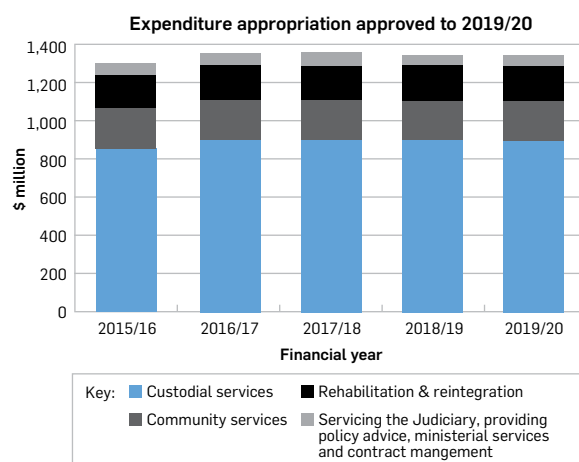


Expenditure by output

The graph below illustrates the outputs we delivered and the portion of expenditure incurred to deliver each output. By far the largest portion of our total spend goes to providing custodial services.



The graph below shows our output expenditure appropriation approved to 2019/20, reset through Budget 2016 to reflect the impact of the sustained prison population growth according to the Justice Sector Forecast.



* The following appropriations were disestablished and replaced with a Multi-Category Appropriation called Public Safety is Improved for 2016/17 in order to align the appropriations with the Department's strategic outcomes: Prison-based Custodial Services, Sentences and Orders Served in the Community, Information and Administrative Services to the Judiciary and New Zealand Parole Board.

Asset base

We own \$2.7 billion of non-current assets that operate the length of the country, with many facilities operating 24 hours a day, seven days a week. Our non-current assets include:

- > Property, plant and equipment – \$2.6 billion
- > Assets related to offender employment activity including farming – \$13.9 million
- > Intangibles (software) including offender management systems – \$76.6 million

Facility costs, depreciation and amortisation, capital charge and finance costs (Auckland South Corrections Facility PPP) represent 37% of our total 2015/16 spend.

Corrections' asset base, which includes 18 prisons¹, must be fit-for-purpose, safe and secure, ensuring public safety is maintained and sentences are completed, while also enabling employment, training, skills development and rehabilitation opportunities for prisoners.

In order to continue to manage the prison population, Corrections has undertaken a capital programme to reconfigure some prisons, expand double-bunking and introduce additional units to increase capacity by 374 beds over the next 12 months. This work forms the basis of the Prison Capacity build programme, phased over the next four years, to restore the networks essential capacity buffer and to ensure that sufficient capacity is available to accommodate the forecast growth in the prison population. In addition, work on the new maximum security facility at Auckland Prison (via a design, build, finance and maintain, Public Private Partnership with Next Step Partners Limited) is progressing well and is on target for completion in late 2017. Under the agreement custodial operations will continue to be carried out by Corrections. While the total maximum prisoner capacity will remain unchanged, the new modern facility will ensure: the safe containment of prisoners, that prisoners who have high and complex needs can receive care in an environment that supports them, the delivery of high quality rehabilitative and reintegrative services as well as staff safety.

Capital expenditure

Corrections incurred \$246.7 million of capital spend in 2015/16. This comprised \$120.4 million for property assets, \$102 million on Public Private Partnership (PPP) arrangements, \$16 million on information technology and \$8.3 million on other items such as fleet and plant replacements.

Property expenditure included \$81 million for property and prison development projects, \$15.5 million for electronic security, \$11.4 million for Community Corrections site developments, \$4.5 million for early development of prison capacity works and \$8.3 million for minor works and asset replacements.

In particular, property expenditure included enhancement works at Auckland Region Women's Corrections Facility, Spring Hill Corrections Facility and Northland Region Corrections Facility, the replacement and enhancement of electronic security systems, construction works on the new Public Protection Orders facility and ongoing facilities lifecycle asset replacements.

Information technology expenditure included single web-based user interface for probation and prison offender management, business reporting and analysis, Personalised Prisoner Self Service Application (PPSSA) and upgrade of the Department's information technology platform to meet the increasing storage demands of core systems.

1 This figure includes Auckland South Corrections Facility which is privately operated through a contract with SecureFuture Wiri Limited