

Annual Report

1 JULY 2019 – 30 JUNE 2020



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ARA POUTAMA AOTEAROA
DEPARTMENT OF CORRECTIONS



For the year ended 30 June 2020 and
Report by the Minister of Corrections on Non-departmental
Appropriations for the year ended 30 June 2020



ARA POUTAMA AOTEAROA

DEPARTMENT OF CORRECTIONS

***Kotahi anō te kaupapa,
ko te oranga o te iwi –***

*There is only one purpose
to our work: the wellness
and well-being of our people*

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Presented to the House of Representatives Pursuant to Section 44(1) of the *Public Finance Act 1989* and Section 190 of the *Corrections Act 2004*.

Foreword

This is my first Annual Report as Chief Executive. I joined the organisation a decade ago and I am truly proud to lead such a high-performing team. While this year has had its challenges, it has been terrific to see how much we have achieved. For me, a highlight has been watching our staff embrace Hōkai Rangi, our new organisational strategy, and bring it to life through their daily actions. It has been very clear to me that they want to make a positive difference to the men and women serving sentences in our prisons and our communities. On any given day, we are currently managing around 9,000 people in prison and over 29,000 people in the community. We have a duty of care to these people; not only to keep them safe and well, but to give them every opportunity possible to turn their lives around. By doing this effectively, we improve the well-being of all people, including our staff, victims, people serving sentences and orders, their whānau, and our communities.

This year, our role became more challenging as the COVID-19 pandemic worsened overseas and eventually reached New Zealand. As Chief Executive, I'm incredibly proud of how we all pulled together to keep each other, and the people we manage, safe.

We saw the impact the pandemic had on some overseas corrections jurisdictions and were well-prepared to ensure a similar scenario did not happen here. We quickly suspended activities that could not be undertaken safely, maximised physical distancing in prisons, equipped staff to work more flexibly, promoted thorough hygiene practices, and sourced over 3.5 million items of personal protective equipment. By the time New Zealand transitioned to Alert Level 1 in June 2020, there had been only one case of COVID-19 in prisons, and there is no evidence to suggest this person infected anyone else while in our custody.

Beyond our immediate COVID-19 response, I'm extremely pleased we continued to advance our transformation of the corrections system, especially in the context of the challenges we have faced this year. This work officially started in August 2019, with the launch of Hōkai Rangi, our strategy for improving outcomes with and for Māori and creating humanising and healing pathways through the corrections system.

Hōkai Rangi has already driven some significant changes at Corrections, as we continue to align our operations with the strategy's outcomes. We established the new position of Deputy Chief Executive Māori to focus our work with and for Māori, and the role of Deputy Chief Executive Health to improve the delivery of health, mental health and addictions services. We have also refined our structure to align our resourcing and efforts to Hōkai Rangi. In addition, we have progressed some key projects such as the Māori Pathways programme, the Collins Road Resettlement Centre for women, the Waikeria Mental Health and Addiction Service and the Outcomes-led Performance Framework. The latter will, in the long term, enable us to measure our progress against the outcomes of Hōkai Rangi.

The thing I am most proud of this year is the team's ongoing commitment to public service and the Department's values, regardless of the changes and challenges they face. Reflecting on the year that's been, I particularly want to thank our frontline staff, who every year keep thousands of people in the corrections system safe, help them to gain employment and qualifications, provide health care services in prisons, facilitate rehabilitation programmes and assist with access to safe and stable accommodation in the community.



Jeremy Lightfoot

Secretary for Corrections and Chief Executive

Te Tumu Whakarae mō Ara Poutama Aotearoa



An introduction to the justice system

The justice system is a system of New Zealand's government. It includes many different organisations and individuals who make the law, apply the law and enforce the law.

The Executive branch of government (made up of Ministers) writes laws that are passed through Parliament. Courts and judges – together known as the Judiciary – interpret New Zealand's laws and consider cases when people have been charged with breaking the law. When a person is found guilty of breaking the law, this may include convicting and sentencing them for their actions.

The justice system is supported and administered by six organisations that are collectively called the justice sector. Each of these organisations has an important responsibility within the sector:

- > The **Ministry of Justice - Tāhū o te Ture** is responsible for the administration of courts, Public Defence Service, Legal Aid, the enforcement of monetary penalties, and providing advice on criminal justice policy
- > The **New Zealand Police - Ngā Pirihimana O Aotearoa** are responsible for maintaining public safety, law enforcement, crime prevention and community support
- > The **Department of Corrections - Ara Poutama Aotearoa** is responsible for administering prison and community sentences, and assisting in an offender's rehabilitation and reintegration into the community
- > **Oranga Tamariki – Ministry for Children** is responsible for administering youth justice services
- > The **Serious Fraud Office - Te Tari Hara Taware** is the lead law enforcement agency for investigating and prosecuting serious or complex financial crime, including bribery and corruption
- > The **Crown Law Office – Te Tari Ture o te Karauna** is responsible for prosecuting the most serious crime, criminal appeals, and the oversight of public prosecutions

The justice sector works collaboratively to progress the goals of the government of the day. The Justice Sector Leadership Board includes the heads of all six justice sector organisations and co-ordinates major sector-wide change programmes and investments. The board is chaired by the Secretary of Justice who leads the Ministry of Justice.

Working together to keep communities safe

Corrections works with these other agencies at many different levels. Each agency within the justice sector plays a different role within the system. For example, a person may be arrested and prosecuted by Police, convicted and sentenced by the Courts, and then managed by either Corrections (if they are in the adult system) or Oranga Tamariki (if they are in the youth system).

The justice system is complex, and changes by one agency often have flow-on effects to other agencies. Justice sector volumes are also heavily impacted by social sector outcomes. We recognise that working together is necessary to find cross-sector solutions.

At Corrections, we work with Police to transport people between courts and prisons, Police are involved in our incident response processes, and we share responsibility for managing defendants in the community on electronically monitored bail (people who have been charged but not yet convicted of a crime) and those on the Child Protection Offender Register. Additionally, Corrections and Police lawfully share intelligence to keep people safe in prisons and in the community, especially in the area of gang activity.

We work with Oranga Tamariki to protect the safety and welfare of children and young people serving sentences, and also young people in the lives of the people we are managing. We also work with the Ministry of Justice regarding the use of court cells and future prison capacity planning, and with Crown Law on legal, litigation and prosecution matters.

We achieve more when we work together. That is why we work closely with our justice sector partners to progress our shared goals.



Ministry of Justice – Tāhū o te Ture

develops policy across the justice sector and runs the court system



New Zealand Police – Ngā Pirihimana O Aotearoa

arrests and prosecutes people who break the law



Department of Corrections – Ara Poutama Aotearoa

administers sentences and orders in prison and in the community



Oranga Tamariki – Ministry for Children

manages young offenders



Serious Fraud Office – Te Tari Hara Taware

investigates and prosecutes serious financial crime



Crown Law Office – Te Tari Ture o te Karauna

represents Corrections in court cases

Our story

WAIRUA

I understand how to work with both the spiritual and
physical dimensions in my mahi.



Corrections by the numbers 2019/20



0%

median gender pay gap
(public service average 6.2%)



49.1%

of Corrections staff are
women in a range of roles



42

new petrol hybrid
vehicles added to the
Corrections fleet



324

tonnes of waste from
prisons and Community
Corrections sites were
diverted away from landfill



9

newly trained dogs to detect
mobile phones, tobacco,
psychoactive substances
and illicitly brewed alcohol



95.6%

of general random drug tests
undertaken by prisoners
returned a negative result



350

health and safety
representatives



0

breakout escapes from
prison since 2014



12%

reduction in the prison
population from its peak of
10,820 in March 2018



16K

(approx) visits to prisons
by our volunteers



1,045

people recruited to
frontline roles in prisons
and in the community



4,103

corrections officers in
our frontline team



3,199

rehabilitation and
motivational programme
placements delivered in
the community



97%

of prisoners received a
health assessment within 24
hours of arriving in or being
transferred between prisons



325

case managers across
our sites



22K+

items of high-risk
mail scrutinised

We keep communities safe

Corrections plays a critical role in the justice system. We are responsible for the safe management of people in prisons and in the community on sentences and orders imposed by the courts and the New Zealand Parole Board (NZPB). We provide education, employment and rehabilitation programmes and reintegration services, support and information to victims of crime, and information and administrative services to the Judiciary and NZPB. We maintain the integrity of the justice system by upholding sentences and orders imposed by the court and NZPB. We keep communities safe by accommodating people in prison securely, monitoring people in the community effectively, and by reducing re-offending.

As at 30 June 2020, there were 9,469 people in prison and 27,346 people on community-based sentences and orders. Every week, our team of over 10,000 staff and thousands more volunteers and service providers work together in prisons and communities to keep the public safe.

For more information on the sentences and orders we administer, see pages 162-163.



Our response to the COVID-19 pandemic

On 28 February 2020, the Prime Minister announced New Zealand had identified its first case of COVID-19. We were well prepared for this, and quickly implemented changes to how we operate in order to keep people safe and break the chain of transmission. This included separating people arriving in prison for their first 14 days, maximising physical distancing, and establishing enhanced hygiene processes. As New Zealand moved to Alert Level 4 restrictions, we suspended private visits to prisons, as well as non-essential temporary removals and releases. In the community, we suspended non-essential home visits and community work.

We are extremely proud of how our team responded during a time of immense uncertainty. There was only one recorded case of COVID-19 in New Zealand's prisons – a woman on remand who tested positive after she was released on bail. Through our robust safety processes, hygiene practices, and use of personal protective equipment, Corrections stopped any transmission of this COVID-19 case, as well as the transmission of COVID-19 across the corrections system in general.

Wherever possible and appropriate, we mitigated the impact of restrictions on the people we manage. For example, when private visits to prisons were suspended, we provided prisoners with phone cards and access to hundreds of additional phones to enable them to maintain contact with their families and whānau. When restrictions interrupted the delivery of group rehabilitation programmes, we developed and distributed thousands of cell-based activity books to keep people occupied meaningfully. And when we were required to suspend community work, those people who had a strong history of reporting for their sentence had a portion of their hours remitted.

We are changing how we work to create humanising and healing pathways through the corrections system

Rehabilitation has been a major part of our work for a long time. In fact, when Corrections was established in 1995 it was on the principles of public safety and rehabilitation. Since this time, we have continued to strengthen these aspects of how we work.

Over time our understanding of community safety has evolved. It is not enough to simply imprison people who have broken the law, or monitor them in the community until they have completed their sentence.

In August 2019, Corrections Minister Kelvin Davis launched *Hōkai Rangi, Ara Poutama Aotearoa Strategy*, our organisational strategy. *Hōkai Rangi* represents a turning point for us. It prioritises te ora, the well-being, of all people, including our staff, people serving sentences and orders, their whānau, victims and our communities. We know building authentic partnerships with Māori will be critical to our future success.

For more information about *Hōkai Rangi*, see pages 14 and 43.

With our partners across the justice sector, we are addressing long-term, systemic challenges

Chief Executives of the justice sector come together to share leadership as the Justice Sector Leadership Board (JSLB). The JSLB is an important mechanism to assist Ministers to achieve individual portfolio and wider collective justice sector goals.

The JSLB's Strategic Plan identifies three focus areas where there are opportunities for the sector to work together: strengthening Māori-Crown relationships, transforming the criminal justice system, and improving system performance.

- > Strengthening the Māori Crown relationship – Ināia Tonu Nei (ITN) was formed by Māori to work across the criminal justice system on reform. This initiative complements the partnering arrangements justice sector agencies have already established or will establish with Māori at different levels.

- > Transforming the Criminal Justice System – To deliver on this priority, the sector is focusing on improving the experience of all participants, particularly victims of crime, engaging with the judiciary, partnering with Māori and communities, and strengthening workforce culture and capability.
- > Improving system performance – Sector agencies are responding to pressures on the justice system by developing initiatives to improve system performance and ensuring that the system is able to withstand future crises and events. This includes, for example, the Joint Venture on Family Violence and Sexual Violence. This is a cross-government work programme related to family and sexual violence that aims to ensure victims are safer, improve services and change long-standing behaviours and attitudes.

COVID-19 demonstrated to sector leaders that positive change can happen quickly when agencies are working to a shared goal. Some of the ways of working during the COVID-19 alert levels meant that there was an increased use of electronic monitoring on bail, greater use of judge-alone trials, which resolved more cases, and an increased use of technology such as audio-visual link facilities and teleconferencing. This ensured that procedural matters could keep progressing. The JSLB is determined that adaptive and innovative ways of working are sustainable, and acknowledges that experimentation and learning are needed to address this and other strategic challenges across the justice system.

In early 2020, the JSLB agreed in principle to a shared vision, purpose and principles to guide sector change in response to the extensive submissions provided to criminal justice agencies through the Hāpaitia te Oranga Tangata: Safe and Effective Justice programme. These principles describe a criminal justice system, founded on the rule of law, that treats all people with humanity, dignity, respect and compassion. They also recognise the mana inherent in all people and communities and enable the restoration of that mana whenever it has been diminished, by working with communities and government agencies to help build resilience among families, whānau and communities to prevent crime.

We are identifying and implementing the changes needed

Hōkai Rangi describes specific interventions to move kaupapa Māori initiatives from the margins to the mainstream. Significant planning is required to deliver on the scale of interventions needed to uplift the oranga of the people we are managing and their whānau. The implementation approach for Hōkai Rangi is prioritising mātauranga Māori and is centred around whānau.

Hōkai Rangi outlines three critical initial steps:

- > partnership at key levels of the corrections system
- > planning and developing robust indicators and measures to help track our progress
- > establishing an appropriate governance structure, and accountability and monitoring of the organisation

These steps are supporting us to achieve the 37 short-term 'do-now' actions Hōkai Rangi outlines for the first 24 months of implementation. Our initial progress on Hōkai Rangi has focused on embedding leadership commitment to change, establishing our Māori Services group and the Deputy Chief Executive Māori position and ensuring appropriate resourcing is in place. We have prioritised building trust and strengthening our partnerships with Māori across all levels of our organisation.

We are also developing an Outcomes-led Performance Framework that will have clear and robust indicators and measures for each of the outcome domains described in Hōkai Rangi.



We are responsible for New Zealand's prisons

There are 18 prisons across New Zealand which accommodated an average of 9,935 people throughout 2019/20. Of these, 17 are publicly-managed (these are prisons that are run directly by Corrections) and one – Auckland South Corrections Facility – is privately operated.

Our prisons vary in size and specification. They each house a range of different people with some specialising in the management of certain populations. For example, Arohata and Christchurch Women's prisons and Auckland Region Women's Corrections Facility all accommodate women. Tongariro and Rolleston prisons accommodate only these people who have been sentenced, while Mt Eden Corrections Facility is specifically designed for people on remand (these are people who are held in prison prior to conviction or sentencing). Auckland Prison has the country's only maximum-security facility, and Rimutaka Prison has a special high-dependency unit for men with complex health-related needs.

Each person in prison is managed in accordance with their specific needs as well as their sentence/remand status and their security classification. Security classifications include minimum, low, low-medium, high and maximum, reflecting the safety restrictions needed to manage the prison population.

For more information on how we improved public safety through our work in prisons in 2019/20, see pages 45-50.

In accordance with New Zealand law and our international obligations, we manage prisons safely, securely and fairly

The *Corrections Act 2004* is the primary legislation governing the operation of the corrections system, including prisons. The Act sets out the minimum entitlements that all prisoners must be provided such as access to physical exercise, bed and bedding, food and drink, visitors, healthcare, legal advisers, mail and telephone calls. The *Corrections Regulations 2005* and the *Optional Protocol to the Convention Against Torture (OPCAT)* add further safeguards to keep people in prison safe and support their right to be treated fairly.

Several layers of internal and external oversight exist to ensure we are meeting our obligations to people in prison and those on community-based sentences and orders. This includes the Office of the Inspectorate, led by the Chief Inspector, who has a mandate to act independently in undertaking this responsibility. For more information on the Office of the Inspectorate, see pages 35, and 180-182.

In addition, the following provide external oversight mechanisms:

- > *Office of the Ombudsman* – National Preventative Mechanism responsible for monitoring Corrections facilities. The Ombudsman provides advice and guidance, undertakes investigations, and makes recommendations in accordance with several different pieces of legislation
- > *Children's Commissioner* – National Preventative Mechanism which undertakes inspections of Mothers with Babies units
- > *Human Rights Commission* – the Central National Preventative Mechanism for New Zealand. They oversee Corrections' treatment of people, and follow up complaints, and offer advocacy and mediation services to the public
- > *Privacy Commissioner* – oversees privacy issues. Its role is defined in the *Privacy Act 1993*
- > *Health and Disability Commissioner* – responds to complaints and provides advocacy services to people in prison. Its role is defined in the *Health and Disability Commissioner Act 1994*

The Judiciary, through the decisions made by judges, is responsible for deciding which people are in prison and how long they remain there

The only other institution that can directly impact who is in prison is the New Zealand Parole Board, which is responsible for considering those who are eligible for parole. Corrections holds no responsibility for making these decisions.

Prison network

As at 30 June 2020

A

Northland Region Corrections Facility

Region: Northern • Opened: 2005

652

334

Gender

Custody status

Security classification

B

Auckland Prison

Region: Northern • Opened: 1968

632

474

Gender

Custody status

Security classification

C

Mt Eden Corrections Facility

Region: Northern • Opened: 2011

1,104

620

Gender

Custody status

Security classification

D

Auckland Region Women's Corrections Facility

Region: Northern • Opened: 2006

456

318

Gender

Custody status

Security classification

E

Auckland South Corrections Facility

Region: Northern • Opened: 2015

960

372

Gender

Custody status

Security classification

F

Spring Hill Corrections Facility

Region: Central • Opened: 2007

887

457

Gender

Custody status

Security classification

G

Waikeria Prison

Region: Central • Opened: 1911

803

475

Gender

Custody status

Security classification

H

Tongariro Prison

Region: Central • Opened: 1978

300

214

Gender

Custody status

Security classification

I

Whanganui Prison

Region: Lower North • Opened: 1978

585

338

Gender

Custody status

Security classification



J Hawke's Bay Regional Prison

Region: Lower North • Opened: 1989

729 415
 Gender Custody status
 Security classification

K Manawatu Prison

Region: Lower North • Opened: 1979

250 191
 Gender Custody status
 Security classification

L Rimutaka Prison

Region: Lower North • Opened: 1967

1,045 641
 Gender Custody status
 Security classification

M Arohata Prison

Region: Lower North • Opened: 1944

187 152
 Gender Custody status
 Security classification

N Christchurch Men's Prison

Region: Southern • Opened: 1915

957 644
 Gender Custody status
 Security classification

O Christchurch Women's Prison

Region: Southern • Opened: 1974

134 109
 Gender Custody status
 Security classification

P Rolleston Prison

Region: Southern • Opened: 1958

260 204
 Gender Custody status
 Security classification

Q Otago Corrections Facility

Region: Southern • Opened: 2007

547 329
 Gender Custody status
 Security classification

R Invercargill Prison

Region: Southern • Opened: 1910

195 111
 Gender Custody status
 Security classification



Key:



Operational capacity



Number of staff



Gender



Custody status



Remand Sentenced

Security classification

Minimum

Low

Low-Medium

High

Maximum

We administer community-based sentences and orders

The majority of the sentences and orders we administer are community-based. In fact, we manage approximately three times as many people in the community as we do in prison, at over 100 Community Corrections sites nationwide. There are a number of community-based sentencing options used in New Zealand, from community work to supervision to home detention. People released from prison are also managed on release conditions and parole. The courts and the New Zealand Parole Board (NZPB) can impose other orders to keep the community safe such as extended supervision orders and public protection orders.

For more information on the types of sentences and orders we administer, see pages 162-163.

Community-based sentences and orders can include conditions imposed by the Judiciary and the New Zealand Parole Board

In accordance with the *Sentencing Act 2002*, the Judiciary can attach certain special conditions to sentences and orders. This can include, for example, prohibiting the consumption of alcohol, requiring the person to participate in rehabilitation programmes, requiring them not to associate with certain people or groups, and excluding them from certain areas. Under the *Parole Act 2002*, the NZPB can impose similar conditions on people being released from prison on parole.

Electronic monitoring is common among people serving community-based sentences and orders. It enables Corrections to monitor conditions that restrict a person to certain areas or that exclude them from places, in order to manage their risk.

Probation officers ensure compliance with community-based sentences and orders

Public safety is one of our top priorities and we take all instances of non-compliance seriously. Probation officers actively manage the compliance of people on community-based sentences and orders with their conditions and hold them to account if they breach. Potential penalties range in seriousness depending on the type of breach and can include, for example, formal prosecution, referrals to rehabilitation programmes, increased monitoring and/or increased reporting to Community Corrections. Other agencies, such as Police will also be involved in discussing and monitoring risk.

The monitoring of each person on a community-based sentence or order is subject to, and depends on, their individual conditions. Monitoring can involve requiring approval by a probation officer for the person to undertake employment or to move to a new house, regular check-ins, home visits and in some cases electronic monitoring. If an intensive monitoring condition is imposed, people on extended supervision orders may be monitored in-person 24/7 for the first year of their order.

Establishing meaningful relationships with communities is key

We strive to ensure the safety and well-being of communities. To do this we build authentic relationships with people in the communities in which we work so we know where there are concerns and can address them. It is also important that we can explain to the public what we are doing and why we are doing it. Public confidence in Corrections is critical to our ability to do our work and improve public safety.

For more information on how we improved public safety through our work in communities in 2019/20, see pages 51-55.

We reduce re-offending by providing rehabilitation programmes and reintegration services

Corrections has a number of rehabilitation programmes and reintegration services available to people in prisons and serving sentences and orders in the community. These give people the best possible chance to stop offending and are an important aspect of the work we do to keep communities safe.

Our programmes assist people during every step of their rehabilitation journey

We have programmes designed to help people to address the reasons for their offending, motivate them to address their offending and to assist them to build a life free from crime.

Every person's rehabilitation journey is unique and is based on several considerations such as the nature of their offending, their risk of re-offending, their motivation to change, and their physical and mental well-being. In prisons, case managers work with people on a one-on-one basis to identify their rehabilitation needs and to match these with available programmes to be completed throughout their sentence. In the community, this responsibility sits with each person's probation officer. Psychologists and programme facilitators also play an important role in these processes.

The length and intensity of our programmes differ, so we can target as many people as possible. We offer intensive residential treatment programmes to address alcohol and drug use, as well as programmes which help to address violence, and sexual offending against children and adults. We also have educational programmes to help people disadvantaged by existing gaps in their learning, and kaupapa Māori programmes for people who have experienced a disconnection from their culture.

Reintegration services help people to transition out of the corrections system by supporting them to build a crime-free life after their sentence or order

These services help people address their accommodation, education and skills, training, employment, whānau and support, well-being, and life skills needs. Services can include anything from helping people to obtain their IRD number to providing medium-term supported accommodation.

We run an end-to-end employment service for people in the corrections system, which helps hundreds of people into meaningful work every year. We also have an increasing number of temporary and supported accommodation places available for people who need our help to secure stable housing. To help address disparities in justice sector outcomes, some services are offered in partnership with iwi and Māori community groups, and specialise in kaupapa Māori-based service delivery.

Community Corrections network

As at 30 June 2020

Northern Region • Tai Tokerau

Community Corrections sites (4)

Location on map 1 2 3 4

Reporting Centres (4)

 1,532  498

 1,727  160

Northern Region • Auckland

Community Corrections sites (5)

Location on map 8 9 10 11 12

Reporting Centres (1)

 1,918  620

 2,172  261

Central Region • Waikato

Community Corrections sites (5)

Location on map 19 20 21 22 23

Reporting Centres (10)

 2,764  830

 3,034  348

Northern Region • Waitemata

Community Corrections sites (3)

Location on map 5 6 7

Reporting Centres (2)

 2,264  537

 2,371  180

Northern Region • Manukau

Community Corrections sites (6)

Location on map 13 14 15 16 17 18

Reporting Centres (0)

 3,332  935

 3,642  300

Central Region • Rotorua – Taupo

Community Corrections sites (3)

Location on map 24 25 26

Reporting Centres (5)

 1,371  453

 1,560  125

Central Region • Bay of Plenty

Community Corrections sites (8)

Location on map 27 x2 28 29 30 31 32 33

Reporting Centres (2)

 1,519  397

 1,600  158

Lower North Region • Whanganui – Taranaki

Community Corrections sites (4)

Location on map 34 35 36 37

Reporting Centres (3)

 1,224  364

 1,355  123



Lower North Region • East Coast

Community Corrections sites (5)

Location on map 38 39 40 41 42

Reporting Centres (2)

1,901 492

2,100 178

Lower North Region • Wairarapa – Manawatu

Community Corrections sites (4)

Location on map 43 44 45 46

Reporting Centres (5)

1,514 420

1,629 157

Lower North Region • Wellington

Community Corrections sites (6)

Location on map 47 48 49 50 51 52

Reporting Centres (1)

1,816 419

1,885 226

Southern Region • Nelson – West Coast

Community Corrections sites (6)

Location on map 53 54 55 56 57 58

Reporting Centres (6)

1,008 165

972 72

Southern Region • Canterbury

Community Corrections sites (7)

Location on map 59 60 61 62 63 64 65

Reporting Centres (4)

2,425 696

2,671 350

Southern Region • Otago

Community Corrections sites (5)

Location on map 66 67 68 69 70

Reporting Centres (1)

959 268

1,025 131

Southern Region • Central Otago – Southland

Community Corrections sites (4)

Location on map 71 72 73 74

Reporting Centres (5)

689 166

707 64



Key:

- Location of Community Corrections site
- Reporting Centre locations
- Average number of sentences
- Average number of orders
- Total number of individual offenders
- Total number of Community Corrections staff

Our people



Supporting and developing our people

Our team at Corrections includes over 10,000 people, who work hard every day serving New Zealanders, keeping communities safe and protecting everyone's well-being.

We are a values-led organisation. Our practice values guide everything we do

Our five practice values give our people the mandate they need to do their very best to service the New Zealand public. They are:

- > **Manaaki (Respect):**
We care for and respect everyone
- > **Kaitiaki (Guardianship):**
We are responsive and responsible
- > **Whānau (Relationships):**
We develop supportive relationships
- > **Rangatira (Leadership):**
We demonstrate leadership and are accountable
- > **Wairua (Spirituality):**
We are unified and focused in our efforts

We recruit the right people for the right roles

Our robust recruitment processes reflect the complexity of our role working directly with people in prisons and in the community. To ensure the quality and integrity of new recruits, depending on the role applied for, they may be required to complete pre-employment drug testing, fitness testing, Police vetting, and role-playing exercises in a prison environment (for custodial roles).

Our centralised team of recruitment advisors work closely with applicants to make the process simple as possible. In 2019/20, we recruited 1,045 people to frontline roles in prisons and in the community and a further 373 people to other areas of Corrections.

Recruitment did not pause at Corrections during New Zealand's COVID-19 restrictions. Instead, we prioritised making the process as safe as possible by conducting key interview and assessment steps either online or by phone. Inductions and early learning pathways for new recruits were also adapted during this time.

We support our people to develop and grow in their roles

Learning and development at Corrections begins as soon as someone starts their role. Everyone starting in a frontline role participates in Ara Tika, an induction programme covering the obligations of working in public service, integrity, cultural capability, privacy and safety, before beginning their unique learning pathways. These pathways combine online modules, classroom-based activities and on-the-job coaching tailored to the person's specific role.

This year our online Safety Conversations hub, which supports frontline managers to have regular, brief and effective discussions about safety with their teams, marked a milestone with over 50,000 having now taken place. We also embedded Pou Hapori Iho, our new learning pathway for probation officers, and Pou Arahi Iho, our pathway for prison-based case managers.

As an essential service, we adapted our learning and development programmes quickly during the strictest COVID-19 restrictions

Between March and May 2020, we welcomed over 300 new team members to the organisation. We did this through an interim learning pathway called Pou Whirinaki Iho, which was developed collaboratively with prison directors, frontline practitioners and the Chief Custodial Officer, and blended centrally-facilitated virtual content and site-based activity. Video recordings and teleconference sessions enabled practitioners to share their experience and expertise with learners.

We celebrate and reward success

At our 2019 Leaders Forum, 10 Tātou Awards (awarded at a national and regional level) were presented to groups or individuals who exemplified our values and went above and beyond to keep communities safe. Throughout the year, we also presented Whanonga Pono Awards (which are awarded at a local level) to recognise team members who have championed one of our values exceptionally well. We also presented long service and good conduct awards, and one-off awards to recognise specific achievements such as the Chief Executive's Special Commendation Award which recognises outstanding employee contributions.

We take our obligations as public servants seriously. Integrity underscores everything we do

Our role working directly with people who have committed crimes and harmed communities means that working to the highest standards of integrity is particularly important. Our Code of Conduct describes the principles we operate by and the standard of behaviour expected of all staff, contractors, consultants and volunteers.

We all take responsibility for working in a way that earns the trust of our communities, and are supported to do so by our Integrity Assurance Team. In addition to delivering the integrity awareness programme the Integrity Assurance Team provides high quality specialist investigation services and advice. On average, the team receives around 34 cases per month, some of these may proceed to investigation, while others will be referred to managers for action. Cases can vary from criminal cases involving theft, fraud or corruption, to serious breaches of the Code of Conduct such as bullying, inappropriate use of technology systems or inappropriate relationships with offenders.

We have clear Speak Up policies that encourage staff to speak up if they see, hear or experience something that concerns them. Our people working on the frontline are supported to have regular conversations about keeping themselves safe from manipulation, and we have an 0800 phone number for our people to report integrity concerns. Our Code of Conduct and human resources processes ensure every one of us can be held to account for behaviour that falls short of expectations.

We invest in our facilities and assets so that our people have everything they need to do their jobs successfully

We manage over \$3.8 billion in assets, including prisons, Community Corrections sites, digital assets, vehicles (including cars, vans and prisoner transport vehicles), machinery, and equipment.

Starting in 2019 we have been strengthening our asset management practices related to infrastructure and facilities, and how we prioritise capital investment. In making decisions to maintain or upgrade our assets, we consider a range of factors including compliance, strategic and policy alignment, demand and capacity, efficiency and effectiveness.

For information on our asset performance for 2019/20, see pages 173-175.

In response to COVID-19 we invested in a range of initiatives to help keep our people safe. This included personal protective equipment (PPE), thermal imaging cameras at site entrances, audio-visual link capabilities for court appearances and hearings, and other digital investment to improve connectivity across the network, allowing our team to continue working under lockdown. Many of these initiatives have been adopted into our normal practice as they provide ongoing efficiencies and benefits.

Our team is diverse and inclusive

As we begin to work differently in a Hōkai Rangi environment, we are also looking to build the skills and competencies of our people to work and lead in ways that are culturally appropriate and to improve their cultural competency.

Our Inclusion and Diversity Council leads our work to create and maintain the most inclusive workplace possible

Our Inclusion and Diversity Council, founded in September 2018, developed, consulted on, and established a values-aligned, four-year Inclusion and Diversity Strategy. The focus for the 2020/21 year is the prioritisation and progression of an Inclusion and Diversity strategy that positions our workplace to better deliver on Hōkai Rangi. The council structure has been reviewed and will work closely with regional champion groups and a national governance group to accelerate its activities.

We encourage a diverse, vibrant workplace that appreciates a range of experiences and views

Our inclusion and diversity initiatives in 2019/20 comprised our leadership role in the cross-agency Rainbow Network and their Rainbow Conferences, and the provision of Rainbow Diversity Training. It also included Māori, Pasifika, and women's staff networks. We also began reporting the number of people at Corrections who identify as gender diverse and supported the Tupu Toa Summer Internship Programme, which provides on-the-job learning opportunities for ten Māori and Pasifika interns.

Our gender pay gap is among the lowest in public service

As at 30 June 2020, the average gender pay gap at Corrections was 0.8 percent (down from 1.1% at 30 June 2019). This compares favourably to the public service average of 10.5 percent (at 30 June 2019). Women make up almost half our workforce; over 40 percent of Tier 2 and Tier 3 managers and over half of Tier 4 and Tier 5 managers are women. Our median gender pay gap is zero percent.

Over the past few years, we have addressed our gender pay gap by undertaking analysis and reviews, and embedding recruitment processes that improve diversity, improve how starting salaries are set, and encourage the progression of women and their participation in our key leadership programmes. Reducing bias and being more inclusive within recruitment processes is well underway. Ensuring all leaders are aware of how bias impacts their decision making and actions and what they can do to mitigate these risks, is a key development focus in the year ahead.

We are increasingly becoming 'flexible by default'

This means we support our people to work in the manner that best suits their needs, where safe and appropriate to do so. As expected, our work in this area was expedited in response to the COVID-19 pandemic, which saw us immediately implement new, more flexible ways of working and learning along with the roll-out of technology to enable our people to more efficiently and effectively work away from the office.

We are now leveraging our learnings from this experience, becoming more agile, and sharing the benefits of flexible working arrangements. We continue to contribute to the cross-agency Flexibility by Default programme.

Hōkai Rangi prioritises cultural capability, including specific te ao Māori and Te Tiriti capability, among our people

Over the coming year, we will place a greater emphasis on equal partnership with Māori, including working toward best practice Māori-Crown relations and shared decision-making at key levels. We recognise the need to invest in our people to ensure our workforce is culturally skilled and responsive in a way that reflects the identity, language and culture of the people we are managing. To better incorporate a te ao Māori worldview in our workplace, we are incorporating frameworks and approaches to support this.

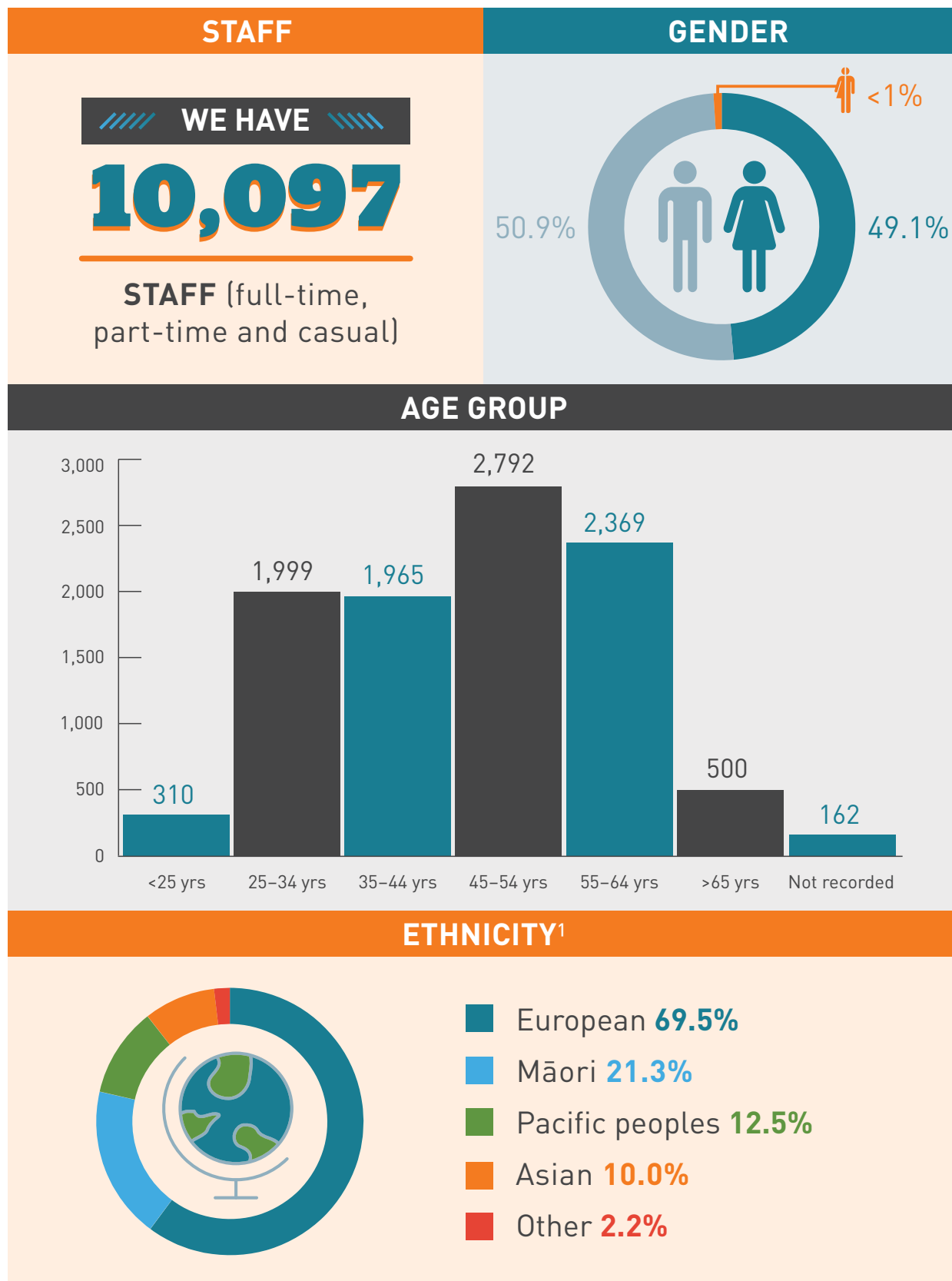
Profile of our people

Corrections has around 10,000 staff across the country who show up every day to make New Zealand safer.

The tables below provide key information about Corrections' workforce, including gender, age, ethnicity, role, remuneration and length of service data.

For historical data, please see Corrections' previous Annual Reports:

https://www.corrections.govt.nz/resources/strategic_reports/annual-reports



1. Totals equal more than 100% as staff may identify with multiple ethnicities.

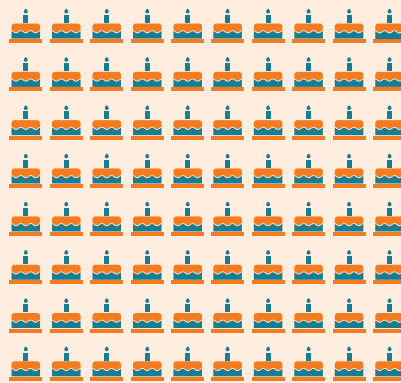
AGE



AVERAGE AGE
OF WORKFORCE

46 YRS

4 MONTHS



AGE OF OLDEST
STAFF MEMBER

80 YRS

LENGTH OF SERVICE



AVERAGE LENGTH
OF SERVICE

8 YRS

2 MONTHS

LONGEST LENGTH
OF SERVICE

49 YRS



DISABILITIES



4.7%

staff who
identify as
having a
disability

LEADERSHIP



529

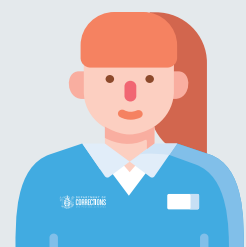
leadership roles
held by women

44.9% of all leadership
roles at the department

FRONTLINE



86.3% of our people work
on the frontline



Health, safety and well-being at Corrections

We take the health, safety and well-being of our people, the people we are managing, our partners, and visitors to our sites very seriously.

We operate in a complex and sometimes challenging health and safety environment. We have a uniquely wide range of risks – 11 of those we have identified as ‘critical risks’, which have the potential to cause serious harm or death. We operate 24 hours a day, seven days a week managing some of the most challenging people in New Zealand. We carry out home visits with people serving community-based sentences and orders, and are involved in some high-risk prison industries such as dairy farming and construction. We partner with thousands of organisations in prisons and in the community, with whom we share health and safety responsibilities.

Our strategy – *Everyone Safe, Every Day* – has guided systemic improvements to health, safety and well-being at Corrections

We are in the final year of our multi-year health, safety and well-being strategy; *Everyone Safe, Every Day*. Over its life, the strategy has provided our people with the mandate and direction needed to place safety at the forefront of everything we do. In the last four years, we have strengthened our health, safety and well-being governance structure, made our assets safer, enhanced safety learning tools, increased access to personal protective equipment and improved engagement among our people.

In the complex and varied corrections environment, we responded well to some serious health, safety and well-being incidents

In 2019/20, we notified WorkSafe about 19 ‘notifiable’ incidents (including injury and illness) [2018/19: 12] that were serious enough to require reporting. Partners and contractors engaged by Corrections reported a further eight notifiable incidents [2018/19: 5]. The increase in notifiable incidents compared to 2018/19 was driven largely by improved visibility

of reporting processes, an unusually high number of large infrastructure projects being carried out by contractors, and an increase in the number of individuals (those on sentence/remand and our people) who lost consciousness by tripping and falling or as a result of an assault by someone in prison.

The importance of building a positive culture at all levels of the organisation is reflected by our commitment to our approximately 350 Health and Safety representatives

In the last year, we continued to improve the learning and development pathways for these people and revised the first two stages of their training. We are currently revising stage three of the training, to provide our representatives with the capability and confidence to address critical health and safety risks.

In April 2019, we began measuring our people’s perceptions of health, safety and well-being across the organisation using a ‘Just Culture Score’. We have already observed a marked improvement in how we ‘do’ health and safety at Corrections.

We have a number of initiatives that support our people’s well-being and mental health

In October 2019 we once again participated in the Mental Health Foundation’s Mental Health Awareness Week. We refined our ‘wellness days’ for people working in custodial roles, helped leaders to feel comfortable talking to their teams about mental health issues, and improved the psychological peer support offered to our people, including those who are managing injuries.

At a national level, the rate of lost time² days and restricted workdays has remained consistent. At a regional level, though, some areas are showing an increasing proportion of restricted workdays as opposed to lost time days. This indicates that more injuries are being managed by assigning alternative duties or reduced tasks, rather than of requiring team members to recover entirely away from work.

2. Lost Time Injury refers to incidents that result in a disability or an employee missing work due to an injury. Employees who return to work after sustaining an injury may also be counted as a Restricted Work Injury if they are unable to completely perform their job duties as outlined in their job description.

Our Making Shifts Work project is a partnership between us, the Corrections Association of New Zealand and the Public Service Association, to improve the well-being of our people, safety and operations in our prisons. In particular the project has focused on reducing fatigue and providing a better work-life balance. The result will be better and safer working conditions for our people working

in custodial roles, improved operations, and increased opportunity for people in prison to have access to rehabilitation and reintegration.

Manawatu Prison was the first site to adopt the changes in July 2020. Otago Corrections Facility implemented the changes in August 2020, and this will be followed by the remainder of our prisons in a structured roll-out over the next few years.

Our critical health and safety risks



Our Partners and Volunteers



Our partners and volunteers help us to keep communities safe

We know we achieve more when we work together and use collective resources to advance our shared goals. This is why we value our community partnerships as well as the volunteers who give up their time every day to work directly with people in the corrections system.

Authentic partnership, particularly with Māori, is a priority for us as we work towards achieving the outcomes of Hōkai Rangi

This means we are working towards a partnership model that exemplifies best-practice Māori-Crown relations and demonstrates authentic, shared decision-making at key levels.

Partnerships take time to grow. We recognise partnering with Māori is integral to delivering the most effective and efficient outcomes for the justice system; however, great partnerships need to be based on kotahitanga – unity of purpose – where engagement is on a case-by-case basis, and prioritises mutually beneficial, reciprocal relationships which produce sustainable benefits and value for everyone involved.

In partnership with Māori, we have agreed on a set of principles and developed a range of tools to support effective engagement with Māori. These look to build, maintain and develop high quality and high trust relationships, characterised by authentic and meaningful engagement.

We have commenced work on a number of foundational programmes that provide an initial demonstration of 'partnership at key levels'. These include the ongoing co-design of our Outcomes-led Performance Framework that will help us to articulate our progress against Hōkai Rangi outcomes, and the Māori Pathways programme which will develop a kaupapa Māori supported experience through the corrections system.

We partner with agencies across government in the social, education and health sectors to improve outcomes for people in the corrections system

For example, we continue to establish partnerships and collaboration with District Health Boards and health service providers to deliver health services to people in prison. A focus of ours in 2019/20 has been to increase the delivery of telehealth³ services for planned and unplanned care. This means fewer people being transported out of prison to receive the care they need. We are also progressing a memorandum of understanding with Accident Compensation Corporation (ACC) to ensure that people who are entitled to receive their assistance consistently do so.

We also partner with education providers, the Tertiary Education Commission (TEC) and the Ministry of Education, to deliver educational opportunities to people in prisons. Our partnership with TEC, for example, supports the delivery of trade and non-trade related qualifications by third-party providers. This includes access to construction, dairy farming, and horticulture certificates.

Our work with social sector agencies, such as the Ministry of Social Development and Kāinga Ora, helps people find work, housing and financial support when they are serving a community-based sentence or order, or when they are about to be released from prison. Our partnership with Kāinga Ora also gives people in prison the opportunity to build and refurbish public housing and gain qualifications and employment skills.

3. Telehealth is the use of information and communication technologies to deliver health care when patients and care providers are not in the same physical location. For example, illnesses can be diagnosed, and treatment provided via secure video conference.

We maintain hundreds of formal and informal relationships with organisations and individuals across New Zealand

Our relationships include memoranda of understanding with employers to help people in the corrections system into sustainable work, agreements with non-profit organisations who can benefit from community work projects, and service providers who provide reintegration services to those who need them.

We have 189 memoranda of understanding with private employers. In 2019/20 we secured over 1,740 jobs for people serving sentences and orders. We also work with over 1,200 employers in less formal ways, helping people into sustainable employment.

In 2019/20, we hosted four career expos at Auckland Region Women's, Spring Hill and Otago corrections facilities, and Whanganui Prison. Employers from a range of industries hosted exhibitions for people in prison close to their release, who were seeking employment and were ready to work.

Our partnerships with community groups, councils, government agencies, and non-profit organisations help us secure suitable, beneficial projects for people serving community work sentences. Over 940,000 hours of labour were completed in 2019/20 [2018/19: 1.2 million hours].

In 2019/20, approximately 1,500 volunteers dedicated their time to changing the lives of people alongside Corrections

Volunteers work face-to-face with people in the corrections system to help them learn new skills, find new hobbies, and to build pro-social support networks. In 2019/20, approximately 16,000 visits were undertaken by volunteers to our prisons, doing things such as teaching people in prison how to read and write, teaching second languages, running parenting courses and holding arts and crafts workshops. We also have volunteers at our community sites,

helping people to complete community-based sentences as well as supporting people after completion of their sentence in prison.

Our volunteers are critical to our work and clearly demonstrate our value of manaaki. We remain incredibly grateful for their contributions to our outcomes of improving public safety and reducing re-offending.

Kaiwhakamana and Fautua Pasefika play an important role in meeting the needs of people in the corrections system and contributing to their positive integration in the community⁴

We support the strengthening of Māori and Pacific community structures to promote the wellness and well-being of their people to contribute to the achievement of reducing re-offending. It is our intention to be as responsive as possible to the needs of Māori and Pacific peoples.

Kaiwhakamana and Fautua Pasefika provide spiritual, cultural all personal support for Māori and Pacific peoples to assist in their safe return to the community. Research suggests that while interventions and support targeted at cultural identity will not achieve a reduction in re-offending alone, they are, and will continue to, help people better engage in a holistic level of care to address re-offending.

In 2019/20, Kaiwhakamana and Fautua Pasefika volunteers made more than 800 visits to prisons across the country.

4. The term Kaiwhakamana means kaumātua who have access to prisons to enable the wellness and well-being of their people. The term Fautua Pasefika means Pacific Community Leaders who have access to prisons to enable the well-being of prisoners and networking back to their communities.

Governance and oversight at Corrections



Over the past year, we have refined and strengthened our governance structure

Corrections has robust governance and oversight arrangements to ensure we are using public funds appropriately to improve safety and reduce re-offending. These arrangements also help to ensure the people serving sentences in prisons and the community are treated fairly and humanely and that the corrections system is operating effectively.

The Executive Leadership Team (made up of the Chief Executive and Deputy Chief Executives) meets regularly to discuss strategic performance across the organisation as well as operational challenges and opportunities. There are governance structures at every level of Corrections with clear escalation channels to ensure that so critical issues are visible at the highest levels of the organisation and can be prioritised.

Key finance and risk governance groups

- > The **Investment Committee** directs investment and resources to carry out Corrections' and the Government's strategic objectives. The Committee also monitors benefit realisation performance.
- > We have five portfolio committees (**Digitally Enabled Business Portfolio, Infrastructure and Facilities Portfolio, People Portfolio, Partnering Portfolio and Pathways and Services Portfolio**) which oversee the operating performance and business change aspects of their various assets, programmes and projects.
- > The **Audit and Risk Committee** is independently chaired and provides advice on our risk processes, assurance programmes and control environment. This includes overseeing risks, the risk management framework, internal controls, legislative compliance, audit functions and governance frameworks.

Key operational governance groups

- > The **Organisational Performance Committee** provides organisation-wide oversight and governance of performance in line with our strategic outcomes. It provides stewardship of our assets and supports decisions around commencing new (or stopping current) organisational activities, based on the organisation's priorities.
- > **Te Poari Hautū Rautaki Māori** (the Māori Leadership Board) provides strategic leadership around the development of policy and initiatives to improve outcomes among, and reduce offending and re-offending by, Māori. Te Poari includes representatives from iwi around Aotearoa and has a critical role in advancing Hōkai Rangi and in the oversight of the change programme.
- > The **Health, Safety and Well-being Risk Governance Committee** focuses on serious risks to health and safety. Its purpose is effective hazard identification and risk management, including reviewing how hazards are identified and how controls to eliminate, isolate or minimise these are implemented.
- > The **Prisoner Welfare Advisory Board** includes three independent members and seeks to improve the welfare of people in prison. It also addresses issues raised through inspections undertaken by the Office of the Ombudsman and Inspectorate.

There are other advisory groups and governance boards which meet to oversee specific areas of our operations. These include the Kawenata Governance Board (which oversees initiatives under our Kawenata with the Kīngitanga) and the Protective Security Committee.

The Office of the Inspectorate

The Office of the Inspectorate works to ensure all people serving sentences and orders managed by Corrections are treated in a fair, safe, secure and humane way. While it is part of Corrections, it is operationally independent to ensure objectivity and integrity. This is a critical part of the oversight of the corrections system and operates under the *Corrections Act 2004* and the *Corrections Regulations 2005*.

The Inspectorate is headed by the Chief Inspector and a team of inspectors who:

- > investigate complaints from prisoners and offenders in the community
- > carry out inspections of prisons
- > investigate all deaths of people in prisons
- > carry out other investigations where necessary
- > monitor situations where there are concerns

The Inspectorate reports back to Corrections with findings and recommendations and works with teams to make improvements and ensure the fair treatment of people.

In 2019/20 the Inspectorate managed 4,772 cases, including 3,936 complaints received from people in the corrections system, as well as statutory reviews of Visitor Prohibition Orders and misconduct charges, death in custody investigations and special investigations. All of the Inspectorate's external performance targets were met or exceeded.

The Inspectorate's response to the COVID-19 pandemic

The Inspectorate's COVID-19 response aimed to ensure that, during lockdown, the right balance was maintained between protecting people in prison from the spread of COVID-19 and ensuring their rights were not disproportionately and unnecessarily restricted.

Inspectorate staff worked remotely, and enhancements were made to ensure the Inspectorate remained accessible. The number of inspectors available to respond to complaints and issues doubled, and the Inspectorate moved to a seven day a week operation from the first week of lockdown. From Alert Level 4, people who were not satisfied with responses to complaints in prisons could contact the Inspectorate directly, rather than via the Complaints Response Desk whose operations were paused during the COVID-19 response.

This led to more than 1,200 extra calls received at this time when compared to the previous financial year [2018/19: 2,666].

The Inspectorate recommenced visits to prisons under Alert Level 3 with strict health and safety precautions. Inspectors visited 10 prisons and findings were reported to the Chief Executive. The visits found prisons managed hygiene and sanitation well, and people in prison were generally receiving their minimum entitlements.

Prison inspections

Prison inspections provide a 'window into prisons', giving early warning of emerging risks and challenges, and highlighting areas of innovation and good practice. Inspections play a critical part in ensuring independent oversight of the corrections system.

In May 2019, the Inspectorate began a programme of announced and unannounced follow-up inspections across the prison network. These inspections aimed to build on the progress of earlier inspection reports.

Inspections have been carried out at Manawatu, Waikeria and Rimutaka prisons and Northland Region, Mt Eden and Auckland Region Women's corrections facilities. Additionally, the Inspectorate carried out a thematic review which examined the experiences of older people (aged 65 and older) in prison.

To view prison inspection reports, see our website: https://inspectorate.corrections.govt.nz/reports/prison_inspection_reports

In February 2020 the Inspectorate released its Inspection Standards, which guide the way prisons are inspected. The Inspection Standards describe the standards of treatment of people in prison and the conditions that prisons are expected to achieve.

Assessments are guided by four key principles: safety, respect, purposeful activity and reintegration. Inspectors are required to consider 10 areas of prison life: reception and admission, first days in custody, escorts and transfers, duty of care, health, environment, good order, purposeful activity, reintegration and people working in prisons.

To view the Inspection Standards, see our website: https://inspectorate.corrections.govt.nz/about_us/what_we_do

Environmental sustainability



We are placing a greater emphasis on the environmental sustainability of our operations

As the largest public service department in New Zealand, we acknowledge our kaitiakitanga (guardianship) responsibility for the protection and sustainability of our natural resources. By managing our carbon footprint our goal is to minimise the impact our business operations have on the environment.



5. Air Travel booked through the Department's air travel system, and chartered Prisoner Transfer Flights [2018/19: 13.5m km, 3.2m kg CO₂].

6. Light commercial fleet including prison escort mini vans and motorcycles owned by Corrections. Unit of measure is kms [2018/19: 17.5m kms, 3.8m kg CO₂].

7. Prison and Community Corrections sites waste to landfill with gas recovery expressed as kgs excluding National Office. [2018/19: 4.8m kg, 1.2m kg CO₂].

8. Includes coal, purchased energy, diesel and gas. Our purchased energy provider generates 100% of their electricity from renewable sources (wind and water) [2018/19: 21.5m kg CO₂].

9. Prison, Community Corrections sites and National Office paper consumption. Emissions associated with paper waste are captured through 'Waste' emissions. 100% of secure paper destruction is recycled. Carbon neutral paper represents 98.4% of total paper consumed [2018/19: 89.5k reams].

Our progress

We are currently reviewing how we capture and report our carbon footprint and embed environmental best practices into the Department.

This year, we began working towards the Government's target of making light vehicle fleets emission-free where practicable by 2025/26 including the direct replacement of 53 internal combustion engine vehicles with 11 electric vehicles (and charging stations) and 42 petrol hybrid vehicles to our fleet. Our fleet replacement programme aims to replace a further 64 petrol or diesel-powered vehicles with electric vehicles over the next four years.

In partnership with Waste Management, we have also established extensive recycling programmes at Rimutaka and Christchurch Men's prisons, and Spring Hill Corrections Facility. During 2019/20, we diverted 6.8 percent (324 tonnes) of waste from prisons and Community Corrections sites away from landfill¹⁰.

The impact of COVID-19

While it is too early to assess the full impact the COVID-19 pandemic has had on Corrections' CO₂ emissions, in 2019/20 we have observed a 32 percent decrease in emissions associated with work-related air travel and a further 30 percent decrease in emissions associated with work-related vehicle travel, when compared to 2018/19. Furthermore, accelerated investment in digital connectivity as a result of COVID-19 continues to support our people to work remotely where appropriate, therefore reducing CO₂ emissions associated with them travelling to and from work.



Working towards zero emissions in our vehicle fleet

Corrections is working towards a zero emission light vehicle fleet in support of reducing greenhouse gas emissions across the public sector.

In 2018 four petrol hybrid vehicles were piloted, one per region, with promising results. Feedback indicated that staff supported the move to lower emission vehicles and would like more low emission options when replacing vehicles.

As a result of the pilot, 21 petrol hybrids were purchased as part of the 2018/19 vehicle replacement programme. An additional 42 petrol hybrids were purchased in 2019/20.

Fully electric vehicles are being considered as part of our future low emission fleet strategy, with plans to pilot a number of these vehicles within the next 18 months.

¹⁰. Excludes secure paper destruction.

Financial overview

In 2019/20, Corrections' operating expenditure was \$1.7 billion.



Overall results

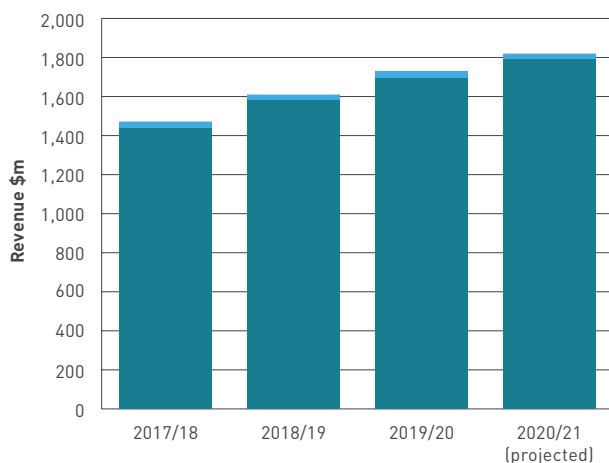
Our total operating expenditure for 2019/20 was \$1.7 billion, which was \$126.6 million higher than 2018/19 and within 3% of our approved funding.

The year-on-year increase in expenditure was largely due to an increase in the number of employees (an increase of 3% overall), the impact of salary increases and an increase in the annual leave provision with fewer of our people taking leave due to the COVID-19 restrictions. The increased cost of asset ownership (including depreciation and capital charge) also attributed to the year-on-year increase.

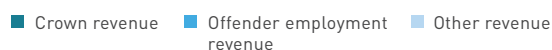
While our revenue is predominantly funded by the Crown, we also generate a small revenue stream from our offender employment activities such as farming, distribution and other industries.

The graph below illustrates the sources of Corrections' revenue.

Revenue Trends



KEY:

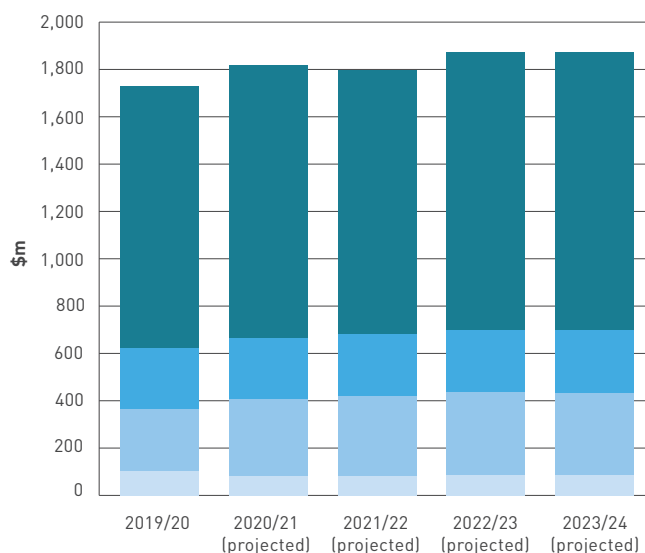


Operating expenditure by output

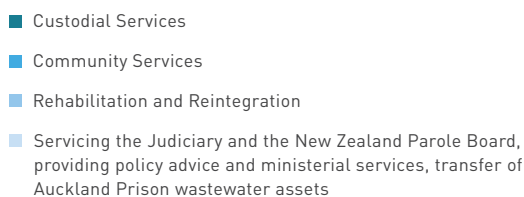
The following graph shows our funded departmental operating expenditure to 2023/24.

We remain committed to reducing re-offending. During 2019/20 we increased our spend in this area by \$23.2 million to \$266.3 million. We will continue to increase our investment in strengthening rehabilitation and reintegration services over the next four years.

Expenditure Appropriation Projections to 2023/24



KEY:



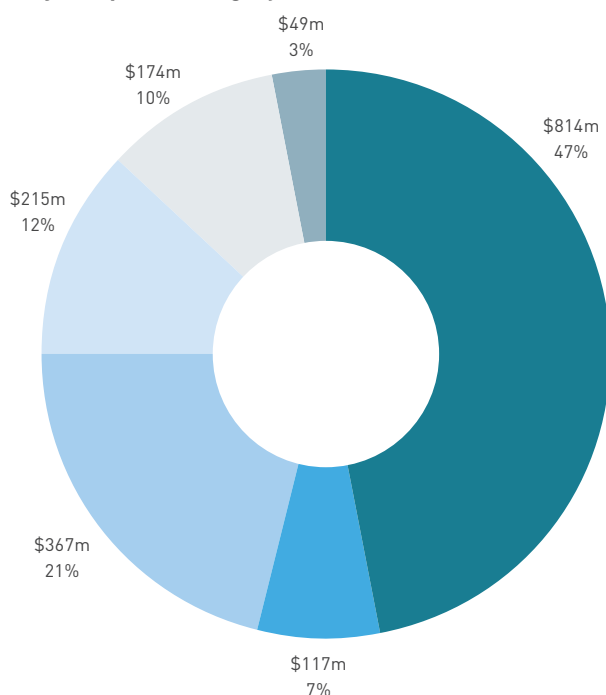
Operating expenditure by category

Almost 80% of our \$1.7 billion spend in 2019/20 related to personnel and asset ownership costs. We employ over 10,000 people. Personnel costs were \$813.8 million in 2019/20, 47% of our total spend. The majority of our workforce is deployed in frontline roles, which are highly specialised and require a considerable investment in upfront and ongoing training.

We received funding in 2019/20 to cover a portion of the additional costs associated with operating in a changed environment in response to the COVID-19 pandemic. A large portion of this cost was associated with an increase in our annual leave provision with fewer staff able to take leave due to COVID-19 operating requirements. The Department also spent \$7.0 million on personal protective equipment to ensure our sites were able to keep people safe and break the chain of transmission.

The graph on the following page illustrates the composition of total expenditure by major expense category.

Total Departmental Operating Expenditure by Major Expense Category



KEY:

Personnel costs	Depreciation & Amortisation
Facility costs	Capital charge
Operating costs	Finance costs

Asset base

We own \$3.8 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:

- > \$3.7 billion of property, plant and equipment
- > \$12.8 million of assets related to offender employment activities, including farming
- > \$69.6 million of intangibles (software) including offender management systems

Depreciation and amortisation, capital charge and finance costs represent 25% of our 2019/20 operating expenses.

Corrections' asset base, which includes 17 public prisons and one private prison, must be fit-for-purpose, safe and secure. Our facilities must safeguard public safety and enable the completion of sentences, while also enabling employment, training, skills development and rehabilitation opportunities for those people we are managing.

Capital expenditure

We incurred \$352.5 million of capital spend in 2019/20. This comprised \$135.8 million for property assets, \$180.9 million on the Waikeria Prison Public Private Partnership (PPP) development, \$24.7 million on information technology and \$11.1 million on other items such as fleet and plant replacements.

Property expenditure included \$67.6 million on the prison capacity programme, \$32.7 million for property and prison development projects, \$17.9 million for minor works and asset replacements, \$16.0 million for electronic security and \$1.6 million for Community Corrections site developments.

We continue to invest in the prison network so that we can effectively manage any future changes in the prison population as well as enabling the removal, where possible, of sub-optimal capacity. In 2019/20 we completed a large-scale construction project at Mt Eden Corrections Facility, adding 318 beds to the prison network.

Information technology expenditure included the Making Shifts Work Project, which is investing in new shift patterns to reduce fatigue for people working in custodial roles, and upgrading the Department's rostering technology, offender management system/technology, and deploying Windows 10 computers to support more flexible ways of working.

Non-departmental appropriation

We received an appropriation of \$37.8 million for this financial year to facilitate infrastructure improvements relating to the development of Waikeria Prison. Actual expenditure for 2019/20 was \$18.6 million with the underspend attributable to the project encountering some design delays as a result of the descaled capacity of the new facility.

Contributions to priorities and delivery of outcomes

*Department of Corrections
Annual Report - Part A*



Measuring our progress against the stated outcomes of Hōkai Rangi

Māori in New Zealand have long been overrepresented in the criminal justice system. When compared to non-Māori, Māori are more likely to be imprisoned and are more likely to re-offend upon release from prison. While Māori account for 16.5 percent of the general population, they comprise approximately 52 percent of people in New Zealand's prisons and 50 percent of people serving community-based sentences and orders.

In 2017, the Waitangi Tribunal published its report *Tū Mai Te Rangi!* finding the Crown has a responsibility under the Treaty of Waitangi to apply a 'renewed strategic focus that gives appropriate priority to reducing the disproportionate rate of Māori re-offending'. Later that year, our Rautaki Māori team was established to implement the Tribunal's recommendations and begin the development of Corrections' new strategy.

Hōkai Rangi, Ara Poutama Aotearoa Strategy 2019-2024, was published in August 2019 and represents a new strategic direction for Corrections. At its core, Hōkai Rangi prioritises the oranga (or well-being) of all people, including our staff, victims, those serving sentences and orders, their whānau and the general public.

In order to strengthen the oranga of people who come into contact with the corrections system, Hōkai Rangi is driving Corrections to build genuine partnerships with Māori in order to deliver greatly improved outcomes across New Zealand. A key component of this will be creating healing and humanising pathways through the corrections system.

Hōkai Rangi outcomes

Hōkai Rangi describes Corrections' vision for the future: eliminating the overrepresentation of Māori in the criminal justice system through uplifting the oranga of Māori we are managing and their whānau. It acknowledges that past approaches have not worked and provides six key strategic areas for change to address this.

- > Partnership and leadership
- > Humanising and healing
- > Whānau
- > Incorporating a te ao Māori worldview
- > Whakapapa
- > Foundations for participation

To view the full Hōkai Rangi strategy, see our website: https://www.corrections.govt.nz/_data/assets/pdf_file/0003/38244/Hokai_Rangi_Strategy.pdf



Measures and accountability

Accountability is, and will continue to be, critically important to achieving the vision and outcomes described in Hōkai Rangi. This is why we are developing an Outcomes-led Performance Framework to ensure we are measuring our progress appropriately and objectively.

The Outcomes-led Performance Framework is being co-designed with Māori and will guide the collection of experience, evidence and insight data. This information is needed to inform decisions, and support conversations to help us track progress, learn, and direct our efforts towards achieving the outcomes of Hōkai Rangi. These new indicators and measures require trialling and refining over time.

While work on the framework is ongoing, we will report against our existing performance framework, including our two strategic outcomes: 'Public Safety is Improved' and 'Re-offending is Reduced'.

Public Safety is Improved



Safety in prisons

Prisons keep the public safe and maintain the integrity of the criminal justice system

With the development and release of Hōkai Rangi in August 2019, we are placing a much greater emphasis on creating humanising and healing pathways through the corrections system for everybody who comes in contact with it. While we must continue to ensure that every person we manage is held to account for their actions, we must also protect their dignity and mana and keep them from being traumatised by, or while in, the corrections system.

The people in our prisons are some of the most challenging and complex people in New Zealand. By managing these individuals in prison safely – in accordance with decisions made by courts and the New Zealand Parole Board – we protect the public from further harm and give New Zealanders confidence in the criminal justice system.

There are many aspects of the corrections system that impact the people within it, as well as their whānau, victims, and the public. Our physical and digital assets must be fit for purpose, it's integral that we recruit and retain the right people, we must deliver productive training to our people and we must provide effective health services, rehabilitation and reintegration programmes to people serving sentences and orders.

In co-operation with the broader justice system, we are reducing the prison population without compromising safety

As at 30 June 2020, the prison population was 9,469, which is a reduction of over 1,300 (or 12%) from a peak of 10,820 in March 2018.

The cross-agency High Impact Innovation Programme was launched in 2018 to maximise safe alternatives to prison where appropriate and where this can be done safely. This initiative is also improving efficiency and the flow of information in the criminal justice system to reduce delays and unnecessary court appearances.

The programme has launched a number of workstreams aimed at reducing the length of time people remain in prison on remand, supporting people who would otherwise be in prison to find stable accommodation and support services in the community, and improving the safety and sustainability of bail.

The remand prison population continues to grow

Since 2013, the proportion of people who are in prison on remand (being held in prison awaiting their trial or sentencing) has been increasing consistently. As at 30 June 2020, 36 percent of people in prison were on remand, up from 19 percent on 30 June 2013.

We are responding to this growth by improving rehabilitation and reintegration programmes for people on remand, ensuring we have enough appropriate accommodation in prisons (the majority of people on remand require high-security accommodation), and working with our justice sector partners to prevent unnecessary delays that result in people remaining on remand in prison.

The prison population fluctuates daily. Our key purpose is to maintain sufficient capacity and services to manage people safely

In 2019/20, we added 318¹¹ new beds to the prison network, through the completion of a large-scale new build at Mt Eden Corrections Facility in Auckland.

The new multi-story accommodation block was opened in November 2019 and has a base capacity of 245 high-security beds, programme rooms, multi-purpose spaces, audio-visual link facilities, visiting rooms and its own health facility. It was built with safety as its top priority and maximises lines-of-sight and closed-circuit television coverage.

11. Made up of 245 base beds and 73 supplementary beds.

We continue to progress our other large-scale capacity projects, including the Modular Build Programme and the 600-bed facility at Waikeria Prison

The Modular Build Programme, which is adding 976 beds to the prison network through eight new units at five prisons, has faced delays relating to the termination of our contract with the primary contractor in February 2020, and the impacts of COVID-19. Work is progressing successfully under new main contractors and we are confident the units will be completed to a high-quality standard. The programme is scheduled to be completed in December 2021.

In September 2018 we commenced construction of a new 600-bed facility at Waikeria Prison, which includes 100 beds in a dedicated mental health and addiction service unit. This development represents a significant investment in strengthening mental health services and providing more rehabilitation, education and training space and opportunities for people in prison. Work was paused temporarily in response to COVID-19 Alert Level 4 restrictions, however the project is scheduled for completion in August 2022.

In line with the vision of Hōkai Rangī, we are committed to progressively retiring ageing and end-of-life infrastructure in favour of more modern accommodation where possible.

Thousands of people work on the frontline in our prisons, keeping New Zealand safe

Our frontline team includes 4,103 corrections officers, 325 case managers, 309 programme facilitators, 242 nurses, and 182 psychologists, all working directly with the people in our custody. Many more of our people are in roles supporting those on the frontline to do their jobs to the highest possible standard.

We invest significantly in ongoing training, development and resources for our people.

For example, all new frontline staff participate in Ara Tika, our week-long induction programme that covers topics such as cultural competency, integrity, privacy and rehabilitation. People in frontline roles then move onto their relevant specialist training pathway, to learn about the specifics of their roles, the complexities of their respective environments and how to keep themselves and others safe.

In addition to our people, we have hundreds of contracted providers delivering significant frontline rehabilitation services, particularly across mental health and addictions, all of whom are dedicated to supporting us in achieving our outcomes of Improving Public Safety and Reducing Re-offending.

We do not tolerate violence in our prisons and every incident is treated seriously

Our staff in custodial roles are trained to respond appropriately to threats of violence, including negotiation and de-escalation techniques and control and restraint procedures. Site Emergency Response Teams are available in 13 of our prisons to respond quickly to serious incidents, and our people are equipped with and trained to use personal protection equipment such as stab-proof vests, on-body cameras and pepper spray. We also use risk assessment tools, such as the Prison Tension Assessment Tool, to assist staff to monitor for daily changes in the complex prison environment and to mitigate any resulting risks.

When a person has been violent in prison, there are a number of options to hold them to account and keep others safe. Depending on the seriousness of the incident, the perpetrator will either be charged with misconduct through our internal disciplinary process (which may result in the temporary loss of privileges) or be referred to Police to investigate. If found guilty of an offence after being charged by Police, the perpetrator may be sentenced to additional prison time.

In July 2019, we opened our new Tactical Training Facility to help our team keep people in prison safe

The facility is the first of its kind for Corrections and it has been designed specifically for the training needs of our frontline staff. It's a part of the shift towards experiential learning, because for those working on the frontline, there is little substitute for practical learning. It also includes facilities for training our specialist detector dogs and their handlers.

Our aim was to create a realistic environment where our people working in custodial roles can learn how to respond to some of the most complex and challenging situations they may face in a custodial environment, as well as practice the day-to-day duties. The facility provides real life conditions for corrections officers to practice searching, control and restraint, tactical communication and negotiation and other emergency situations and forms part of our National Learning Centre in Upper Hutt.

In 2019/20, there were fewer assaults on our people or towards other people in prison

We have a zero-tolerance policy towards assaults on our people or towards other people in prison. No assault is acceptable. Strong action is taken to ensure that people who perpetrate violence are held to account for their behaviour. We also support our people and those people we are managing who have been victims of assault, and we provide assistance in reporting the incident to the Police.

Prisoners may be segregated from the mainstream prison population for the safety or good order of the prison. Prisoners can also ask to be placed on voluntary segregation if they feel they are at risk from others.

During 2019/20, there were 14 incidents of serious¹² prisoner-on-staff assaults [2018/19: 25], resulting in harm to 18 staff members [2018/19: 29]. While serious assaults on our staff have not increased in 2019/20, assaults overall have tracked upwards in recent years.

The reality is the threat of violence is something we cannot eliminate entirely, but we do everything possible to minimise this risk and to provide the safest environment possible for staff and prisoners.

In the same period, there were 39 incidents of serious prisoner-on-prisoner assault [2018/19: 46], in which 41 people were harmed [2018/19: 46].

Violence in prisons is reflective of what occurs in the community. Many prisoners have long histories of reacting with violence to situations they perceive as unfavourable, or in an attempt to get what they want.

In addition, over 75 percent of people in our custody have prior convictions for violent offending and more than 90 percent have had a lifetime diagnosis of a mental health or substance abuse disorder. Nevertheless, we know that even one assault is too many and we must continue strengthening how we manage such risks to further reduce the likelihood of assaults in the future.

For six years in a row, we have not had a single breakout escape

In the last financial year there were eight non-breakout 'escapes' from custody, including two absconds and six escapes from escort. An abscond is considered to have occurred when a person in prison leaves a designated area and is outside of custodial control. An escape from escort is considered to have occurred when a person in prison escapes from supervision while on an escorted outing such as a hospital visit or to attend court.

All reported escape incidents in the year have been subject to an internal review, and every person involved has been returned to custody.

Types of escapes by financial year

Financial Year	Breakout	Absconding	From Escort	Breach of Temporary Release
2014/15	0	1	4	1
2015/16	0	0	2	0
2016/17	0	0	5	0
2017/18	0	1	4	0
2018/19	0	2	2	0
2019/20	0	2	6	0

12. Serious assaults are acts of violence which include: sexual assault of any form where police charges have been laid; bodily harm that requires intervention by medical staff followed by overnight hospitalisation; or bodily harm that requires extended periods of ongoing medical intervention.

This year, we continued to address the ongoing risk of contraband such as drugs, weapons and cell phones in our prisons

Technology is changing how contraband is smuggled into our prisons. For example, phones are now made smaller than ever before, and drones pose safety, security and privacy risks.

We deploy a range of methods to prevent contraband entry. These include perimeter security, camera surveillance, searches of staff, contractors and visitors and their vehicles, scanners and x-ray technology, routine protocols for mail, and property searches.

We have 22 operational drug detector dog teams and a further nine dogs trained to detect mobile phones, tobacco, psychoactive substances and illicitly brewed alcohol. In 2019/20, over 7,000 incidents involving contraband were reported [2018/19: 6,970].

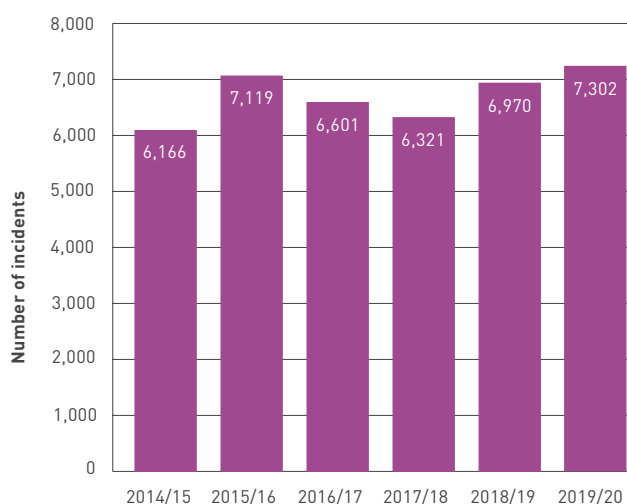
Throughout the financial year, 3,396 general random drug tests were undertaken in prisons. Of these tests, 95.6 percent returned a negative result [2018/19: 96.4%].

Corrections jurisdictions worldwide face the issue of contraband being smuggled into prisons. We place significant emphasis on the prevention and detection of contraband and are constantly working to stay one step ahead of new methods used to introduce contraband into our prisons.

We also upgraded the entry building and perimeter at Rolleston Prison, meaning all our sites now have secure physical perimeters

The recent upgrade significantly improves security at the site and has transformed how we operate to keep contraband like drugs and cell phones out. The entry building now includes a large clear waiting area where line-of-sight can be maintained, x-rays, a relocated vehicle search shelter, and a new secure sallyport.

Total number of reported incidents involving contraband finds



In response to the COVID-19 pandemic we rapidly implemented new, safer ways of working

We adopted a multidisciplinary approach in our response to COVID-19 and utilised the New Zealand Coordinated Incident Management System (CIMS). This enabled us to quickly implement enhanced hygiene practices and the use of personal protective equipment, maximise physical distancing, and suspend non-essential prison escorts, temporary prison removals, and private prison visits.

With the implementation of strict safety protocols, we were able to maintain essential health, mental health and addiction services to enable us to keep the people we manage safe. Much of the services were provided remotely via telephone or audio-visual link facilities with only necessary health care provided face to face during Alert Levels 3 and 4.

We understood the impact this had on people, especially those in prison, and we made every effort to address their rehabilitative needs during this time. For example, while programmes were suspended, we developed new in-cell learning activities to keep people occupied in a safe way. We also used a prioritisation system to undertake assessments for the New Zealand Parole Board and the Judiciary where possible, as well as maintaining individual treatment with psychologists for individuals who were in treatment prior to the COVID-19 pandemic.

At all times, we focused on communicating clearly with people impacted by the restrictions, and there was a clear appreciation of how we were responding and why it was necessary to suspend some programmes.

We acknowledge that our response to COVID-19 inevitably impacted the lives of people in prison. Where possible, we mitigated these impacts by, for example, increasing access to private phone calls and distributing in-cell activities.

A new qualification for principal corrections officers is improving safety in prisons

In May 2020, the New Zealand Certificate in Offender Management (NZCOM) Level Five went live, for people working as, or who aspire to be, principal corrections officers. The NZCOM qualification updates the learning and development available to principal corrections officers, replacing the previous qualification available.



Christchurch Women's Prison opened its new playground for children in the Mothers and Babies Unit.

Mothers and Babies Units allow eligible women in prison to keep their children with them until the child is two years old.

The playground is providing a new way for these mothers to interact with their babies during their stay in the unit. Not only does this help foster their relationship during a critical period of development but develops positive parenting skills among these women.

This year we also strengthened the support available for mothers in prison, helping them to maintain meaningful relationships with their children.

We improved how we screen incoming and outgoing mail to reduce the risk of harmful communications and the proliferation of extremist views

We estimate that every week around 15,000 items of mail leave our prisons. Under the *Corrections Act 2004*, Corrections can withhold prisoner mail to protect people from harm.

Following the publication of a number of letters written by prisoners, including the (then) Christchurch Mosque shooting accused, then Chief Executive Christine Stevenson stated that she did not have confidence in the existing processes for reviewing and assessing prisoner mail. External reviewers Miriam R Dean QC and Grant O'Fee MNZM were commissioned and completed the Independent Review of Processing of Prisoners' Mail which was published in November 2019. We accepted all of the report's recommendations and now carry out regular audits of mail processes, ensure all outgoing envelopes are identifiable as prisoner mail, and we have established dedicated mail-monitoring teams. We also developed new training guidelines for our people for scanning and withholding mail, and set up a new 0800 phone number and email address for people who receive unwanted mail from someone in prison.

Our mail provisions were strengthened with the passage of the *Corrections Amendment Bill 2019*, which introduced some other changes (for example, by creating a legislative framework when managing people at risk of self-harm) that are keeping people safe. For more information on the Bill, see page 176.

The Prisoners of Extreme Risk Directorate has been established to manage offenders who present an extreme risk to the safety of the public, our staff, other prisoners or themselves

The Prisoners of Extreme Risk Directorate was set up from 1 July 2019 to bring together the right skills, capability and experience to manage offenders who present an extreme risk to the safety of the public, our staff, other prisoners or themselves. The group provides strategic and operational oversight and guidance in relation to a number of individuals and supports sound and lawful decision-making in relation to how they are managed by Corrections. The commissioning of the group demonstrates the seriousness with which we take our responsibility for safety, and our commitment to ensuring that we get this work right.

The Directorate is made up of staff from a range of disciplines across the organisation, and ensures that we have the best intelligence, information, assessment and planning around the management of offenders who present with significant unique risks, which have the potential to cause significant harm or distress, either directly or indirectly.

Safety in the community

Community-based sentences and orders prioritise public safety and accountability while allowing people to continue employment, rehabilitation and pro-social relationships

New Zealand's justice system is unique among international jurisdictions for its wide range of community-based sentences and orders. The most serious community-based sentence is home detention, which requires the person subject to the sentence to remain at an approved residence at all times, while being electronically monitored and under the supervision of a probation officer.

The most common community-based sentence is community work, which is a reparative sentence in which people are required to undertake unpaid work in the community to pay something back for the offence that they have committed. Community work provides people with the opportunity to take responsibility for their offending, and to learn new work skills and habits.

The range of community-based sentences and orders we manage means our probation officers work with a wide variety of people from different backgrounds and with different offending histories. Our work in the community, and the impacts it has on victims, the people serving sentences and orders, their whānau and the general public will be critical to progressing the outcomes of Hōkai Rangi.

Most of the people we manage on a court-imposed sentence or order are in the community and not in prison. For this reason, we maintain a strong community presence

As at 30 June 2020, we were managing over 27,000 people serving sentences or orders in the community. Some people are serving more than one community-based sentence or order at any given time.

We operate over 100 Community Corrections sites across New Zealand. At these sites, approximately 1,345 probation officers and 271 community work supervisors keep communities safe, maintain the integrity of the justice system through the effective management of sentences and orders, support people to lead offence-free lives, and, where necessary, hold people to account for non-compliance.

We ensure the people we manage comply with their sentences and orders by establishing effective relationships with them and their whānau and monitoring them in accordance with the conditions imposed by courts or the New Zealand Parole Board.

Over the past few years, we have made significant improvements to Community Corrections sites to make them safer for our people and the communities they serve

In August 2019 we officially opened the new purpose-built Porirua Community Corrections site, Tu Kahikatea. The site brings two formerly separate sites together and provides a safer working environment with closed-circuit television monitoring, remote locking, glass interview rooms with duress alarms and swipe-card access throughout the site. New audio-visual link facilities also allow whānau to undertake virtual visits with family in prisons around the country without needing to travel.

When a person does not comply with their sentence or order, we hold them to account

Probation officers maintain strict oversight of people serving community-based sentences and orders to ensure they comply with the conditions imposed on them by the courts and the New Zealand Parole Board.

When a probation officer identifies that a person has breached their conditions, they can impose sanctions or pursue prosecution. In 2019/20, in 97 percent of cases where an act of non-compliance was noted, the individual was held to account [2018/19: 97%]. In total 23,131 prosecutions for breaches were closed, resulting in 15,990 convictions. Seventy four percent of people who completed a community-based sentence or order did so successfully [2018/19: 75%].

While New Zealand observed its strictest COVID-19 restrictions, we found ways to safely manage people in the community

This included suspending non-essential home visits, temporarily closing our Community Corrections sites, completing report-ins by phone, implementing enhanced hygiene practices and the use of personal protective equipment.

As New Zealand transitioned to lower COVID-19 alert levels, the impact that restrictions had on our operations was reduced. For example, once we entered Alert Level 2, we began the process of re-opening our Community Corrections sites and requiring people serving sentences and orders to physically report-in once again. By Alert Level 1, Corrections was operating as normal in the community.

Under section 67(A) of the *Sentencing Act 2002*, Corrections remitted a small portion of community work hours due to the COVID-19 pandemic

Community work is a low-tariff sentence imposed by the court which requires people to undertake unpaid work in the community to pay something back for the offence that they have committed. More than half of all community work sentences are imposed for traffic offences and non-payment of fines.

In 2019/20, 943,439 hours of community work were completed on non-profit projects in the community [2018/19: 1.2 million hours]. A total of 11,986 people started a sentence of community work during 2019/20, undertaking projects such as public park and playground maintenance, environmental restoration, and pest trapping.

Community work was temporarily suspended from around mid-March to late-May 2020 in order to comply with the Government's COVID-19 restrictions. While the majority of community work hours were deferred, 138,737 hours were credited to 5,576 people.

At the time of making the decision to remit some community work hours for some people who had been complying with their sentence, we were not able to determine when community work operations would recommence. Extending the time available for people, who up to this point had been compliant with completing their hours, would have unfairly penalised them, given that they would likely have continued to comply if it had not been for lockdown. Decisions on remitting hours were made on a case-by-case basis and applied to people who had recently been compliant with their orders.

Remission was capped at eight hours per week, and to a maximum of one third of a person's sentence (for short sentences) or 48 hours (for longer sentences).

We have steadily expanded the use of electronic monitoring for people serving community-based sentences and orders

Electronic monitoring allows us to monitor the movements of people serving community-based sentences and orders, and people who are subject to electronically monitored (EM) bail. Most electronic monitoring is done via GPS, which means we can see the person's exact location at any given time in addition to the route they travelled. Radio frequency technology is used for lower tariff community-based sentences such as community detention, and enables us to determine when a person is not in range of their residence when they should be.

In 2019/20, we electronically monitored around 3,500 sentences or orders in the community, at any one time.

During this same period, we received and responded to more than 1.8 million electronic monitoring alerts in several ways including contacting the individual being monitored by phone, contacting their whānau, or sending a field officer to investigate.

We have a number of systems in place to detect when a person may be attempting to interfere, tamper with or damage their electronic monitoring device. Over and above what the technology itself can detect, we have teams operating 24/7 who are experts in identifying any potential instances of non-compliance. Staff actively analyse offenders' data patterns and anyone suspected of attempting to interfere with or damage their tracker is placed on a high-priority alert list, meaning any suspicious activity is responded to immediately.

When a person is identified as interfering with their equipment, we may formally prosecute them for non-compliance with their sentence or order. Corrections' can also apply to the court to have an offender's sentence cancelled and replaced with imprisonment.

Only a very small percentage of people subject to an electronic monitoring condition are identified as potentially interfering with their equipment - less than one percent of the overall number of people who are electronically monitored each year.

The High Impact Innovation Programme continues to improve public safety, while maximising safe alternatives to imprisonment

The High Impact Innovation Programme is a cross sector initiative to reduce harm in the criminal justice system. It is led by Corrections who work closely with Police, Ministry of Justice, Ministry of Social Development, Oranga Tamariki, Public Defence Service and several non-government organisations. The programme operates a number of workstreams and innovates within existing legislation and policy settings. Potential innovations are identified with sector specialists, academics and operational experts who then pilot those ideas, measure and evaluate them and expand them where the innovation proves to be effective. Some of the initiatives operate nationally, while others are piloted in selected areas.

This work began in 2018 in response to growth in the prison population, and focused on initiatives that directly impacted the flow of people coming through courts and in and out of prison. The work has contributed to a reduction in the prison population by reducing the amount of time people on remand spend waiting for court appearances and less time spent in custody where safe community alternatives are available. The programme has expanded to work more broadly in the sector, and works with communities, iwi, whānau and victims of crime.

In 2020/21 the programme will begin implementing a nationwide pre-trial service to support people on bail. The service will provide people remanded in custody, or at risk of being remanded, with greater opportunities to achieve positive change early on in their journey through the justice system. The Pre-Trial Service programme will take learnings from the High Impact Innovation Programme - Bail Support Services pilot to design the service. It is likely that at least half of those who are remanded in custody or at risk of being so will be supported by the new service each year (about 6,000 people).

Community-based orders such as extended supervision orders and public protection orders protect the public from harm

When a person serving a determinate sentence of imprisonment for violent and/or sexual offending (life imprisonment and preventive detention are indeterminate sentences, and not time-limited) is close to their release date, Corrections can apply to the courts to impose an extended supervision order or public protection order.

Extended supervision orders allow us to monitor and manage people with a high risk of sexual offending or a very high risk of violent offending on their release, for up to 10 years. Monitoring can include 24/7 intensive monitoring (person-to-person) for the first year of the order, strict oversight by a probation officer, and electronic monitoring restrictions. As at 30 June 2020, 227 people were subject to an extended supervision order.

Public protection orders are the most serious post-sentence order in New Zealand and require the person (who must be proven to pose a very high risk of imminent and serious sexual or violent offending) to remain at Mātawhāiti, our only civil detention facility. As at 30 June 2020, three people were detained at Mātawhāiti.

Returning offender orders allow Corrections to monitor people who have returned to New Zealand after a period of imprisonment overseas

The *Returning Offenders (Management and Information) Act 2015* enables Corrections to manage and monitor certain offenders returning from overseas. The supervision regime applies to eligible offenders who have served a term or terms of imprisonment of more than one year in another country. The law applies regardless of whether the offender is deported, removed, or returns voluntarily.

Our management of these people includes the provision of reintegration services to help them reintegrate into life in New Zealand coupled with supervision to safeguard our communities.

In 2019/20, 199 people started a returning offender order. Of these people, 113 participated in our intensive reintegration services and 83 percent did not breach the conditions of their order.

We continue to invest in the tools our people need to effectively manage people on community-based sentences and orders

During 2019/20 we rolled out our new KETE mobile app for staff working in the community. The app allows staff to see all the information they need about the people they are managing while out of the office.

The app is significantly reducing administrative tasks giving staff more time to work face-to-face with the people they are managing, while also enabling them to take on cases of higher complexity. It also has a new 'check-in/check-out' safety function, to inform their colleagues about the location and expected duration of any home visits they are undertaking.

We changed how we provide information to the New Zealand Parole Board, so they have the information they need to safely assess parole applications

When a person is due to appear before the New Zealand Parole Board (NZPB), we prepare a report which outlines their offending and sentence history, their time in prison, and other information to assist in the decision-making process. This is critically important to the Board's process and helps ensure parole is granted safely and appropriately.

This year, we streamlined the information we provide to the NZPB and strengthened our assessment and overview of proposed release plans. We also introduced release feasibility meetings so prison-based case managers and probation officers can discuss and agree potential release risks prior to a person's parole application being heard.

In 2019/20, we prepared more than 8,000 parole reports for the NZPB, with 79 percent of reports being provided within agreed timeframes.



Our Good to Grow partnership is planting 70,000 native trees around the Waimea Inlet over the next three years

The initiative is being undertaken in partnership with the Department of Conservation, Tasman District Council, iwi and community groups and started on an 8-hectare pilot site at the Mamaku Wetlands.

This work is being undertaken by people on community work who are responsible for clearing the land and planting the trees. It is one initiative among a large array of environmental work being undertaken by community work parties across the country.

Health, mental health, and addictions services

We have strengthened our health services to improve the quality of care provided to people in prison

Health services are a large and important part of Corrections' role. As a major health services provider in New Zealand, we deliver primary health care to over 9,000 people in prisons. We know that people who enter the corrections system have often had limited contact with healthcare services in the community. It is not uncommon for them to have undiagnosed or poorly treated health conditions.

In 2019/20, we established the new position of Deputy Chief Executive Health, and a restructure of health services took place in March 2020. The restructure created a new leadership team to oversee and provide operational management of general health, disability, mental health and addictions services across prison and community sites. A National Operations Director/Chief Nurse, Chief Māori Health Adviser and Chief Medical Adviser – were established and recruited as part of this restructure. Further, in April 2020, mental health and addictions services were aligned under one central directorate and the new positions of Director Mental Health and Addictions and Principal Advisor Mental Health and Addictions (one in each region) were also established.

As part of the realignment of Health Services we have strengthened the leadership of health services in the regions by establishing four regional operations director roles (which report into the National Operations Director Health). These roles are responsible for the day-to-day support and leadership of the 17 health centres within our prisons. The Regional Operations Directors and their teams are also responsible for increasing assurance activity to ensure we fulfil our obligations to provide a high standard of healthcare delivery and in particular, equity of health care for Māori.



Through the restructure and development of key leadership roles, our clear focus is on transforming our health system to embed equity for Māori as our top priority. This focus supports the implementation of Hōkai Rangi. Scoping of a work program led by our Chief Māori Health Advisor will provide the detail and set the direction for the collective actions required to support this focus. This includes development of a Health Outcomes Framework which aligns with the Ministry of Health's Māori Health Action Plan (*Whakamaua*) and informs our Hōkai Rangi Outcomes-led Performance Framework.

The restructure of our health services has also resulted in formal recognition of addictions issues as a health need, rather than solely a criminal issue. Improved outcomes in all areas of health are critical to achieving the Department's aim of wellness and well-being of people.



A significant amount of quality improvement work is underway to support safe and effective healthcare. For example, our Chief Medical Adviser is working with medical officers to develop nationally consistent safer prescribing guidance, and to improve the way patients' test results and medical reports from external health providers are managed.

**181K***PATIENT
CONSULTATIONS WITH***NURSES, MEDICAL
OFFICERS & DENTISTS**

Our role is larger and more complex than ever as we manage people with significant mental health and behavioural issues

While someone is in prison, we do as much as we can to reduce the likelihood of them coming back, and to address any mental health and addiction issues that they have.

A person may be identified as experiencing mental health distress, or a more serious mental health issue at any time, not only when they arrive into prison. Our people are trained to identify concerning behaviour, consult appropriate sources of information and expertise, and take steps to address mental health concerns among people in prison. Mental health screening is integrated into the custodial and primary health nursing assessments.

We have a suite of interventions available to help keep people with mental health needs safe. This includes Intervention and Support Practice Teams (multi-disciplinary specialist mental health and cultural support staff) at Auckland and Christchurch Prisons, and Auckland Region Women's Corrections Facility. In addition, at these sites and others, including some Community Corrections sites, we contract Improving Mental Health Services providers (formally titled Mental Health and Reintegration), to respond to mild to moderate mental health needs. These providers comprise mental health clinicians, wraparound whānau/family support services, packages of care and trauma counsellors on selected sites.

During 2019/20, 3,505 referrals were received by the Improving Mental Health Services. These referrals resulted in 11,806 hours of face-to-face clinical contacts with people we are managing. In addition, the mental health clinicians provided staff with an additional 3,195 hours of face-to-face education.

In 2019/20, we launched our new approach to reducing self-harm and suicide

The Intervention and Support Practice (ISP) pilot first went live in the Intervention and Support Unit of Christchurch Men's Prison in August 2019. This approach is based on feedback from frontline staff and evidence about what works. A key element of the pilot was to develop a new team of clinical specialists, including cultural support workers, who evaluate the cultural needs of those in our care from a mental health perspective, and provide cultural support, advice and coordination of cultural initiatives and operations to enhance the person's well-being. The approach also included additional screening for suicide, self-harm and mental health issues, a triage process to ensure best practice placements, and the development of improved individual care plans.

In November 2019, a review was undertaken of the Intervention and Support Team at Christchurch Men's Prison in response to service delivery barriers experienced during pilot implementation. This review signalled the need for broader service access. The three-site pilot approach was therefore moved to business as usual. The Intervention and Support Practice Team has expanded to offer services to more people, beyond only those experiencing self-harm or suicidal thoughts. Services on the three sites complement those offered by Regional Forensic Mental Health Services, Improving Mental Health and primary health staff and partners. This approach is aligned with Hōkai Rangi to enable greater access for people with mental health issues to get the help they need.

Clear benefits are evident at the three sites of the ISP teams. This includes health, custodial and mental health services working closely together and providing a more person-centred service. Work is currently being undertaken to determine how to provide a higher level of quality, consistent and co-ordinated mental health service at the other 14 prison sites.

Mental Health 101 training has been delivered for frontline staff at the pilot sites and will be rolled out nationwide during the latter part of 2020 and into 2021. This one-day mental health literacy workshop has been tailored for Corrections and aims to give our people confidence to recognise, relate and respond to people showing signs of mental illness or distress.

Alcohol and other drug treatment programmes are helping people in the corrections system to recognise and address their substance use issues

We know that alcohol and other drug issues are common among the people we work with. Sixty percent of people with community-based sentence or orders and 87 percent of people in prison have identified alcohol or other drug issues. Alcohol and other drugs are often factors in their offending, and can inhibit their success in rehabilitation programmes, which is why we provide a number of treatment services in both the community and prison.

Our alcohol and other drugs programmes include brief interventions, residential programmes (both in prison and in the community), and aftercare services. We have 11 drug treatment units across nine prisons. Drug Treatment Programme participants stay for up to 12 months, while they address their substance use issues. These programmes are complemented by other activities such as kapa haka, parenting courses, and exercise regimes. Over the past financial year, the teams that deliver these programmes have expanded to include peer support workers and kaupapa Māori advisors. This reflects the growing appreciation of the importance of a diverse workforce to help address the complex issues of this participant group.

We are also opening two new drug treatment units in prisons. Like our existing prison-based residential treatment programmes, these units will provide treatment in a therapeutic community environment over an extended period of time.

Consistent evidence indicates our drug treatment programmes are successful in reducing the likelihood of re-offending by participants. For the Rehabilitation Quotient, which measures the impact our rehabilitation programmes have on re-offending, see pages 169-171.

Additionally, we offer an eight-week, recovery-focused Intensive Alcohol and Other Drug Treatment Programme at a further five prisons. Participants receive six to 12 months of aftercare support upon completion. We also have trauma-informed addictions treatment programmes designed specifically for women and youth: Te Ira Wahine (Auckland Region Women's Corrections Facility) and Tāmaua te Koronga (Hawke's Bay Regional Prison Youth Unit).

In 2019/20, 1,129 people in prison and 188 people in the community participated in a core alcohol or other drug programme through packages of care funded by Corrections (a joint procurement that aligned these services with the Ministry of Health). This included 885 people who participated in a prison-based drug treatment unit. More than 1,200 calls were received by our alcohol and other drug free phone helpline, and 199 people accessed our aftercare services.



Our team devote significant time and resources to care for those vulnerable to self-harm and suicide, are vigilant in identifying and assessing these risks, and take steps to protect the safety of people in prison

Sadly, in some cases our team members cannot – despite their best efforts – save the life of someone who has seriously and determinedly harmed themselves. In 2019/20, there were nine unnatural deaths in prisons [2018/19: 1]. Eight of these are believed to be as a result of suicidal self-injury and one related to the death of a prisoner following an assault.

During this same period there were 83 suicidal self-injury incidents that were so serious they posed a threat to the person's life [2018/19: 54].

Each time an unnatural death occurs in prison, a review is completed by the Corrections Inspectorate and provided to the Coroner and the Office of the Ombudsman. The reviews include recommendations which are considered (and usually accepted) by Corrections, and we continue to strengthen our processes to protect those most in need.

In 2019/20 we completed a thematic review of those people who are believed to have died as a result of suicidal self-injury. This review made a number of recommendations to assist in identifying and supporting people vulnerable to suicidal and non-suicidal self-injury. Findings included a high prevalence of suicidal self-injury within our remand population and a high level of psychosocial stressors and trauma experiences amongst those individuals who died.

We also commenced mental health and suicide prevention education for custodial and health staff, from prisons and in the community.

The Waikeria Mental Health and Addiction Service is being established and will provide specialist care to some of New Zealand's most vulnerable people

The Waikeria Mental Health and Addiction Service project was established in late 2018 to improve our capacity and capability to respond to the mental health and addiction needs of our most vulnerable. The service will operate within the new 100 mental health and addictions beds at Waikeria Prison (and forms part of the 600-bed High Security Prison replacement due for completion in 2022).

This year we delivered the *Mana whenua/Ahi kā Foundation Document* in partnership with iwi/mana whenua (Raukawa and Ngāti Maniapoto), and the Waikato District Health Board. The Foundation Document sets the scene for the delivery of a holistic mental health and addiction service based on Māori tikanga and kawa for men in the Central Region.

During 2020/21 we will design the detailed pathways for the Māori Model of Care which includes the design of the workforce to deliver the service.



Re-offending is reduced



Planning the rehabilitation and reintegration pathway

People in the corrections system are often poorly equipped to live a life free from offending

When compared to the general public, people in the corrections system have far higher rates of mental health disorders, lower rates of educational achievement, higher levels of unemployment, are more likely to be homeless or living a transient lifestyle and are often in poorer physical health.

Every person we manage has unique rehabilitation and reintegration needs. We address these, as far as practicable, to help them turn their lives around and build a life free from crime. This ultimately reduces the likelihood people will re-offend after the completion of their time in the corrections system. In 2019/20, we invested over \$266 million on interventions and initiatives to reduce re-offending.

At Corrections, case managers prepare a unique pathway for people to turn their lives around

In prisons, our case managers work one-on-one with people to identify the causes of their offending and connect them to appropriate rehabilitation programmes, educational opportunities, and reintegration services.

Case managers develop phased rehabilitation and reintegration plans. On sentencing they complete a comprehensive assessment interview with offenders to identify their rehabilitation and reintegration needs. Using this information, case managers then develop sequenced, prioritised plans to meet the identified needs (responses to risks) for people in prison.

Case managers then manage the plans proactively throughout an individual's sentence to ensure they are able to complete the required interventions, often by assisting them to resolve barriers to rehabilitation (for example, increasing motivation to attend treatment) or facilitating external services to meet their needs (for example, with an accommodation provider).

As at 30 June 2020, Corrections employed over 320 case managers, who, in 2019/20, reviewed nearly 15,000 offender plans for people in prison. Of the more than 10,000 offender plans that were prepared during 2019/20, seventy nine percent of these were completed within the recommended timeframes.

In the community, probation officers guide people through the rehabilitation and reintegration pathway

Probation officers continue the work started by the case manager, helping the people they manage to address the causes of their offending when they are released from prison. Like in prisons, we offer people serving community-based sentences and orders access to programmes and services to address their needs.

In 2019/20, probation officers reviewed nearly 34,000 offender plans for people in the community. Of the just over 25,000 offender plans prepared for people in the community during 2019/20, 84 percent were completed within the recommended timeframes.

Addressing the reasons why a person offends

We are committed to reducing re-offending and giving those under our management every opportunity to turn their lives around. We aim to provide people with the right interventions at the right time to encourage them to address their rehabilitation and reintegration needs. To help people address their offending we provide programmes according to risk, offence-related need and their ability to be responsive to the programme. Our programmes include a focus on motivation to change, cognitive-behavioural interventions and general skills such as education, training, employment, parenting and practical life skills. Hōkai Rangi has given us the mandate to elevate te ao Māori approaches within our programmes, and there have been a number of projects initiated by us to this end.

Our rehabilitation programmes represent our best opportunity to help people address their offending

Our suite of rehabilitation programmes addresses the causes of offending by people in prison and serving a sentence or order in the community. They include motivational programmes, offence focused programmes, alcohol and other drug treatment (which serve a dual purpose of also addressing the health-related needs of people with addictions issues), residential programmes, individual treatment with registered psychologists, and group programmes.

In 2019/20, we delivered 3,738 rehabilitation programme placements in prison [2018/19: 4,806] and a further 3,199 places in the community [2018/19: 4,094]. Eighty-five percent of participants successfully completed their prison-based programme [2018/19: 89%], while 63 percent of participants in the community successfully completed their programme [2018/19: 68%].

For more information on how we work with people in prisons and in the community, see our website: https://www.corrections.govt.nz/working_with_offenders/prison_sentences/employment_and_support_programmes/rehabilitation_programmes https://www.corrections.govt.nz/working_with_offenders/community_sentences/employment_and_support_programmes

The Mā Te Kahukura programme helped improve the well-being of people who had their programme paused or delayed due to COVID-19

Mā Te Kahukura was designed specifically to be delivered during COVID-19 restrictions and helped people in prison with resilience and skills during a time when face-to-face treatments were not always possible. This programme targeted medium risk participants who had already commenced a standard medium intensity offence focused programme.

The programme was facilitated with people in prison one-on-one by phone, with participants following an accompanying skill book. The skill book was printed and distributed to hundreds of people across our prisons, and blended te ao Māori and non-Māori perspectives. The programme also ensured people were ready and motivated to re-commence their offence-focused programme when group programmes restarted.

Our partners helped us to support people serving community-based sentences and orders, and their whānau, during COVID-19 restrictions

For example, Community Corrections staff in the Tai Tokerau and Manukau districts worked with Storytime, a parenting programme provider, to get books and games into the homes of people under our management during the Alert Level 4 lockdown. Dozens of families, including children, received activity packs, which helped them learn and build connections during a particularly challenging time.

Our Special Treatment Unit Rehabilitation Programmes continue to achieve world-leading reductions in re-offending

Special Treatment Units are therapeutic, residential environments. They host our most intensive psychologist-led programmes and treat people who have a history of serious violent and/or sexual offending.

In 2019/20, 206 people commenced a programme in one of six Special Treatment Units around the country [2018/19: 257 people].

Corrections' annual Rehabilitation Quotient (which measures the effectiveness of our rehabilitation programmes) indicates our Special Treatment Unit Rehabilitation Programmes continue to achieve world-leading reductions in re-offending rates.

For the Rehabilitation Quotient, which measures the impact our rehabilitation programmes have on re-offending, see page 169-171.

We're offering more for those on shorter sentences and in high security

In 2017, the Short Violence Prevention Programme was developed, targeting the high and complex needs of short-serving incarcerated men with a history of serious or repeated violence. This programme integrates well-established theoretical and therapeutic approaches used by other intensive departmental programmes targeted at high risk populations.

Given the overrepresentation of Māori men in prison, the programme includes cultural processes and concepts that are widely used within other departmental rehabilitation programmes.

The programme was piloted in November 2017 at Otago Corrections Facility where it continues to be delivered. It has since been rolled out at Waikeria and Rimutaka prisons.

Some of the most complex and challenging people in prison are benefitting from one-on-one treatment from a registered psychologist

We employ over 180 registered psychologists who work directly with people under our management, either in group programme settings or one-on-one. Individual one-on-one treatment is often helpful in instances where a person may not be ready to benefit from more widely available group programmes or when it is unlikely they will be able to participate in these.

In 2019/20, 534 people in prison [2018/19: 643] and 391 people in the community [2018/19: 557] received one-on-one treatment from a Corrections psychologist.

Our programmes often have a specific focus on reconnecting people with their culture, and strengthening their mana and dignity in the corrections system

We offer specific cultural programmes as well as other offence-focused interventions that have a cultural aspect. For example, we have five whare in prisons across New Zealand delivering offence-focused rehabilitation programmes in therapeutic te ao Māori environments while Saili Matagi – a programme for people of Pacific descent – is delivered in our Vaka Fa'aola (Pacific Focus Unit) at Spring Hill Corrections Facility.

In Budget 2019, Corrections, Te Puni Kōkiri and the Ministry of Social Development received \$98 million to progress the Māori Pathways initiative. Māori Pathways includes a range of initiatives to lower the proportion of Māori in the corrections system, and aligns with our wider Hōkai Rangi strategy. Much of the investment is being directed to two locations – Hawke's Bay and Te Tai Tokerau. This reflects a desire to see what can be achieved when we apply a new approach and concentrate a full range of services at these locations.

Progress during the first year of the programme focused on establishing positive working relationships, developing partnerships and undertaking significant co-design work. New operating models have been developed with mana whenua and iwi, and implementation will ramp up next year.

In response to the impact COVID-19 has had on Māori communities, an emergency navigator service led by Te Puni Kōkiri was set up to support rangatahi released from prison with their transition into the community.

The Māori Pathways initiative is a major part of our efforts to address the needs of young people (under 30 years) in the corrections system and, contributes to the Government's overarching Child and Youth Well-being Strategy.

For more information on the strategy, and how we are contributing to it, see page 175.

We acknowledge the importance of working with people on remand from their arrival into prison, to ensure their needs are addressed

There are challenges delivering rehabilitation programmes to people who are in prison on remand, such as the need to accommodate them under high security classification settings, the ambiguity regarding the length of time they will spend in prison, and their lack of access to offence-related interventions until they are convicted. Nevertheless, we understand the importance of ensuring these individuals have their needs met and receive appropriate support.

People in prison are assigned a case manager to work with, regardless of their remand/sentenced status. We offer dozens of programmes across our prisons for people on remand, including alcohol and other drug programmes, problem gambling interventions, jobs training, cultural engagement, parenting courses, and educational opportunities.

In 2019/20, 575 people on remand started a rehabilitation programme, including 392 starts in alcohol and other drug programmes.

We continue to identify and work with those gang members who want to change, and we encourage more purposeful engagement with those who can support them to lead pro-social lives

We estimate that there are over 50 different gangs represented in the prison population, involving approximately 3,300 people with some level of affiliation.

Custodial staff work continuously to address gang activity, and the influence that gangs hold in our sites, through Gang Management Plans that respond to the unique risks which each site has. This includes considerations of gang affiliation for placement in units and programmes, under-25-year-old units supporting our most vulnerable people in prison, the tattoo removal programme and building understanding of our people of the drivers that leads to and maintains gang membership.

We offer rehabilitation programmes aimed at addressing offending behaviour and reintegration pathways which support release into the community through accommodation, increased employment options and alcohol and other drugs support. Gang-affiliated prisoners participate in these programmes and outcomes analysis indicates that they gain benefits from doing so, in terms of reducing re-offending rates.

We have developed a tattoo prevention package - the eight-week rolling programme has been designed to support the prevention of illicit tattoos in prisons and come from a reintegration, health, and lived experience focus. The programme will initially be delivered to young men at Rimutaka Prison starting from the end of 2020.

We are also currently working with the three women's prisons to look at reintegration pathways for gang affiliated wahine, acknowledging the complexities that face this particular group when identifying reintegration pathways. This work takes into consideration that working effectively with gang affiliated wahine can contribute to breaking the cycle of future gang prospects and possible membership of their children and whānau. This is an ongoing piece of work.

We continue to work with other government agencies to ensure our work is aligned with the other key stakeholders involved with the management and disruption of gangs and organised crime groups. We are a member of the Transnational Organised Crime Strategy (TNOCS) and Resilience to Organised Crime in Communities (ROCC). Our National Intelligence Team members actively contribute and work alongside the Gang Intelligence Centre which sits within the ROCC.

Our tattoo removal programme is removing people's barriers to finding employment and successfully transitioning into their community

Tattoos can present a very significant barrier to employment, especially when they are gang related or otherwise offensive.

We help people to remove these barriers by offering tattoo removals at discounted prices in some prisons, thanks to volunteers who dedicate their time.

While people in prison fund these sessions themselves, they often cost less than half what they would in the community, thereby offering people an affordable and accessible opportunity to make a positive change.



Education and skills in the corrections system

We provide people in prison with educational opportunities ranging from intensive literacy and numeracy support to tertiary level qualifications

In prisons, 59 education tutors work one-on-one with people to understand their strengths, achievements and aspirations. Recommendations are then made to relevant education programmes which support rehabilitation and enable progress towards career opportunities or further education upon release. In 2019/20, our education tutors prepared 5,702 unique learning pathways conversations [2018/19: 7,365].

We supported people we manage with their learning and education throughout New Zealand's COVID-19 restrictions

During COVID-19 Alert Levels 4, 3 and 2¹³, group activities (including rehabilitation, education and employment activities) were temporarily suspended.

In response, we developed educational activity booklets which supported well-being, literacy and creative writing, and provided entertainment. Each booklet had a theme, such as New Zealand music month, Youth week, Samoan language week, and Whānau. In total, eight editions were produced, and 52,000 booklets were distributed before returning to Alert Level 1. A repository of activities that custodial staff could print and provide to learners was also created, with contributions from education providers and education staff gratefully received.

Our intensive literacy and numeracy support programme is helping hundreds of people who have challenges with English literacy and numeracy

In 2019/20, 1,263 of people assessed at Steps 1, 2 and 3 on the Tertiary Education Commission's literacy and numeracy progression scale received intensive literacy and numeracy support in prison [2018/19: 1,483]. The programme is delivered on-site nationally, predominantly by Te Wānanga o Aotearoa, and learners can receive up to 100 hours of tuition. Forty-nine percent of participants demonstrated statistically significant gains as a result of the support [2018/19: 50%]. A network of volunteers also supports learners to improve their literacy skills.

Vocational education courses are helping people to strengthen employment skills for employment upon release

We deliver a range of qualifications in prisons, covering primary industries, creative industries, construction and infrastructure, manufacturing and technology and tikanga Māori. We also offer over 70 vocational short courses. Courses include driver licences, first aid, health and safety, scaffolding, and forklift operation.

In conjunction with polytechnics, industry training establishments and Wānanga, we have expanded delivery of short-course programmes in the areas of construction, dairy farming, horticulture and health and safety. In 2019/20, over 1,700 people in prison started a short course [2018/19: 2,509]. During this same period, more than 1,000 people received a vocational education certificate [2018/19: 1,484].

13. Resumption of activities under Alert Level 2 varied across sites. It was dependent on whether the site could manage social distancing requirements, and the way the particular programme was run, cohort numbers etc. In some cases, there were programmes that did not resume until Alert Level 1 because those requirements could not be met.

We support people to undertake self-directed learning and to enrol in distance learning

We work with external education providers to enable learners to complete NCEA levels to gain higher education qualifications including tertiary level certificates and diplomas.

In 2019/20, over 1,500 people participated in self-directed learning [2018/19: 780], with nearly 150 certificates, diplomas, or degree-level qualifications being achieved.

Our online computer suites enable learners to access secure websites while in prison. These facilitated sessions develop and enhance digital literacy skills, enable literacy and numeracy on-line assessment, and allow learners to engage with Te Reo Māori language courses. People are also able to sit learner driver's licence tests, learn budgeting skills and build a curriculum vitae.

When people we are managing engage in initiatives or qualifications, they are one step closer towards achieving their aspirations upon release

In 2019/20, a total of 1,655 [2018/19: 2,017] people in prison achieved more than 2,300 qualifications [2018/19: 3,003].

Spring Hill Corrections Facility celebrated the first nine graduates of the Lowe Foundation's Kick for the Seagulls programme

The 17-week programme is delivered at the prison in partnership with the Manukau Institute of Technology and uses the language of sport and coaching techniques to teach literacy and numeracy to people who have not experienced much success in traditional learning environments.

The programme is based on Sir Graham Lowe's 12 dynamic principles including teamwork, asking for help and always looking to improve. All graduates were able to demonstrate an improvement in their literacy and numeracy skills over the course of the programme.



Prison industries and vocational education

As at 30 June 2020

A

Northland Region Corrections Facility

Region: Northern • Opened: 2005

Industry and training



C

Mt Eden Corrections Facility

Region: Northern • Opened: 2011

Industry and training



E

Auckland South Corrections Facility

Region: Northern • Opened: 2015

Industry and training



B

Auckland Prison

Region: Northern • Opened: 1968

Industry and training



D

Auckland Region Women's Corrections Facility

Region: Northern • Opened: 2006

Industry and training



F

Spring Hill Corrections Facility

Region: Central • Opened: 2007

Industry and training



R

Q

N

O

P

G

Waikeria Prison

Region: Central • Opened: 1911

Industry and training



H

Tongariro Prison

Region: Central • Opened: 1978

Industry and training



I

Whanganui Prison

Region: Lower North • Opened: 1978

Industry and training



J

Hawke's Bay Regional Prison

Region: Lower North • Opened: 1989

Industry and training



K

Manawatu Prison

Region: Lower North • Opened: 1979

Industry and training



M

Arohata Prison

Region: Lower North • Opened: 1944

Industry and training



L

Rimutaka Prison

Region: Lower North • Opened: 1967

Industry and training



N

Christchurch Men's Prison

Region: Southern • Opened: 1915

Industry and training



O

Christchurch Women's Prison

Region: Southern • Opened: 1974

Industry and training



P

Rolleston Prison

Region: Southern • Opened: 1958

Industry and training



R

Invercargill Prison

Region: Southern • Opened: 1910

Industry and training

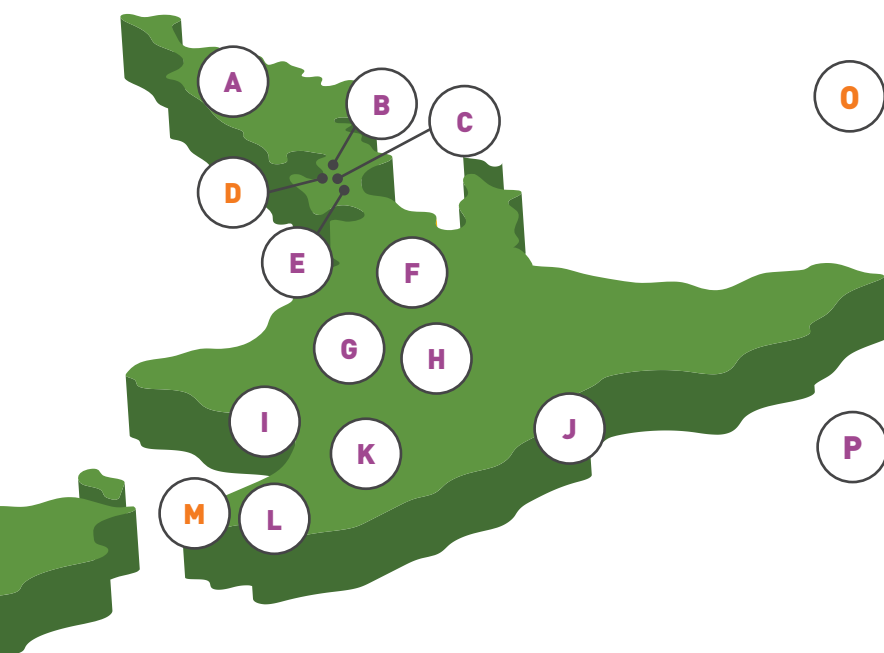


Q

Otago Corrections Facility

Region: Southern • Opened: 2007

Industry and training



Key:

Prison industry and training activities



Helping people transition after their time in the corrections system

Our reintegration services help thousands of people in the corrections system to build a healthy and sustainable life free from offending

At Corrections, we partner with a large number of community-based non-profit organisations, small businesses, large corporations, community groups, charities, and service providers every day across New Zealand to deliver effective and targeted reintegrative services for people serving sentences and orders managed by Corrections.

We rely on community organisations such as the Salvation Army, and Prisoners Aid and Rehabilitation Society (PARS) to provide support for people in the community. These organisations help people in many ways, including supporting them with essential tasks such as opening a bank account, and finding their IRD number, obtaining employment, securing long-term accommodation, and accessing benefits in the community. This assistance helps people to rebuild their lives after the completion of their sentence or order.

We now have a wide range of reintegration services available for people leaving prison, from navigation services to supported accommodation and longer term intensive residential services. We have been working hard to ensure that the people we are managing have access to the most appropriate reintegration services to meet their needs at the right time.

Our regional teams work alongside our service providers to improve the quality and timeliness of referrals, to ensure the best possible outcomes are achieved for the people we are managing. In 2019/20, 5,149 referrals were made to these services [2018/19: 6,130].

We are establishing more community accommodation solutions for people serving community-based sentences and orders than we ever have before

While the majority of people in the community are able to secure their own accommodation, in some instances this is not possible. The current housing market is making it more difficult for some people to find suitable stable accommodation. We are experiencing an overall increase in demand for accommodation services for people leaving prison, and those on community-based sentences and orders.

Through organisations such as Anglican Action and the Salisbury Street Foundation, we provide over 1,000 accommodation places each year to people who are released from prison. These include placements in emergency accommodation, transitional accommodation, community residential rehabilitation and reintegration programmes, and intensive accommodation services for those with complex needs.

The Housing and Support Services programme established under Budget 2018 will also help up to a further 300 people per year who are bailed by the court, serving a community-based sentence or order, or have been released from prison, by providing somewhere stable to live with access to wraparound services.

We are working to expand on and build new partnerships with Kāinga Ora, Housing and Urban Development, iwi and a number of community service providers, to increase the range of accommodation options available to our people as they make the transition to a pro-social, meaningful life outside of prison.

In 2019/20, we added 33 new community accommodation places to our portfolio by expanding existing, and launching new, initiatives in Hamilton, Hastings, Whanganui, New Plymouth, Wellington, Christchurch and Dunedin. Work is underway to make available 196 more spaces over the next two years.

We are working with our partners to explore and apply the principles of Hōkai Rangi in our work

In line with our commitment to provide greater outcomes with and for Māori under the Hōkai Rangi strategy, we are transforming how we work with Māori. This includes strengthening our relations with iwi, hapū, Māori we are managing, and Māori community groups.

A new service, offering transitional accommodation, underpinned by kaupapa Māori values, was launched in June 2020 in the Hawke's Bay. The service, named Te Hiringa, was co-designed with our community partner Kahungunu Health Services and is part of the Hawke's Bay Regional Prison Māori Pathway. The whare can house up to five tāne and provides a stable environment for tāne who have a whakapapa or whānau link to the Hawke's Bay or the East Coast.

The whare is a new model for the Hawke's Bay and is supported by a live-in whare matua (house parent) providing pastoral care and guidance as well as a housing support worker to work with the residents and their whānau to support a successful transition into sustainable long-term accommodation and employment.

The development of Te Hiringa involved collaboration with Corrections, Kāinga Ora, Kahungunu Health Services, the neighbours of the transitional accommodation and Ngāti Kahungunu Incorporated. It is a living example of how we can work together under the Hōkai Rangi Strategy to ensure the wellness and well-being of our people.

Our employment service, This Way for Work, continues to help thousands of people in the corrections system into sustainable, meaningful employment

We have 189 memoranda of understanding with private employers in the community, securing 1,744 job opportunities for people under our management. Additionally, we work informally with over 1,200 small, medium and large employers, helping people into work.

In the last year, This Way for Work helped 1,174 people [2018/19: 1,427]. Since its inception in November 2016, the service has assisted over 4,300 people into employment.

Men at Rolleston Prison can now obtain new horticulture qualifications

After months of work, two men at Rolleston Prison achieved their NCEA Level Two Certificate in Primary Industries (Horticulture) in July 2019.

The qualifications were achieved through the maintenance of internal grounds and the production of seasonal vegetables, facilitated in a prison-based tunnel house and small site gardens. All produce was donated to local food banks.

Opportunities and employment qualifications like these help people in prison gain meaningful work once they complete their time in prison.



Out of Gate helps people on short prison sentences and remand to navigate their return to the community safely and successfully

The Out of Gate service usually begins with an in-prison assessment and plan and helps people leaving prison to address their own reintegration needs. The service caters to the unique needs of each participant and can include helping them to open bank accounts, prepare job applications, access government support, and find accommodation.

In 2019/20, 2,073 people were assessed for Out of Gate services, including 1,420 people who were in prison on remand.

New contracts with Prisoners Aid and Rehabilitation Society (PARS) are supporting people in prison and their families with their transition to the community

The contracts came into effect 1 July 2019 and cover several areas from Rotorua/Taupō to Otago. They have a specific focus on preparing people for their release from prison and supporting their families with their return.

PARS also help families with loved ones in prison to maintain contact with them. This can include managing child/family travel fund applications and providing information on prison, court, and parole processes.

Guided Release is our programme for people serving prison sentences of over two years to assist them to transition safely after their release

People who are nearing their release date can apply to leave prison for short periods of time to access meaningful reintegration activities, such as participating in pre-release meetings, registering with a local doctor, visiting potential accommodation providers, and meeting with future employers.

Every person who participates is strictly vetted and equipped with an electronic monitoring anklet. Every Guided Release activity is robustly planned, including the route the person takes to their activity and the length of time they will be out of the prison.

In 2019/20, 989 people temporarily left prison on Guided Release to participate in reintegration activities [2018/19: 1,340].

The Howard League for Penal Reform is expanding its driver licensing programme

A large number of people serving sentences in the community do not have their driver licence or have lost it through their offending. This has a significant impact on their lives, reducing their ability to travel for work, education and rehabilitation.

In 2018, the Howard League for Penal Reform received \$7.5 million from the Provincial Growth Fund over three years to expand its licensing programme in the South Island, helping people who may not otherwise obtain their license. The programme has a strong success rate and is improving public safety by increasing the number of safe and legal drivers on our roads.



Measuring our impact on re-offending

We measure our impact on re-offending rates so we can be sure we are keeping our communities safe, changing lives, and investing in initiatives that work.

How we measure our impact on re-offending will change as we progress the Outcomes-led Performance Framework being developed to track our progress against Hōkai Rangi.

When measuring re-offending rates, it is important to note that rates are impacted by factors both within, and outside of, Corrections' influence.

The Recidivism Index

The Recidivism Index measures the percentage of people who are reconvicted or re-imprisoned within a given period after being released from prison or after commencing a community-based sentence.

This year's Recidivism Index shows both reconviction and reimprisonment (or imprisonment) rates have fallen since last year's index was completed among people who were released from prison or who started a community-based sentence during the periods observed.

For the full Recidivism Index for 2019/20, see pages 164-168.

The Rehabilitation Quotient

The Rehabilitation Quotient is an annual assessment of our rehabilitation programmes and reintegration services. It measures the extent to which they reduce re-offending, by comparing the rates of reconviction and reimprisonment of people who participated in certain programmes with the rates of similar people who did not participate in that particular programme.

Modest reductions in re-imprisonment and re-sentencing rates are recorded across almost all of the interventions evaluated, which is a positive outcome. This general trend of results being almost entirely 'in the right direction' supports confidence in the general positive impacts of our wider rehabilitative and reintegrative efforts.

For the full Rehabilitation Quotient for 2019/20, see pages 169-171.

Measuring the seriousness of re-offending

Our figure for measuring the seriousness of re-offending is derived from the Ministry of Justice's Seriousness of Offences Scale. The scale assigns a numeric score for every criminal offence according to its seriousness. For example, murder has a seriousness score of 12,000 while minor theft has a seriousness score of 70.

In 2019/20, re-offending by people on a community-based sentence or order had an average seriousness score of 176.4 [2018/19: 176.8] while re-offending by people released from prison had an average seriousness score of 383.4 [2018/19: 363.5].







Statement of

Responsibility

Statement of Responsibility

I am responsible, as Chief Executive of the Department of Corrections for:

- > the preparation of Corrections' financial statements, and statements of expenses and capital expenditure, and for the judgements expressed in them;
- > having in place a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting;
- > ensuring that end-of-year performance information on each appropriation administered by Corrections is provided in accordance with sections 19A to 19C of the *Public Finance Act 1989*, whether or not that information is included in this annual report; and
- > the accuracy of any end-of-year performance information prepared by Corrections, whether or not that information is included in the annual report.

In my opinion:

- > the financial statements fairly reflect the financial position of Corrections as at 30 June 2020 and its operations for the year ended on that date; and
- > the forecast financial statements fairly reflect the forecast financial position of Corrections as at 30 June 2021 and its operations for the year ending on that date.

Signed



Jeremy Lightfoot

Secretary for Corrections and Chief Executive

Te Tumu Whakarae mō Ara Poutama Aotearoa

Date: 30 November 2020

Independent Auditor's Report

Independent Auditor's Report

AUDIT NEW ZEALAND

Mana Aotake Aotearoa

To the readers of the Department of Corrections annual report for the year ended 30 June 2020

The Auditor-General is the auditor of the Department of Corrections (the Department). The Auditor-General has appointed me, Karen Young, using the staff and resources of Audit New Zealand, to carry out, on his behalf, the audit of:

- > the financial statements of the Department on pages 107 to 151, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2020, the statement of comprehensive revenue and expense, statement of changes in taxpayers' funds, statement of cash flows and statement of trust monies for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information;
- > the performance information prepared by the Department for the year ended 30 June 2020 on pages 43 to 73 and 85 to 105;
- > the statements of expenses and capital expenditure of the Department for the year ended 30 June 2020 on pages 159 and 160;
- > the schedules of non-departmental activities which are managed by the Department on behalf of the Crown on pages 153 to 158 that comprise:
 - the schedules of assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2020;
 - the schedules of expenses for the year ended 30 June 2020; and
 - the notes to the schedules that include accounting policies and other explanatory information.

Opinion

In our opinion:

- > the financial statements of the Department on pages 107 to 151:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2020; and
 - its financial performance and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- > the performance information of the Department on pages 43 to 73 and 85 to 105:
 - presents fairly, in all material respects, for the year ended 30 June 2020:
 - what has been achieved with the appropriation; and
 - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
 - complies with generally accepted accounting practice in New Zealand.
- > the statements of expenses and capital expenditure of the Department on pages 157 and 158 are presented fairly, in all material respects, in accordance with the requirements of section 45A of the *Public Finance Act 1989*.
- > the schedules of non-departmental activities which are managed by the Department on behalf of the Crown on pages 153 to 158 present fairly, in all material respects, in accordance with the Treasury Instructions:
 - the assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2020; and
 - expenses for the year ended 30 June 2020.

Our audit was completed on 30 November 2020. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw attention to the impact of COVID-19 on the Department and the activities it manages on behalf of the Crown. In addition, we outline the responsibilities of the Chief Executive and our responsibilities relating to the information to be audited, we comment on other information, and we explain our independence.

Emphasis of matter – Impact of COVID-19

Without modifying our opinion, we draw attention to the disclosures about the impact of COVID-19 on Department's statement of performance on pages 87, 91 and 92, 94 to 98 and 104, the departmental financial statements set out in Notes 1, 22 and 24, and the non-departmental statements and schedules set out in Note 4.

We draw attention to the following matter in the Department's financial statements due to the significant level of uncertainty caused by COVID-19:

Land and buildings

Note 8 on pages 130 and 131 describes the significant uncertainties highlighted by the valuer related to assessing the fair values of the Department's land and buildings.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Chief Executive for the information to be audited

The Chief Executive is responsible on behalf of the Department for preparing:

- > financial statements that present fairly the Department's financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand;
- > performance information that presents fairly what has been achieved with each appropriation, the expenditure incurred as compared with expenditure expected to be incurred, and that complies with generally accepted accounting practice in New Zealand;
- > statements of expenses and capital expenditure of the Department, that are presented fairly, in accordance with the requirements of the *Public Finance Act 1989*; and
- > schedules of non-departmental activities, in accordance with the Treasury Instructions, that present fairly those activities managed by the Department on behalf of the Crown.

The Chief Executive is responsible for such internal control as is determined is necessary to enable the preparation of the information to be audited that is free from material misstatement, whether due to fraud or error.

In preparing the information to be audited, the Chief Executive is responsible on behalf of the Department for assessing the Department's ability to continue as a going concern. The Chief Executive is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Department, or there is no realistic alternative but to do so.

The Chief Executive's responsibilities arise from the *Public Finance Act 1989*.

Responsibilities of the auditor for the information to be audited

Our objectives are to obtain reasonable assurance about whether the information we audited, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists.

Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error.

Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the information we audited.

For the budget information reported in the information we audited, our procedures were limited to checking that the information agreed to the Department's Statement of Intent 2018–2022, Estimates of Appropriation and Supplementary Estimates of Appropriation 2019 for Vote Corrections, and the 2019/20 forecast financial figures included in the Department's 2018/19 Annual Report.

We did not evaluate the security and controls over the electronic publication of the information we audited.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- > We identify and assess the risks of material misstatement of the information we audited, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- > We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control.
- > We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive.
- > We evaluate the appropriateness of the reported performance information within the Department's framework for reporting its performance.
- > We conclude on the appropriateness of the use of the going concern basis of accounting by the Chief Executive and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Department's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Department to cease to continue as a going concern.
- > We evaluate the overall presentation, structure and content of the information we audited, including the disclosures, and whether the information we audited represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Chief Executive regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the *Public Audit Act 2001*.

Other information

The Chief Executive is responsible for the other information. The other information comprises the information included on pages 4 to 201, but does not include the information we audited, and our auditor's report thereon.

Our opinion on the information we audited does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

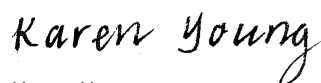
Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the information we audited or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The Report by the Minister of Corrections on non-departmental appropriations in Part E in the Department's annual report is not part of the Department's annual report. The *Public Finance Act 1989* does not require the information in the Minister's report to be audited and we have performed no procedures over the information in the Minister's report.

Independence

We are independent of the Department in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we have carried out probity assurance engagements. Other than in our capacity as auditor and these engagements, we have no relationship with, or interests, in the Department.



Karen Young

Audit New Zealand

On behalf of the Auditor-General
Wellington, New Zealand



Statement of performance

Department of Corrections

Annual Report - Part B

Statement of performance 2019/20

For the year ended 30 June 2020

Performance framework

This section describes what we were funded to deliver in 2019/20. The information on pages 85-105, and 203-204 reports on what we achieved with each appropriation against the expectations set out in the Estimates of Appropriations 2019/20 for Vote Corrections.

Appropriation/Outcome	Output/Category	Performance Measures Achieved
1. Public Safety is Improved (MCA) ¹⁴ (\$1,455.5 million expenditure)	1.1 Prison-based Custodial Services	7/10 Achieved
	1.2 Sentences and Orders Served in the Community	1/2 Achieved
	1.3 Information and Administrative Services to the Judiciary and New Zealand Parole Board	4/6 Achieved
2. Re-offending is Reduced (\$266.3 million expenditure)		4/9 Achieved
3. Policy Advice and Ministerial Services (MCA) (\$4.8 million expenditure)	3.1 Policy Advice	6/6 Achieved
	3.2 Ministerial Services	
4. Department of Corrections Capital Expenditure (PLA) ¹⁵ (\$352.5 million expenditure)		0/2 Achieved
5. Transfer of Auckland Prison Wastewater Assets (\$9.1 million expenditure)		1/1 Achieved
6. Waikeria Corrections and Treatment Facility ¹⁶ (\$18.6 million expenditure)		2/2 Achieved

14. MCA - Multi Category Appropriation. An MCA consists of two or more categories of output expenses. MCAs can be used to provide increased flexibility across a number of categories of expenses that all contribute to a single overarching purpose, while preserving transparency about what is achieved with each category of an MCA.

15. PLA - Permanent Legislative Authority. PLAs are appropriations granted in Acts other than an Appropriation Act. PLAs are provided in limited and particular circumstances, such as where approval is needed for spending of a technical nature, such as departmental capital.

16. Performance information for Non-departmental Other Expenses are reported in the Report by the Minister of Corrections on Non-departmental Appropriations in Part E.

Appropriation 1 – Public Safety is Improved (MCA)

OVERARCHING PURPOSE STATEMENT

The single overarching purpose of this appropriation is to manage offenders serving custodial and community-based sentences in a manner so as to improve the safety of offenders, staff, victims and the public.

SCOPE OF APPROPRIATION

This is an MCA as detailed below:

1.1 Prison-based Custodial Services

This category is limited to the provision of custodial services including under long-term service contracts and Public Private Partnerships for offenders lawfully required to be detained in custody.

This includes remand prisoners (people awaiting trial and offenders convicted but not yet sentenced), those offenders sentenced to imprisonment, and any other offenders required to be lawfully detained in custody.

1.2 Sentences and Orders Served in the Community

This category is limited to the management and delivery of sentences and orders served in the community, and electronic monitoring of people on bail.

1.3 Information and Administrative Services to the Judiciary and New Zealand Parole Board (NZPB)

This category is limited to the provision of information about offenders to victims of crime, the Judiciary and the New Zealand Parole Board, and the provision of administrative, financial and secretariat services to the New Zealand Parole Board.

WHAT IS INTENDED TO BE ACHIEVED WITH THIS APPROPRIATION

This appropriation is intended to:

- enable Corrections to manage people in custody in a way that enhances their well-being and supports them upon release to not return to the justice system, protects the public and maintains the safety of all involved
- achieve safe management of sentences served in the community and the ability for offenders to be held to account for successfully completing their sentence or order, and
- provide core services to the Judiciary and New Zealand Parole Board to enable informed sentencing and parole decisions to be made in a timely manner including notification to people in our care and management and victims regarding the outcomes of the judicial process, to enhance rehabilitative outcomes.

1.1 Prison-based Custodial Services

Operating context

Corrections has a statutory obligation to accommodate all people in prison as directed by the Judiciary. The volume is influenced by factors such as legislation, the efficiency and function of the judicial system, judicial decisions, crime levels and policing.

After three years of substantial increases, the prison population reduced and plateaued in 2018/19, further reducing slightly in 2019/20 to an average of 9,935 (1% reduction from the 2018/19 average).

The prison population is made up of a combination of people on sentence and remand (being held in prison awaiting trial or sentencing). As illustrated in the chart below, the proportion of people who are in prison on remand has been consistently increasing, with remand accounting for, on average, 37% of the prison population in 2019/20 (peaking at 39% in March 2020).

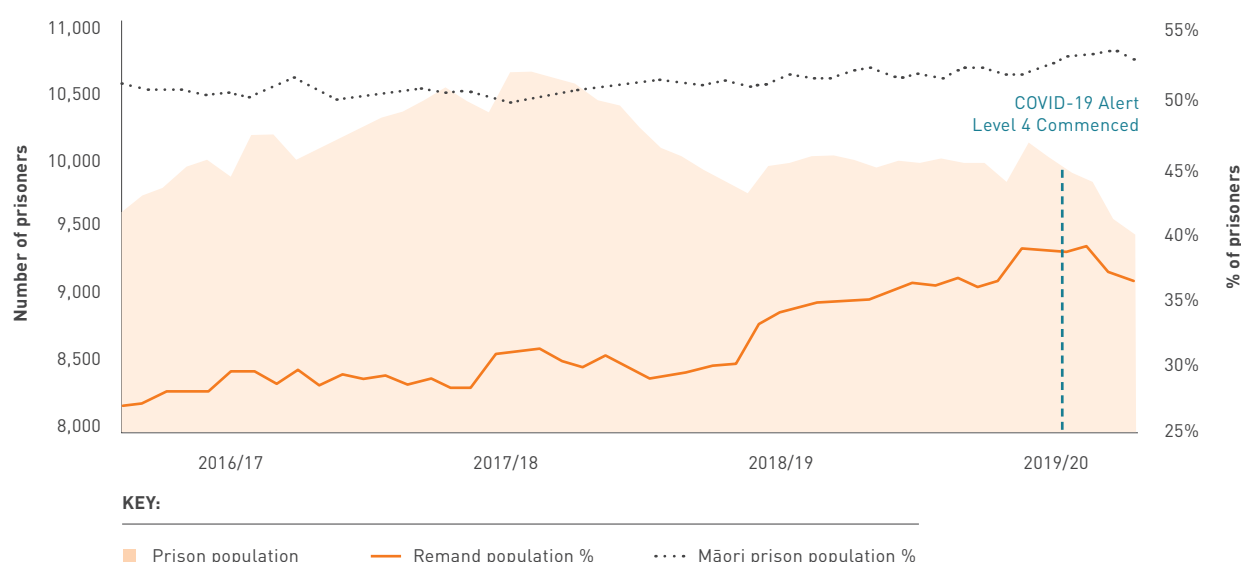
This year, COVID-19 appears to have changed the demand trends with the actual population deviating from both projections and prior year trends. The prison population dropped to 9,469 at 30 June 2020, 5% below the year's average, remand volumes being a major driver.

Conversely, the number of EM bail applications submitted to court has increased 23% from last year (35% over the last two years). EM bail is a form of bail people can apply for as an alternative to being remanded in custody while awaiting trial or sentencing. We are expecting further growth in 2020/21 as we continue to expand the use of electronic monitoring as an alternative to being remanded in custody.

Māori in New Zealand have long been over-represented in the criminal justice system. While Māori account for 16.5% of the general population, they comprise approximately 52% of people in New Zealand's prisons and 50% of people serving community-based sentences and orders.

Over-representation of Māori in the corrections system is a critical challenge we face, as recognised in Hōkai Rangī. We know building authentic partnerships with Māori will be critical to our future success in reducing the disproportionate rate of Māori re-offending.

Prison Population Trend



Our response to the COVID-19 pandemic

By the time New Zealand had identified its first case of COVID-19, Corrections was well prepared and we quickly implemented changes to how we operate in order to keep people safe and break the chain of transmission. This included implementing enhanced hygiene practices and the appropriate use of personal protective equipment, maximising physical distancing, suspending private prison visits, and non-essential prison escorts and temporary prison removals. In the community, Corrections suspended non-essential home visits and community work.

Wherever possible and appropriate, Corrections mitigated the impact of restrictions on the people under our management. For example, when private prison visits were suspended, we increased access to private phone calls, and distributed in-cell activities to keep people occupied in a safe way.

How Corrections performed

The following table outlines Corrections' performance against our current performance measures, and indicates changes made to the structure of performance measures in this area.

	2017	2018	2019	2020	2020	2021
Assessment of performance	Actual	Actual	Actual	Actual	Budget (unaudited)	Forecast (unaudited)
The number of breakout escapes ¹⁷	-	New measure for 2019	Nil	Nil	Nil	Nil
The number of non-breakout escapes ¹⁸	-	New measure for 2019	4	8	Less than or equal to 5	Less than or equal to 5
The proportion of general random drug tests undertaken by prisoners that have a positive result	3.6%	3.6%	3.6%	4.4%	Less than 5%	Less than 5%
The number of unnatural deaths	1	7	1	9	Nil	Nil
The percentage of Death in Custody reports for unnatural deaths, that are completed by the Office of the Inspectorate within six months of the death occurring	-	New measure for 2019	100%	100%	Greater than 80%	Greater than 80%
The rate of prisoner on prisoner assaults that are serious, per 100 prisoners ¹⁹	-	New measure for 2019	0.46	0.41	Less than or equal to 0.50	Less than or equal to 0.50
The rate of prisoner on staff assaults that are serious, per 100 prisoners ¹⁹	-	New measure for 2019	0.29	0.18	Less than or equal to 0.20	Less than or equal to 0.20
The proportion of all complaints received to the Office of the Inspectorate that are acknowledged within 10 working days of receipt	-	New measure for 2019	100%	100%	100%	100%
The proportion of all complaint investigations completed by the Office of the Inspectorate within three months of being received	-	New measure for 2019	100%	99%	Greater than 80%	Greater than 80%
The percentage of Health Centres in prisons that retained their Cornerstone accreditation status following completion of an annual review	100%	94%	83%	94%	100%	100%

17. A breakout escape is when a prisoner breaches the area contained by the outermost security fence of a prison or if there is no such fence, from the prison building.

18. Corrections has three categories of non-breakout escapes: from escort; absconding; breach of temporary release conditions.

19. Serious assaults are acts of violence which include: sexual assault of any form where police charges have been laid; bodily harm that requires intervention by medical staff followed by overnight hospitalisation; or bodily harm that requires extended periods of ongoing medical intervention. For 2018/19 Corrections changed to reporting assaults as a rate per 100 prisoners as it allows for fluctuations in the prison population, thereby providing a more comparable result.

Explanation of budgeted performance measures not achieved

Non-breakout escapes

For the last six years, Corrections has not had a single breakout escape.

In the 2019/20 financial year there were eight non-breakout escapes from custody, including two absconds and six escapes from escort. An abscond is considered to have occurred when a person in prison leaves a designated area and is outside of custodial control. An escape from escort is considered to have occurred when a person in prison escapes from supervision while on escorted outings (such as a hospital trip) or escorted court appearances.

Custodial staff completed more than 14,000 medical escorts during 2019/20. We are focused on increasing the delivery of health services for planned and unplanned care through the use of information and communication technologies (telehealth services). This will result in fewer people being transferred out of prison to receive the care they need, thereby reducing a prisoner's opportunity to escape.

The Chief Medical Advisor is working to improve the health centre decision-making processes which determine when people are transferred to an external health provider for acute or planned care. This is to ensure that all medical escorts are clinically appropriate and any safety issues or risk of escape, which may affect the timing of a medical escort, have been considered with custodial staff.

All reported escape incidents in the year have been subject to an internal review and every person involved has been returned to custody.

Unnatural deaths

During the 2019/20 financial year there were nine unnatural deaths in New Zealand prisons.

Eight of the unnatural deaths related to suspected suicide. Our custodial, health and mental health staff devote significant time and resources to care for those vulnerable to self-harm and suicide, are vigilant in identifying and assessing risk, and taking steps to protect each person's safety. Sadly, in some cases our team members cannot, despite their best efforts, save the life of someone who has seriously and determinedly injured themselves or been injured by another.

A thematic review was completed of those people who are believed to have died as a result of suicidal self-injury, resulting in a number of recommendations to assist in identifying and supporting people vulnerable to suicidal and non-suicidal self-injury.

A Mental Health & Addictions Suicide Prevention – Postvention Action Plan is under development to address both the recommendations in the thematic review and other changes aimed at reducing suicides in custody. Actions include mental health and suicide training for custodial and health staff, access to cultural and social supports, and increasing access to mental health expertise.

For more information on specific actions taken in 2019/20, see page 59.

Health centre accreditation

To demonstrate that the level of care in prison meets the standards of care that are available in the community, Corrections requires all health centres to be accredited under the Cornerstone® process. The accreditation process demonstrates that prison health centres meet the Royal New Zealand College of General Practitioners (RNZCGP) Aiming for Excellence Standards for New Zealand General Practice.

At the end of 2019, RNZCGP launched a new programme based on a Foundation Standard and a tiered process of Bronze, Silver and Gold Accreditation. To progress through the tiers the organisation is required to complete two mandatory core modules (Continuous Quality Improvement and Equity), with additional elective modules. The Health Services team has committed to working with RNZCGP to develop a Corrections specific module which is more relevant and better reflects the health services delivered.

As at 30 June 2020, 17 prisons have transitioned to the new programme where their previous expiry date applies, and will work towards Bronze status leading up to that expiry date, Tongariro Health Centre was working its way through the Foundation Standard and has since attained certification. This means that currently all prisons are accredited with Cornerstone, however Tongariro Prison had not completed the process by the end of the financial year.

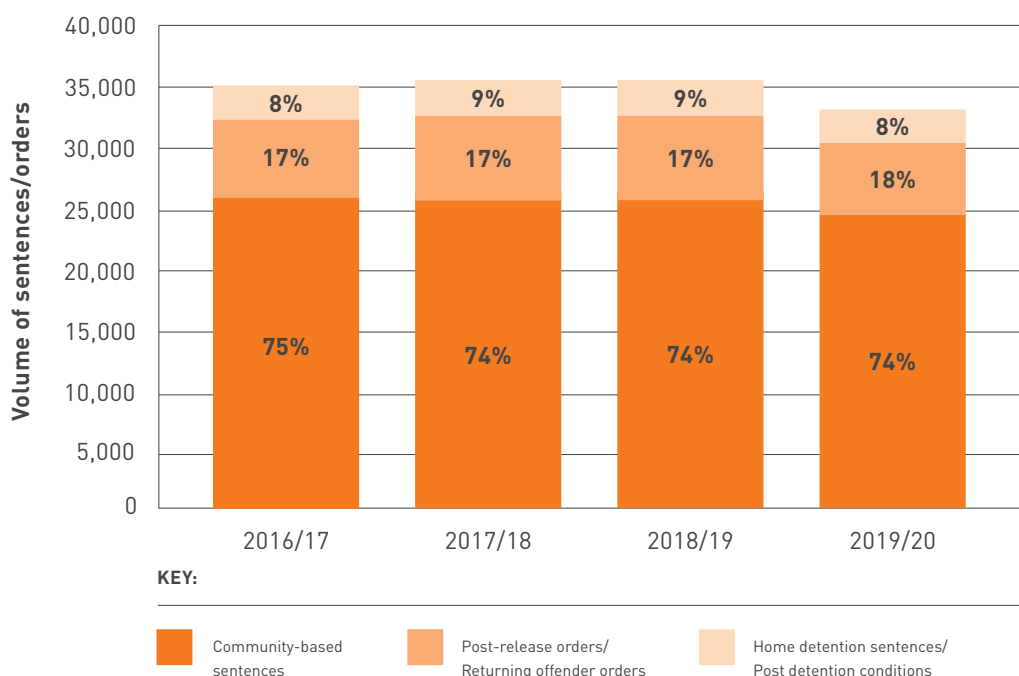
1.2 Sentences and Orders Served in the Community

Operating context

Approximately three-quarters of the people who Corrections manages, are in the community. Corrections operates over 100 Community Corrections sites across New Zealand. We employ over 1,600 probation officers and community work staff who manage approximately 28,000 individuals serving over 33,000 sentences or orders across the country (one person may be serving multiple sentences or orders in the community at the same time).

As illustrated in the chart below, the average number of sentences and orders being served in the community in 2019/20 was 6% lower than 2018/19. The main reason for the decrease was the impact of COVID-19 on Judicial operations. During Alert Levels 4 and 3 the courts focused on defendants who were in custody, while people on bail waiting for a sentencing hearing had their hearings rescheduled. Over this period there were around 500 fewer sentences or orders imposed by the Judiciary and the New Zealand Parole Board per week.

Breakdown of average number of sentences and orders being served in the community



Our response to the COVID-19 pandemic in the community

While New Zealand observed its strictest COVID-19 restrictions, Corrections found ways to safely manage people in the community. This included suspending non-essential home visits and community work, temporarily closing our Community Corrections sites, completing community check-ins by phone, and implementing enhanced hygiene practices and the use of personal protective equipment.

Wherever possible and appropriate, Corrections mitigated the impact of restrictions on the people under our management. For example, when we were required to suspend community work, those people who had a strong history of reporting for their sentence, had a portion of their hours remitted to ensure they were not inappropriately disadvantaged during this time.

As New Zealand transitioned to lower COVID-19 alert levels, the impact restrictions had on our operations was reduced. For example, once we entered Alert Level 2, we began the staged process of re-opening our Community Corrections sites and requiring people serving sentences and orders to physically check-in once again. By Alert Level 1, Corrections was operating as normal in the community.

How Corrections performed

The table below outlines Corrections' performance against our current performance measures.

	2017	2018	2019	2020	2020	2021
Assessment of performance	Actual	Actual	Actual	Actual	Budget (unaudited)	Forecast (unaudited)
The proportion of community-based offenders who successfully complete their sentence or order	77%	76%	75%	74%	Greater than 75%	Greater than 75%
The proportion of community-based offenders being held to account by probation staff for non-compliance	94%	96%	97%	97%	90%	90%

Explanation of budgeted performance measure not achieved

Proportion of community-based offenders who successfully complete their sentence or order

Corrections manages a variety of sentences and orders in the community. Our probation staff work with people in the community to ensure that they adhere to the conditions of their sentence or order and are held to account if they fail to do so. In 2019/20, 74% of people on community-based sentences and orders successfully completed their sentences or orders and 97% of people were held to account by probation staff where an act of non-compliance occurred. Potential penalties for non-compliance can include breach action (formal prosecution) and increased reporting to Community Corrections.

On average, community work accounts for approximately one-third of all community-based sentences and orders. Corrections has been undertaking a progressive change in our approach to community work with a greater emphasis on finding meaningful work, combined with training that can lead to employment, thereby helping to reduce the likelihood of re-offending.

Despite a marginal decline in the successful completion rates for community work in recent years, Corrections is taking a less punitive approach when dealing with non-compliance, with a focus on building relationships by managing individuals and taking into account their individual needs. It is believed these changes will see an improvement in successful completion rates and contribute to making positive and lasting change for people.

In 2019/20, a total of 943,439 hours of community work were completed (2018/19: 1.23 million hours). In order to comply with the Government's COVID-19 restrictions, community work was temporarily suspended during Alert Levels 4 and 3. While the majority of community work hours were consequently deferred, 138,737²⁰ hours were credited to 5,576 people (those people who had a strong history of reporting for their sentence), to ensure they were not inappropriately disadvantaged during this time. The impact on the overall result of this performance measure was minimal with pre COVID-19 performance (February 2020 year-to-date) at 74% and the performance for the period March to June 2020 only marginally higher at 75%.

20. These hours are a subset of the 943,439 total hours reported as completed in 2019/20.

1.3 Information and Administrative Services to the Judiciary and New Zealand Parole Board

Operating context

As part of the information and administrative services Corrections provides, our probation staff are required to attend court. The number of court attendance hours in 2019/20 has remained consistent with last year at over 108,000 hours. During the year, our probation and psychologist staff provided over 34,000 pre-sentence and parole reports to the courts and New Zealand Parole Board respectively.

The High Impact Innovation Programme was launched in 2018 to maximise safe alternatives to prison where appropriate, and where this can be done safely. It is also improving efficiency and the flow of information in the criminal justice system to reduce delays. The programme has launched a number of workstreams to reduce the length of time people remain in prison on remand, to support people who would otherwise be in prison to find stable accommodation in the community, and to improve the safety and sustainability of bail.

The number of EM bail applications submitted to court has increased 23% from last year (35% over the last two years) and further growth is expected in 2020/21 as we continue to expand the use of electronic monitoring as an alternative to being remanded in custody.

How Corrections performed

The table below outlines Corrections' performance against our current performance measures, and indicates changes made to the structure of performance measures in this area.

	2017	2018	2019	2020	2020	2021
Assessment of performance	Actual	Actual	Actual	Actual	Budget (unaudited)	Forecast (unaudited)
The percentage of all pre-sentence reports provided to court within agreed timeframes before sentencing ²¹	-	-	New measure for 2020	96%	95%	95%
The percentage of all parole reports provided to agreed timeframes pursuant to New Zealand Parole Board requirements	-	-	New measure for 2020	79%	95%	95%
The percentage of offenders who are notified as per New Zealand Parole Board requirements ²²	100%	100%	100%	100%	98%	98%
The percentage of victims who are notified as per New Zealand Parole Board requirements ²³	100%	100%	100%	100%	98%	98%

21. Probation reports are completed to timeframes as set out in the Integrated Practice Framework. Specific timeframes are provided for each of the individual report types that are included under the heading of 'probation reports' or times are agreed with the court. Psychological reports are provided to court at least two working days before sentencing where a request is received.

22. Offenders are notified of an impending hearing and of a New Zealand Parole Board decision within agreed timeframes.

23. Victims are notified of an impending hearing and of a New Zealand Parole Board decision within agreed timeframes.

	2017	2018	2019	2020	2020	2021
Assessment of performance	Actual	Actual	Actual	Actual	Budget (unaudited)	Forecast (unaudited)
The percentage of all cases heard by the New Zealand Parole Board that are scheduled within the timeframes specified by the <i>Parole Act 2002</i> ²⁴	100%	100%	100%	100%	98%	98%
The number of justified complaints about notification services received from registered victims ²⁵	Nil	3	6	2	Nil	Nil

Explanation of budgeted performance measures not achieved

Timeliness of parole reporting to the New Zealand Parole Board

When a person is due to appear before the Parole Board, Corrections prepares a report which outlines their offending and sentence history, their time in prison, and other information to assist in the decision-making process. This is critically important to the Parole Board's process and helps ensure parole is granted safely and appropriately.

This year, Corrections has enhanced the information we provide to the Parole Board and strengthened our assessment and overview of proposed release plans. We also introduced release feasibility meetings for case managers and probation officers to discuss and agree potential release risks prior to a person's parole application being heard, and case managers have begun attending Parole Board hearings.

In 2019/20, Corrections prepared around 8,300 parole reports for the Parole Board, 79% of which were within agreed timeframes. Timeliness of reporting was impacted during the year as improvement initiatives were being embedded.

Justified complaints from registered victims

Corrections has a statutory obligation to notify registered victims in specific circumstances in accordance with the *Victims' Rights Act 2002*. As at 30 June 2020, there were a total of 5,779 active registered victims of which 3,320 were new registered victims this financial year.

Two justified complaints were received from registered victims (or their representatives) during 2019/20. Details of these are outlined on page 197.

At present, letters are the main form of communication with victims. Given the significant delays experienced with New Zealand postal services during the strictest COVID-19 restrictions, a move was made to email these letters where possible. Where this was not possible, letters continued to be posted. Corrections has commenced development of a victims' phone app that will improve the victims' experience when engaging with Corrections and the Parole Board and will support the achievement of criminal justice reform by improving the responsiveness of the justice sector to victims. The app is expected to be piloted during the 2021 financial year.

24. The *Parole Act 2002* specifies that parole hearings are scheduled 16 weeks ahead of the parole eligibility date in order to give the various parties involved sufficient time to prepare. This measure is calculated on a random sample of 15% of offenders who have had cases heard in the reporting period.

25. The *Victims' Rights Act 2002* imposes clear obligations on specified agencies to provide information and offer assistance to victims of offences. This measure demonstrates that Corrections is meeting its legislative requirements and providing victims with notification of events relating to those who offended against them.

How much did it cost?

For the year ended 30 June 2020

	2019	2020	2020	2020	2021
	Actual	Actual	Budget	Supp. estimates	Forecast
			(unaudited)	(unaudited)	(unaudited)
	\$000	\$000	\$000	\$000	\$000
EXPENSES					
- Prison-based Custodial Services	1,029,830	1,110,366	1,080,157	1,150,474	1,153,724
- Sentences and Orders Served in the Community	250,806	256,734	252,220	257,915	262,394
- Information and Administrative Services to the Judiciary and New Zealand Parole Board	78,800	88,417	73,041	73,962	74,851
Total expenses	1,359,436	1,455,517	1,405,418	1,482,351	1,490,969

Personnel costs are a significant cost associated with this appropriation as Corrections employs around 10,000 people, 86% of whom are deployed in frontline roles.

Corrections is an asset-intensive agency. The nationwide network includes 18 prisons and over 100 Community Corrections sites. A significant amount of expenditure therefore relates to costs associated with the ownership, management and operation of these assets including depreciation, asset management and capital charge. Total expenditure also includes payments made to SecureFuture Wiri Limited for the operation and maintenance of the Auckland South Corrections Facility, and to Next Step Partners Limited for the maintenance of Auckland Prison.

Actual expenditure was \$96.1 million higher than 2019 actual, mainly due to:

- > \$41.7 million increase in property related costs, including depreciation, amortisation and capital charge costs, largely impacted by an increase in the fair value of assets at 30 June 2019, and increased facilities maintenance contracted services costs
- > \$38.8 million increase in personnel costs mainly due to an increase in the number of employees (10,097 employees at 30 June 2020, 3% more than 30 June 2019, the majority of which relates to frontline roles), the impact of salary increases and an increase in the annual leave provision with fewer staff taking leave due to COVID-19 lockdown and travel restrictions
- > \$7.0 million of expenditure on personal protective equipment to ensure our sites were able to keep people safe from COVID-19 and break the chain of transmission, and
- > \$5.2 million relating to loss on sale of assets.

Actual expenditure was \$50.1 million higher than Budget, mainly due to:

- > \$19.0 million increase in property related costs, including depreciation, amortisation and capital charge costs, largely impacted by an increase in the fair value of assets at 30 June 2019, and increased facilities maintenance contracted services costs
- > \$14.4 million increase in personnel costs including the impact of fewer staff taking leave due to COVID-19 lockdown and travel restrictions
- > \$7.0 million of expenditure on personal protective equipment in response to the COVID-19 pandemic, and
- > \$6.4 million relating to loss on sale of assets.

Actual expenditure was \$26.8 million lower than Supplementary Estimates mainly due to the impact of pre-approved in-principle expense transfers and expenditure appropriated for Modular Build Programme liquidated damages costs which was not required due to the costs being capitalised (\$12 million).

Appropriation 2 – Re-offending is Reduced

SCOPE OF APPROPRIATION

This appropriation is limited to the provision of rehabilitation interventions, reintegration and support services to defendants on bail and people serving custodial and community-based sentences that address the underlying causes of criminal offending and reduce re-offending.

WHAT IS INTENDED TO BE ACHIEVED WITH THIS APPROPRIATION

This appropriation is intended to achieve a reduction in re-offending rates by focusing on the well-being of those completing sentences and their whānau. It provides for the timely assessment of the rehabilitative and reintegrative needs of offenders and those remanded in custody, as well as end-to-end bail support for defendants. This appropriation ensures identified offender and defendant needs are addressed through culturally appropriate and whānau-centred well-being interventions.

Our response to the COVID-19 pandemic

Between March and May 2020, when New Zealand observed its most stringent COVID-19 restrictions, non-essential activities were suspended. This had a material impact on our ability to deliver programme places and is reflected in some of this year's performance measures, particularly relating to participation and completion figures.

Wherever possible and appropriate, Corrections mitigated the impact of restrictions on the rehabilitative needs of people under our management. For example, when restrictions interrupted programme delivery, Corrections developed and distributed in-cell learning activities to keep people occupied in a safe and meaningful way.

With the implementation of strict safety protocols, a small number of essential industry activities and treatment programmes were enabled to continue. We were also able to maintain essential health, mental health and addiction services to enable us to keep the people we care for safe.

How Corrections performed

The following table outlines Corrections' performance against our current performance measures, and indicates changes made to the structure of performance measures in this area.

	2017	2018	2019	2020	2020	2021
Assessment of performance	Actual	Actual	Actual	Actual	Budget (unaudited)	Forecast (unaudited)
The proportion of all offenders entitled to receive an offender plan that received one within Standards of Practice timeframes ²⁶	-	-	New measure for 2020	82%	85%	85%
The proportion of offenders with an identified rehabilitation activity on their offender plan who have a matching scheduled placement for a Departmental programme:						Not a measure for 2021
- Prisoners	78%	77%	80%	78%	80%	
- Community-based offenders	47%	49%	47%	57%	45%	

26. Corrections Act 2004 – Section 51 Management Plans. This section applies to every prisoner who is sentenced to imprisonment for a term of more than two months, or is in custody for a continuous period of more than two months on remand.

	2017	2018	2019	2020	2020	2021
Assessment of performance	Actual	Actual	Actual	Actual	Budget (unaudited)	Forecast (unaudited)
The proportion of prisoners who have completed an intensive literacy and numeracy programme who demonstrate statistically significant gains	47%	52%	50%	49%	35%	35%
The percentage of offenders who start and complete a rehabilitation programme:						
- Prisoners	86%	89%	89%	85%	85%	85%
- Community-based offenders	63%	66%	68%	63%	65%	65%
The total number of referrals made to reintegration service providers	6,267	7,439	6,130	5,149	5,000	5,000
The total number of referrals made to reintegration service providers that resulted in a programme start	3,670	4,290	3,896	2,719	4,000	4,000
The percentage of target hours prisoners are engaged in industry, treatment and learning activities	-	-	New measure for 2020	73%	80%	80%

Explanation of budgeted performance measures not achieved

Offender plans received within Standards of Practice timeframes

In prisons, our case managers work one-on-one with people to identify the causes of their offending and connect them to appropriate rehabilitation programmes, educational opportunities, and reintegration services. In the community, probation officer's, take on the role of case manager, helping the people they manage to address the causes of their offending and offering access to programmes and services to address their rehabilitative needs.

In 2019/20, case managers and probation officers prepared offender plans for over 10,000 people in prison, and just over 25,000 people in the community respectively. Eighty two percent of all plans were received within the recommended timeframes (comprised of 79% in prison, 84% in the community), this compares to 82% in 2018/19 (comprised of 70% in prison, 87% in the community).

Offenders with a scheduled placement for a Departmental rehabilitation programme - Prisoners

Corrections is committed to reducing re-offending and giving people every opportunity to turn their lives around. We aim to provide people under our management with the right interventions at the right time to encourage them to address their rehabilitation and reintegration needs.

Performance against this measure for 2019/20 is consistent with the average for the last three years.

In 2019/20, 3,738 people started a rehabilitation programme in prison [2018/19: 4,806] and of those, 85% successfully completed.

Community-based offenders who start and complete a rehabilitation programme

While New Zealand observed its strictest COVID-19 restrictions from around mid-March to late-May 2020, Community Corrections sites were temporarily closed along with those of our rehabilitation service providers. Performance for the year-to-date as at February 2020 was tracking ahead of budget at 66%, with performance over the period March to June 2020 falling to 52%. This was due to a combination of lower completions and higher exits as a result of programmes being temporarily suspended during this time.

Reintegration service provider referrals that resulted in a programme start

Reintegration services help people to transition out of the corrections system by supporting them to build a sustainable life after their sentence or order. We now have a wide range of reintegration services available, from navigation services to supported accommodation, employment services, and longer-term, intensive residential services involving wraparound support.

In 2019/20, 5,149 referrals were made to reintegration service providers with 2,719 referrals resulting in a programme start. Both the number of referrals and programme starts are considerably lower than previous years, mainly due to a number of our service delivery contracts transitioning to new providers. We are committed to working in partnership with Māori to deliver better outcomes for Māori. As such, we are strengthening our relations with iwi, hapū, and Māori community groups to improve the services we offer to the people we manage.

To read more about how we are helping people transition after their time in the corrections system, see pages 70-72.

Engagement of people in prison in industry, treatment and learning

The intent of engaging people in prison in education, rehabilitation and industry training is to provide the skills and opportunities they need to take greater control of their lives, with the aim of leading crime-free lives on release. All people in prison are considered eligible for work and are assessed for suitability as part of their induction. Corrections encourages people in prison to be engaged in a 40-hour week, however, this is not always practicable for those on remand, in high or maximum security, segregated or medically unfit. Engagement includes focused employment (industry), programme participation (treatment) and education and training (learning).

Engagement attributed to unit employment and self-directed learning activities is restricted to predefined limits to encourage participation in more structured interventions (unit employment hours are capped at five hours per day, self-directed learning at three hours per day). These limits are applied by Corrections to acknowledge the difficulty in corroborating unit activities. The overall percentage has an accepted margin of uncertainty of +/- 1.7%. This is due to some system limitations and judgment applied by staff when recording engagement hours.

As New Zealand observed COVID-19 Alert Level 4 and 3 restrictions, Corrections responded by suspending all non-essential prison industry, treatment and learning activities. A small number of essential industry activities and treatment programmes were enabled to continue following enhanced hygiene practices, the appropriate use of personal protective equipment and maximising physical distancing.

The temporary suspension of the vast majority of activities from around mid-March to late-May 2020 has had a significant impact on this year's performance result, with February year-to-date performance of 83% dropping to 73% by year-end.

How much did it cost?

For the year ended 30 June 2020

	2019	2020	2020	2020	2021
	Actual	Actual	Budget	Supp. estimates	Forecast
			(unaudited)	(unaudited)	(unaudited)
	\$000	\$000	\$000	\$000	\$000
Total expenses	243,102	266,293	289,111	285,101	327,010

Actual expenditure was \$23.2 million higher than 2019 actual. The increased year-on-year expenditure included additional investment in rehabilitation and reintegration services, including increased access to mental health and addiction support, housing and support services and a Kaupapa-based pathway for Māori.

Actual expenditure was \$22.8 million lower than Budget and \$18.8 million lower than Supplementary Estimates, mainly due to delays in the roll-out of some newly funded programmes reflecting pre-approved, in-principle expense transfers.

Appropriation 3 – Policy Advice and Ministerial Services (MCA)

OVERARCHING PURPOSE STATEMENT

The single overarching purpose of this appropriation is to provide policy advice and other support to Ministers in discharging their policy decision-making and other portfolio responsibilities.

SCOPE OF THE APPROPRIATION

This is an MCA as detailed below:

3.1 Policy Advice

This category is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters.

3.2 Ministerial Services

This category is limited to Department responses to ministerial correspondence and parliamentary questions.

WHAT IS INTENDED TO BE ACHIEVED WITH THIS APPROPRIATION

This appropriation is intended to enable Corrections to respond to ministerial requests and parliamentary questions with a high standard of service. It also allows Corrections to provide policy advice to support decision-making by Ministers on government policy matters.

This MCA provides core services to co-ordinate information provided to government and the public as well as developing policy that improves well-being and safety outcomes for New Zealand communities.

How Corrections performed

The tables below outline Corrections' performance against our current performance measures.

Policy Advice and Ministerial Services (MCA)

	2017	2018	2019	2020	2020	2021
Assessment of performance	Actual	Actual	Actual	Actual	Budget (unaudited)	Forecast (unaudited)
The office of the Minister of Corrections is satisfied with the level of quality of policy advice, and of draft ministerial correspondence, provided by the Department (determined by an annual survey of satisfaction)	92%	93%	98%	97%	85%	85%

3.1 Policy Advice

	2017	2018	2019	2020	2020	2021
Assessment of performance	Actual	Actual	Actual	Actual	Budget (unaudited)	Forecast (unaudited)
Technical quality of policy advice papers assessed by a survey with a methodological robustness of 90% ²⁷	74%	74%	74%	74%	At least an average of 70%	At least an average of 70%
The office of the Minister of Corrections is satisfied with the quality of policy advice provided, including quality of the written material and quality of the advice provided (measured through an annual survey) ²⁸	70%	80%	90%	88%	80%	80%

3.2 Ministerial Services

	2017	2018	2019	2020	2020	2021
Assessment of performance	Actual	Actual	Actual	Actual	Budget (unaudited)	Forecast (unaudited)
The percentage of ministerial draft correspondence that is signed without changes	99%	100%	100%	98%	Greater than 95%	Greater than 95%
The percentage of all responses to parliamentary questions that are completed within five working days	100%	100%	100%	100%	Greater than 98%	Greater than 98%
The percentage of responses to ministerial draft correspondence that are completed within 20 working days	99%	98%	100%	100%	Greater than 98%	Greater than 98%

27. This indicator provides a standardised score for the policy technical quality reviews undertaken by the third party assessor, in this case the New Zealand Institute of Economic Research.

28. This indicator is a quantitative representation of the Minister of Corrections' satisfaction with the policy advice provided by Corrections. The Ministerial Satisfaction Survey contains a common set of questions that all government agencies use to assess their ministers' satisfaction with the services provided by the policy advice function.

How much did it cost?

For the year ended 30 June 2020

	2019	2020	2020	2020	2021
	Actual	Actual	Budget	Supp. estimates	Forecast
			(unaudited)	(unaudited)	(unaudited)
	\$000	\$000	\$000	\$000	\$000
EXPENSES					
- Policy Advice	2,652	2,864	2,556	2,731	2,556
- Ministerial Services	2,190	1,935	2,305	2,336	2,305
Total expenses	4,842	4,799	4,861	5,067	4,861

Expenses within this appropriation are primarily staff related costs incurred in providing policy advice and responses to ministerial and parliamentary questions, and Official Information Act (OIA) requests.

In 2019/20, Corrections received over 12,300 pieces of correspondence from people under our management, members of the public, media, Members of Parliament and government agencies. Around half of this correspondence was processed under the *Official Information Act 1982*.

Corrections is committed to the principles of transparency and openness as a vital aspect of being accountable to the New Zealand public. Our positive record of meeting our obligations under the *Official Information Act 1982* and making official information available, unless there is a good reason to withhold it, highlights our commitment to these principles.

Appropriation 4 – Department of Corrections Capital Expenditure (PLA)

SCOPE OF APPROPRIATION

This appropriation is limited to the purchase or development of assets by and for the use of the Department of Corrections, as authorised by section 24(1) of the *Public Finance Act 1989*.

WHAT IS INTENDED TO BE ACHIEVED WITH THIS APPROPRIATION

This appropriation is intended to achieve renewal and replacement of assets in support of the provision of Corrections' outputs. Corrections has a capital programme of work that is focused on upgrading its assets, providing resilience to respond to changing demand and service needs, to a more humanising and healing environment, whilst ensuring sufficient capacity to accommodate the current and expected prison population.

Operating context

As an investment intensive agency, Corrections manages \$3.8 billion of non-current assets including 17 publicly managed prisons and one privately managed prison, around 100 Community Corrections sites and a large fleet of over 1,900 cars, utility vehicles and mobile plant.

How Corrections performed

	2017	2018	2019	2020	2020	2021
Assessment of performance	Actual	Actual	Actual	Actual	Budget (unaudited)	Forecast (unaudited)
Number of new Community Corrections sites and existing site refurbishments	New measure for 2018	5	4	Nil	6	3
Prison Capacity Programme – permanent beds added ²⁹	New measure for 2018	493	131	318	1,238	488

Explanation of budgeted performance measures not achieved

Community Corrections sites

Over the past few years, we have made significant improvements to Community Corrections sites to make them safer to staff and the communities they serve. The CCS Safety Improvement project was implemented as part of the CCS Safety Management Plan to deliver physical and electronic safety and security enhancements at a number of sites. Enhancements were made at four sites in 2019/20 and the project is ongoing. The 2019/20 enhancements are not regarded as refurbishments for the purpose of the performance measure.

This year, work began to consolidate four current Dunedin Community Corrections sites into one new Dunedin Hub. Also, at 30 June 2020, work was nearing completion on a new Community Corrections site at Otago Corrections Facility.

29. Permanent beds include emergency beds. This was a new performance measure for 2018. Corrections has added a total of 1,420 beds since 2016.

Prison Capacity Programme – permanent beds added

In 2017/18 the Prison Capacity Programme was established in direct response to increasing pressure on prison capacity. A suite of programmes was developed, ranging from re-commissioning end-of-life units to building new facilities.

In 2019/20 we completed the large-scale construction of capacity at Mt Eden Corrections Facility, adding 318 beds to the prison network.

The Modular Build Programme, which is adding over 960 beds to the prison network through eight new units at five prisons, has faced delays relating to the termination of our contract with the primary contractor, in February 2020, and the impact of COVID-19. Work is progressing under new main contractors and we remain confident the units will be completed to a high quality standard.

Work on the 600-bed facility at Waikeria Prison was paused temporarily in response to the Government's COVID-19 restrictions. The project is scheduled for completion in August 2022.

How much did it cost?

For the year ended 30 June 2020

	2019	2020	2020	2020	2021
	Actual	Actual	Budget	Supp. estimates	Forecast
			(unaudited)	(unaudited)	(unaudited)
	\$000	\$000	\$000	\$000	\$000
CAPITAL EXPENSES					
Property, plant and equipment	534,531	334,006	407,583	378,222	557,921
Intangibles	25,866	18,456	31,600	40,633	59,117
Total appropriation	560,397	352,462	439,183	418,855	617,038

Actual expenditure was \$207.9 million lower than 2019 actual, mainly due to delays in the Modular Build Programme which are reflected in increased Forecast expenditure in 2021.

Actual expenditure was \$86.7 million lower than Budget and \$66.4 million lower than Supplementary Estimates mainly due to delays in the Modular Build Programme.

Appropriation 5 – Transfer of Auckland Prison Wastewater Assets

SCOPE OF APPROPRIATION

This appropriation is limited to the transfer of Auckland Prison wastewater assets to Watercare Services Limited.

WHAT IS INTENDED TO BE ACHIEVED WITH THIS APPROPRIATION

This appropriation is intended to facilitate the transfer of wastewater assets to Watercare Services Limited.

How Corrections performed

	2019	2020
Assessment of performance	Actual	Actual
Execution of the agreement relating to the transfer of wastewater assets to Watercare Services Limited	The Heads of Agreement was signed on 10 June 2019 with an asset transfer date of 1 July 2019.	Asset ownership was transferred to Watercare Services Limited on 1 July 2019.

How much did it cost?

For the year ended 30 June 2020

	2019	2020	2020	2020	2021
	Actual	Actual	Budget	Supp. estimates	Forecast
			(unaudited)	(unaudited)	(unaudited)
	\$000	\$000	\$000	\$000	\$000
Total expenses	-	9,077	-	9,100	-

Expenditure relates to the transfer of Auckland Prison wastewater assets to Watercare Services Limited. The final agreement was signed on 10 June 2019, with an asset ownership transfer date of 1 July 2019. In March 2019, Cabinet approved an in-principle transfer of up to \$9.1 million from 2018/19 to 2019/20 for the appropriation *Transfer of Auckland Prison Wastewater Assets* to allow for any changes in the timing of the transfer. In 2019/20, the Department of Corrections transferred the asset prior to authorisation being received in November 2019.

Validation of the unappropriated expenditure by Parliament under section 26C of the *Public Finance Act 1989* will be sought.

Annual financial statements

Department of Corrections

Annual Report – Part C

Statement of Comprehensive Revenue and Expense

FOR THE YEAR ENDED 30 JUNE 2020

2019 Actual	Note	2020 Actual	2020 Budget	2020 Supp. estimates	2021 Forecast
			(unaudited)	(unaudited)	(unaudited)
\$000		\$000	\$000	\$000	\$000
REVENUE					
1,578,547	Revenue Crown	1,695,441 ³⁰	1,666,502	1,720,953	1,792,701
1,855	Departmental revenue	2,065	-	1,986	-
33,698	Other revenue	33,987	30,139	46,831	30,139
48	Dividend revenue	45	-	-	-
1,614,148	Total operating revenue	1,731,538	1,696,641	1,769,770	1,822,840
EXPENSES					
758,476	Personnel costs	813,842	798,326	803,753	842,964
448,270	Operating costs	483,824	473,729	538,696	537,604
201,034	Depreciation and amortisation	215,314	214,989	215,589	232,480
149,967	Capital charge	173,581	161,119	173,581	165,954
51,389	Finance costs	49,125	51,227	50,000	43,838
1,609,136	Total operating expenses	1,735,686	1,699,390	1,781,619	1,822,840
5,012	Net operating surplus/(deficit)³¹	(4,148)	(2,749)	(11,849)	-
REMEASUREMENTS					
(150)	Unrealised loss in fair value of biological assets	(368)	-	-	-
(1,851)	Unrealised loss in fair value of shares	(138)	-	-	-
(4,280)	Unrealised loss in fair value in discount rates for retiring and long service leave	(2,183)	-	-	-
(189,990)	Unrealised gain/(loss) in fair value of derivative financial instruments	(190,886)	348	(73,545)	5,779
(196,271)	Total remeasurements	(193,575)	348	(73,545)	5,779
(191,259)	Net deficit / surplus	(197,723)	(2,401)	(85,394)	5,779
OTHER COMPREHENSIVE REVENUE AND EXPENSE					
368,422	Revaluation gains on land and buildings	-	-	-	-
368,422	Total other comprehensive revenue and expense	-	-	-	-
177,163	Total comprehensive revenue and expense	(197,723)	(2,401)	(85,394)	5,779

The accompanying notes form part of these financial statements. For information on major variances against budget refer to Note 22.

30. Actual Revenue Crown was recognised below entitlement (Supplementary Estimates) reflecting the transfer of funding to out-years relating to pre-approved in-principle expense transfers.

31. Corrections obtained approval to run output class deficits relating to an expected shortfall in offender employment activity revenue (\$2.749 million) and transfer of Auckland Prison Watercare assets (\$9.077 million).

Statement of Changes in Taxpayers' Funds

FOR THE YEAR ENDED 30 JUNE 2020

2019 Actual	Note	2020 Actual	2020 Budget	2020 Supp. estimates	2021 Forecast
\$000		\$000	(unaudited) \$000	(unaudited) \$000	(unaudited) \$000
2,500,034	Taxpayers' funds at 1 July	2,902,528	2,684,419	2,902,524	2,764,480
(191,259)	Net deficit / surplus	(197,723)	(2,401)	(85,394)	5,779
	Adjustments for flows to and from the Crown				
295,280	Add capital injection from the Crown	33,536	27,350	33,536	15,600
(62,300)	Less capital cash returned to the Crown	(80,000)	(40,000)	(80,000)	-
368,422	Revaluation gains	-	-	-	-
(7,649)	Provision for payment of surplus to the Crown	(2,240)	-	-	-
593,753	Total adjustments for flows to and from the Crown	(48,704)	(12,650)	(46,464)	15,600
2,902,528	Taxpayers' funds at 30 June	2,656,101	2,669,368	2,770,666	2,785,859

The accompanying notes form part of these financial statements. For information on major variances against budget refer to Note 22.

Statement of Financial Position

AS AT 30 JUNE 2020

2019 Actual	Note	2020 Actual	2020 Budget (unaudited)	2020 Supp. estimates (unaudited)	2021 Forecast (unaudited)
\$000		\$000	\$000	\$000	\$000
ASSETS					
Current assets					
72,203		76,494	50,000	50,000	50,000
23,429		21,776	3,025	23,025	23,025
447,996	6	403,843	421,526	353,795	285,622
4,254		8,458	4,000	4,000	4,000
662	7	-	-	-	-
548,544		510,571	478,551	430,820	362,647
Non-current assets					
4,888		4,750	6,700	4,888	4,888
3,542,503	8	3,679,102	3,430,889	3,732,624	4,067,342
75,435	9	69,563	85,493	89,241	113,708
8,506	10	8,066	8,888	8,506	8,506
3,631,332		3,761,481	3,531,970	3,835,259	4,194,444
4,179,876		4,272,052	4,010,521	4,266,079	4,557,091
LIABILITIES					
Current liabilities					
162,424	11	125,868	135,000	135,000	135,000
125,705	12	144,794	110,000	117,869	117,869
10,292	15	12,244	8,757	8,757	11,095
8,957	13	9,917	6,000	6,000	6,000
7,649	14	2,240	-	-	-
315,027		295,063	259,757	267,626	269,964
Non-current liabilities					
20,518	12	23,504	17,256	20,518	20,518
941,803	15	1,297,384	1,064,140	1,207,269	1,480,750
962,321		1,320,888	1,081,396	1,227,787	1,501,268
1,277,348		1,615,951	1,341,153	1,495,413	1,771,232
TAXPAYERS' FUNDS					
1,702,912	16	1,456,485	1,838,174	1,571,051	1,586,244
1,199,616	16	1,199,616	831,194	1,199,615	1,199,615
2,902,528		2,656,101	2,669,368	2,770,666	2,785,859
4,179,876		4,272,052	4,010,521	4,266,079	4,557,091

The accompanying notes form part of these financial statements. For information on major variances against budget refer to Note 22.

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2020

2019 Actual	Note	2020 Actual	2020 Budget	2020 Supp. estimates	2021 Forecast
\$000		\$000	(unaudited) \$000	(unaudited) \$000	(unaudited) \$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash provided from:					
1,502,473		1,747,604	1,663,314	1,817,185	1,823,963
1,841		2,144	-	677	-
33,351		33,429	30,139	33,821	44,052
1,136		1,513	(2)	(3,285)	-
Cash disbursed to:					
(745,044)		(792,990)	(787,591)	(803,575)	(809,009)
(445,106)		(512,765)	(474,274)	(560,865)	(558,102)
(149,967)		(173,581)	(161,065)	(173,581)	(161,069)
198,684	17	305,354	270,521	310,377	339,835
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash provided from:					
33		45	-	-	-
246		3,776	-	-	-
Cash disbursed to:					
(381,543)		(176,267)	(168,036)	(175,554)	(239,627)
(24,847)		(15,386)	(26,601)	(40,633)	(47,823)
(406,111)		(187,832)	(194,637)	(216,187)	(287,450)
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash provided from:					
295,280		33,536	27,350	33,536	15,600
Cash disbursed to:					
(60,000)		(80,000)	(40,000)	(80,000)	-
(49,608)		(49,040)	(54,477)	(53,523)	(57,130)
(8,888)		(10,078)	(8,757)	(8,757)	(10,855)
(400)		(7,649)	-	(7,649)	-
176,384		(113,231)	(75,884)	(116,393)	(52,385)
(31,043)		4,291	-	(22,203)	-
103,246		72,203	50,000	72,203	50,000
72,203		76,494	50,000	50,000	50,000

The accompanying notes form part of these financial statements. For information on major variances against budget refer to Note 22.

Statement of Commitments

AS AT 30 JUNE 2020

2019		2020
Actual		Actual
\$000		\$000
CAPITAL COMMITMENTS		
747,793	Buildings	534,479
-	Computer hardware	547
1,049	Motor vehicles	2,189
315	Plant and equipment	394
4,723	Intangibles	4,949
753,880	Total capital commitments	542,558
NON-CANCELLABLE OPERATING LEASE COMMITMENTS		
13,378	Less than one year	18,942
35,088	One to five years	39,797
28,621	More than five years	30,064
77,087	Total non-cancellable operating lease commitments	88,803
830,967	Total commitments	631,361

Capital commitments

Capital commitments are the aggregate amount of capital expenditure contracted for the acquisition or construction of buildings, service concession arrangements, motor vehicles, plant and equipment, and intangible assets that have not been paid for or not recognised as a liability at balance date.

Non-cancellable operating lease commitments

Corrections leases premises at many locations throughout New Zealand. The annual lease rentals are subject to regular reviews, usually ranging from two years to three years. The amounts disclosed above as future commitments are based on current rental rates.

The accompanying notes form part of these financial statements.

Statement of Contingent Liabilities and Contingent Assets

AS AT 30 JUNE 2020

Unquantifiable contingent liabilities

Parole Act 2002

In September 2016 the Supreme Court of New Zealand ruled that the Department of Corrections (Corrections) had incorrectly calculated the period of detention for a claimant offender. Under the *Parole Act 2002* Corrections is required to calculate the period of detention, taking into consideration the period of time a prisoner spends on pre-sentence detention. Corrections has made an initial assessment of the number of persons affected by the ruling. Several matters have resulted in court determinations as to compensation in respect of the period of unlawful detention. A number of other claims have been received, many of which have been settled. Corrections has made an assessment of potential liability by applying ruling principles and recognised a provision where appropriate. Additional claims may be received in the future. However, no provision has been made as there is no reliable way to calculate potential liability.

Entitlements under the Holidays Act 2003

Corrections entered into an Enforceable Undertaking under the *Employment Relations Act 2000* to remediate the end-to-end payroll system and calculate any liabilities that are due and owing to current and past employees. In 2019, this obligation was met by paying out the amount owing to current employees. The obligation to calculate the amount owing to past employees is being finalised. Corrections has reliably estimated the amount due and owing to past employees and has recognised this amount as a provision (refer to Note 12).

Decmil NZ contractor bonds

Voluntary liquidation of Decmil Construction NZ Limited (Decmil NZ), contracted by Corrections to complete the Modular Build Programme, confirmed a default event which entitled Corrections to draw down on the contractor bonds of \$12.5 million. Decmil NZ is contesting the bond payment to Corrections. The liquidator has agreed to a temporary stay of the proceedings which will be heard in arbitration. Corrections has offset the recovered bonds against work in progress for additional costs involved in completing the programme due to the remediation of defective works, engagement of replacement contractors and extended timeframes (refer to Note 23).

The accompanying notes form part of these financial statements.

Statement of Contingent Liabilities and Contingent Assets (continued)

Quantifiable contingent liabilities

2019		2020
Actual		Actual
\$000		\$000
302	Related to offenders	478
650	Employees and contractors	460
952	Total quantifiable contingent liabilities	938

Legal proceedings

As at 30 June 2020 Corrections was defending 31 court claims and proceedings which were assessed and had a value for contingent liability [2019: 30]. Filed mostly by prisoners, the proceedings included applications for Judicial Review and claims for breach of the *New Zealand Bill of Rights Act 1990* and sought compensation or other redress for perceived/alleged instances of wrongful action or decision-making by Corrections and individuals.

Personal grievances

Corrections was defending eight employment and contractor-related claims, made mostly by staff members as at 30 June 2020 [2019: 11].

Unquantifiable Contingent assets

Decmil NZ contract termination

On 25 February 2020 Corrections terminated its contract with Decmil NZ for the delivery of 976 modular prison places (the Modular Build Programme). On 16 April 2020, Decmil NZ ceased its trading operations in New Zealand and filed for voluntary liquidation.

Corrections has applied to the Court for leave to commence arbitration against Decmil NZ for contractual damages due to termination and on 11 November 2020 received a reserve judgement granting leave to proceed with the arbitration process.

A contingent asset has not been recognised as a receivable at 30 June 2020 as this is dependent on the outcome of the arbitration process. (Refer to Note 23).

Statement of Trust Monies

FOR THE YEAR ENDED 30 JUNE 2020

	As at 1 July 2019	Contribution	Distribution	As at 30 June 2020
	\$000	\$000	\$000	\$000
Trust accounts	2,123	20,900	(21,178)	1,845
Total trust accounts	2,123	20,900	(21,178)	1,845

Trust accounts mainly represent funds held in trust on behalf of prisoners, to account for prisoner earnings, reduced by purchases while in prison and other receipts/ withdrawals of prisoner funds.

Other trust accounts represent funds held in trust on behalf of the residents subject to either a substantive detention order or an interim detention order, to account for resident earnings and/ or benefits, reduced by purchases and other receipts/ withdrawals of resident funds.

Money held in trust is not included in Corrections' reported bank balances. Trust money is held on behalf of prisoners and residents in the bank accounts maintained by each prison (one bank account per prison) and residence respectively.

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

Reporting entity

The Department of Corrections (Corrections) is a government department as defined by section 2 of the *Public Finance Act 1989* (PFA). It is domiciled and operates in New Zealand. The relevant legislation governing Corrections' operations includes the *Public Finance Act 1989*, the *Corrections Act 2004*, *Corrections Regulations 2005*, the *State Sector Act 1988*, the *Sentencing Act 2002*, the *Parole Act 2002*, the *Public Safety (Public Protection Orders) Act 2014*, the *Bail Act 2000*, and the *Returning Offenders (Management and Information) Act 2015*.

Corrections is a wholly owned entity of the New Zealand Crown whose primary objective is to administer New Zealand's corrections system in a way that is designed to improve public safety, reduce re-offending and contribute to the maintenance of a fair and just society.

In addition, Corrections has reported on Crown activities that it administers in the Non-departmental statements and schedules on pages 153-160.

Statutory authority

The financial statements for Corrections have been prepared in accordance with the requirements of the *Public Finance Act 1989* (PFA). For the purposes of financial reporting, Corrections is classified as a Public Benefit Entity (PBE).

Reporting period

The reporting period for these financial statements is the year ended 30 June 2020 with comparative figures for the year ended 30 June 2019.

The financial statements were authorised for issue by the Chief Executive of the Department of Corrections on 30 November 2020.

Basis of preparation

The financial statements have been prepared on a going concern basis and the accounting policies have been consistently applied throughout the year.

Statement of compliance

These financial statements, including comparatives, have been prepared in accordance with Public Sector Public Benefit Entity (PBE) Accounting Standards (PBE accounting standards) – Tier 1. These standards are based on International Public Sector Accounting Standards (IPSAS).

Measurement base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of certain non-current assets, actuarial valuations of certain liabilities, and the fair value measurement of certain financial instruments.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars, rounded to the nearest thousand dollars (\$000).

The functional currency is New Zealand dollars.

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (continued)***Basis of preparation (continued)*****Standards and amendments issued that are not yet effective and have not been early adopted**

Standards and amendments issued that are not yet effective, and have not been early adopted, and which are relevant to Corrections are:

Amendment to PBE IPSAS 2 Statement of Cash Flows

An amendment to *PBE IPSAS 2 Statement of Cash Flows* requires entities to provide disclosures that enable users of the financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for annual periods beginning on or after 1 January 2021, with early application permitted. Corrections does not intend to early adopt the amendment.

PBE IPSAS 41 Financial Instruments

The XRB issued *PBE IPSAS 41 Financial Instruments* in March 2019. This standard supersedes *PBE IFRS 9 Financial Instruments*, which was issued as an interim standard. It is effective for reporting periods beginning on or after 1 January 2022. Although Corrections has not assessed the effect of the new standard, it does not expect any significant changes as the requirements are similar to *PBE IFRS 9*.

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of *PBE IPSAS 1* and is effective for reporting periods beginning on or after 1 January 2022. Corrections has not yet determined how application of *PBE FRS 48* will affect its statement of performance.

Critical judgments and estimates

The preparation of financial statements in conformity with PBE accounting standards requires judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Retiring and long service leave

An independent actuarial valuation is undertaken annually to estimate the present value of long service and retiring leave liabilities. The calculations are based on:

- > likely future entitlements accruing to staff, years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlements information; and
- > the present value of the estimated future cash flows.

Note 12 provides an analysis of the exposure and assumptions in relation to estimates and uncertainties surrounding these liabilities.

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (continued)

Critical judgments and estimates (continued)

Revaluation of land and buildings

Critical judgments in determining the remaining useful lives of land and buildings have been made by Corrections. Assessing the appropriateness of useful lives and residual values of land and buildings requires consideration of a number of factors such as the physical condition, expected period of use by Corrections, and expected proceeds from any disposal.

Any property revaluations are certified by an appropriately qualified valuer.

COVID-19

Corrections has considered the potential impact of COVID-19 on its financial statements and operations. The operations of Corrections were considered essential services and, as such continued to operate through all alert levels. This has limited the impact of COVID-19 on Corrections' financial statements, operations and the Government's response to Corrections.

An assessment of the impact of COVID-19 on Corrections key estimates and judgements is set out below, based on information available at the time of preparing these financial statements:

Balance Sheet Item	COVID-19 Assessment	Note
Cash and Cash Equivalent	No impact to carrying value. All cash is held with Westpac Bank with Standard & Poor's credit rating of AA-.	
Debtors and other receivables	Debtors and other receivables are mainly comprised of Debtor Crown and the New Zealand Debt Management Office (NZDMO) (Standard and Poor's credit rating of AA+), receivables from external parties and other government entities. Corrections does not have significant concentration of credit risk for its receivables from external parties and other government entities.	6
Property, Plant and Equipment	Land and Buildings Corrections' land and buildings are held at fair value. A full revaluation of freehold land and buildings was undertaken at 30 June 2019. Corrections has no evidence that there has been a decline in the value of these assets post COVID-19 as they remain critical infrastructure to provide essential services. Waikeria Public Private Partnership (PPP) COVID-19 had an impact on the programme and cost implications for the construction of the Waikeria Corrections Treatment Facility. Subsequently in August 2020, Corrections entered into a variation agreement with its PPP counterparties to mitigate the effects of COVID-19.	8 8 24
Creditors and other payables	Corrections has accrued for costs related to the expected impact of COVID-19.	11
Employee entitlements	Retiring and long service leave liability is reported as the present value of estimated future cash outflows. An independent actuarial valuation was undertaken to determine the value as at 30 June 2020. Pay restraint in the public sector as a result of COVID-19 was factored into the valuation.	12
Derivative financial instruments	Derivative financial instruments are in the form of interest rate swaps entered into with NZDMO and are measured at fair value on 30 June 2020 using the NZ Dollar swap curve. As a result of a lower interest rate environment, the present value of the liability has increased.	15

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (continued)***Critical judgments and estimates (continued)*****Commercial and social services providers**

As part of the Corrections' procurement response during COVID-19 pandemic, Corrections has performed risk assessment of its major commercial and social service providers to ensure the ongoing delivery of the essential services. There has been no material impact on its contracted commercial and social services arrangements with providers.

Budget and forecast figures

The budget figures are for the year ended 30 June 2020 and were published in the 2018/19 Annual Report. They were included in the Estimates of Appropriations for the Government of New Zealand for the year ended 30 June 2020, which are consistent with the financial information in the Main Estimates. In addition, the financial statements also present the updated budget information from the 2019/20 Supplementary Estimates.

The forecast figures are for the year ending 30 June 2021 and are consistent with the best estimate financial forecast information submitted to the Treasury for the Budget Economic and Fiscal Update (BEFU) 2020 plus the approved funding as part of the COVID-19 Response. Actual results achieved for the forecast period are likely to vary from the information presented, and some variations may be material.

The forecast financial statements have been prepared as required by the *Public Finance Act 1989* to communicate forecast financial information for accountability purposes. The information in these financial statements may not be appropriate for purposes other than described.

The forecast figures have been prepared in accordance with *PBE FRS 42 Prospective Financial Statements*.

The budget and forecast figures are unaudited and have been prepared using the accounting policies adopted in preparing these financial statements.

The forecast financial statements were authorised by the Chief Executive of the Department of Corrections by 30 March 2020. The Chief Executive is responsible for the forecast financial statements, including the appropriateness of the assumptions underlying them and all other required disclosures.

Corrections does not intend to update the forecast financial statements subsequent to the publication of these statements.

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (continued)

Budget and forecast figures (continued)

Significant assumptions used in preparing the forecast financials

The forecast figures contained in these financial statements reflect Corrections' purpose and activities and are based on a number of assumptions regarding what may occur during the 2020/21 year. The forecast figures have been compiled on the basis of existing government policies and ministerial expectations at the time the budget was finalised.

The main assumptions adopted as at 30 March 2020 were as follows:

- > Corrections' activities and output expectations will remain substantially the same as the previous year, focusing on the Government's priorities
- > personnel costs reflect planned capacity movements and Collective Employment Agreement price changes for the coming year
- > remuneration is based on current wages and salary costs, adjusted for anticipated remuneration changes
- > operating costs are based on historical experience and other factors that are believed to be reasonable in the circumstances and are Corrections' best estimate of future costs that will be incurred
- > no impact of the revaluation of land and buildings has been forecast
- > capital commitments are expected to be realised as planned
- > service concession assets for Auckland South Corrections Facility and Auckland Prison are operating in accordance with unitary charge profiles and priced into the forecast. The Waikeria Prison service concession asset is still under construction and will be operational in 2022/23
- > prison population/ demand levels reflect expected population levels

Significant accounting policies

Revenue

REVENUE – EXCHANGE TRANSACTIONS

Revenue - Department and third party

Revenue earned in exchange for the provision of outputs (products or services) to third parties is recorded as operating revenue.

Revenue from the supply of services is measured at the fair value of consideration received, recognised on a straight-line basis over the specified period for the services unless an alternative method better represents the stage of completion of the transaction.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer (usually on delivery of the goods), when the amount of revenue can be measured reliably, and it is probable that the economic benefit or service potential associated with the transaction will flow to the entity.

Interest revenue

Interest revenue is recognised by accruing on a time proportion basis the interest due for the investment.

Dividend revenue

Dividend revenue relates to investments arising from Corrections' business dealings with companies in the farming industry. Dividend revenue is recognised when the right to receive payment has been established.

Rental revenue

Rental revenue arising from residential property leases is accounted for on a straight-line basis over the lease term and included in revenue.

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (continued)***Revenue (continued)*****REVENUE – NON-EXCHANGE TRANSACTIONS****Revenue Crown**

Revenue from the Crown is measured based on Corrections' funding entitlement for the reporting period.

The funding entitlement is established by Parliament when it passes the Appropriation Acts for the financial year. The amount of revenue recognised takes into account any amendments to appropriations approved in the *Appropriation (Supplementary Estimates) Act* for the year and certain other unconditional funding adjustments formally approved prior to balance date.

There are no conditions attached to the funding from the Crown. However, Corrections can incur expenses only within the scope and limits of its appropriations.

The fair value of Revenue Crown has been determined to be equivalent to the funding entitlement.

Donated or subsidised assets

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue when control of the asset is transferred to Corrections.

Insurance proceeds

Insurance proceeds are recognised when a settlement agreement has been reached which establishes the right to receive payment.

Capital charge

The capital charge is recognised as an expense in the period to which the charge relates.

Finance costs

Finance costs are incurred in relation to the repayment of service concession arrangement asset design and construction costs over the contract term. Finance costs are recognised as an expense in the period in which they are incurred, except to the extent that they are capitalised under the allowed alternative treatment method.

Finance costs that are directly attributable to the construction of a service concession arrangement asset are capitalised as part of the cost of the asset during the construction period.

Derivative financial instruments

Corrections enters into interest rate swap derivative financial instruments with the New Zealand Debt Management Office (NZDMO). These instruments are used to manage Corrections' exposure to fluctuating market interest rates that arise from its Public Private Partnership arrangements.

Derivatives are initially recognised at their fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance date. The resulting gain or loss is recognised within remeasurements in surplus or deficit. The fair value of derivatives is determined using the New Zealand Dollar swap curve that is based on the New Zealand Official Cash Rate, bank bill rates and swap rates.

An interest rate swap derivative is classified as current if the contract is due to mature within 12 months of balance date. Otherwise, the full fair value is classified as non-current.

Cash and cash equivalents

Cash includes cash on hand, cash held in bank accounts and deposits with a maturity of no more than three months. Corrections is required by the Treasury to maintain a positive balance in its bank accounts at all times.

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (continued)***Debtors and other receivables***

Debtors and other receivables comprise the Debtor Crown together with non-Crown trade debtors and other receivables balances where Corrections has an entitlement to receive payment within 12 months following balance date.

Other than Debtor Crown, which is a statutory receivable, the non-Crown debtors and other receivables are financial assets governed by various contractual arrangements and include amounts due to Corrections from other entities within the Crown Reporting Group.

The Debtor Crown represents the balance of Crown appropriation available to Corrections and is recognised as at the nominal amount receivable.

Non-Crown Debtors and other receivables are recognised at the nominal amount due, less an allowance for credit losses. Corrections applies the simplified expected credit loss model of recognising lifetime expected credit losses for debtors and other receivables.

Inventories

Inventories held for resale are measured at the lower of cost (calculated using the weighted average method) and net realisable value. Inventories consumed in providing a service are measured at cost or replacement cost.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition. The amount of any write-down for the loss of service potential, or from cost to net realisable value, is charged to surplus or deficit in the period of the write-down.

Corrections' inventory consists of supplies that are available for prisoner purchases, operational supplies and inventory held for use in prisoner employment. No inventories are pledged as security for liabilities.

All inventories are expected to be realised within 12 months and are therefore classified as current.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets held for sale (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Property, plant and equipment

Items of property, plant and equipment are recognised at cost or valuation, less accumulated depreciation and impairment losses.

Land and buildings

Land and buildings are stated at fair value as determined by an independent registered valuer. Fair value is determined using market-based evidence, except for prison buildings, which are valued at optimised depreciated replacement cost. Land and buildings are revalued at least every three years or whenever the carrying amount differs materially to fair value. Additions between revaluations are initially recorded at cost.

Unrealised gains and losses arising from changes in the value of property, plant and equipment are recognised as at balance date. To the extent that a gain reverses a loss previously charged to surplus or deficit for the asset class, the gain is credited to surplus or deficit. Otherwise, gains are credited to an asset revaluation reserve for that class of asset. To the extent that there is a balance in the asset revaluation reserve for the asset class, any loss is debited to the reserve. Otherwise, losses are reported in the Statement of Comprehensive Revenue and Expense.

Accumulated depreciation at the revaluation date is eliminated against the gross carrying amount so that the carrying amount after revaluation equals the revalued amount.

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (continued)***Property, plant and equipment (continued)*****Other property, plant and equipment**

Other property, plant and equipment assets are recognised at cost less accumulated depreciation and accumulated impairment losses.

Disposals

Realised gains and losses arising from disposal of property, plant and equipment are recognised in the Statement of Comprehensive Revenue and Expense in the period in which the transaction occurs. When revalued assets are sold or derecognised, the amounts included in asset revaluation reserves in respect of those assets are transferred to general funds.

Service concession arrangements

Service concession arrangements are recognised as assets under construction within property, plant and equipment until the in-service date. Such service concession arrangement assets are capitalised under each asset class to which the nature of the asset relates to in accordance with Corrections' policies, which comply with *PBE IPSAS 17 Property, Plant and Equipment*.

Service concession assets are recognised initially at cost being the fair value of the amount owed to the concession operator for the construction of the asset at the time the asset becomes operational.

Subsequently, service concession assets are measured in accordance with Corrections' policy relevant to each class of asset.

Payments made to the contractor for the provision of services are recognised as an expense as incurred. Payments relating to the capital component reduce the financial liability when they are made. Finance costs are incurred in relation to the repayment of the service concession liability over the contract term and are recognised as an expense in the period in which they are incurred.

Depreciation

Depreciation is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment, less any residual value, over its estimated useful life. Motor vehicles that have been classified as non-heavy duty have a residual value of 20%.

Typically, the depreciation rates for classes of property, plant and equipment are as follows:

Class of asset	Useful life	Residual value
Land	Not depreciated	Not applicable
Buildings	3 - 95 years	Nil
Plant and equipment	3 - 10 years	Nil
Furniture and fittings	3 - 5 years	Nil
Computer hardware	3 - 10 years	Nil
Motor vehicles	5 - 8 years	20%

The useful life of buildings is reassessed following any revaluation.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful life of the leasehold improvement, whichever is the shorter.

Intangible assets**Software acquisition and development**

Acquired computer software licenses are capitalised, where appropriate, on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software and training staff are recognised as an expense when incurred.

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (continued)

Intangible assets (continued)

Direct costs that are associated with the development of software for internal use by Corrections are recognised as an intangible asset. Direct costs include the software development, employee costs and an appropriate portion of the relevant indirect costs.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the Statement of Comprehensive Revenue and Expense.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Class of asset	Useful life	Residual value
Acquired/ internally generated software	3 - 10 years	Nil

Biological assets

Corrections' biological assets consist of sheep, beef and dairy cattle, and pigs farmed at various locations throughout New Zealand.

Biological assets are recorded at fair value less costs associated with the sale or disposal of those assets. Gains or losses due to changes in the per head value of livestock and changes in livestock numbers, are recognised in the Statement of Comprehensive Revenue and Expense.

Investments

Investments comprise listed and unlisted equity investments that arise from Corrections' business arrangements with entities in the farming sector, principally shares in Fonterra Co-Operative Group Limited.

Investments are initially and subsequently measured at their fair value with gains and losses from changes in fair value recognised in surplus or deficit.

When sold, any gain or loss on sale is recognised in remeasurements in surplus or deficit.

Impairment of non-financial assets

Cash-generating assets

Corrections does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return. Corrections holds some commercial assets with the primary objective of providing employment-training opportunities to prisoners as part of rehabilitation and reintegration programmes.

Non-cash-generating assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. An intangible asset that is not yet available for use at balance date is tested for impairment annually.

Assets held at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or its value in use.

Value in use is the depreciated replacement cost for an asset where the future economic benefits or service potential of the asset is not primarily dependent on the asset's ability to generate net cash inflows and where Corrections would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (continued)***Employee entitlements***

Employee entitlements to salaries and wages, annual leave, long service leave and other similar benefits are recognised in the Statement of Comprehensive Revenue and Expense when they accrue to employees.

Employee entitlements that Corrections expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

The liability for long-term employee entitlements is reported as the present value of estimated future cash outflows.

Termination benefits

Termination benefits are recognised in the Statement of Comprehensive Revenue and Expense only when there is a demonstrable commitment to either terminate employment prior to normal retirement date or to provide such benefits as a result of an offer to encourage voluntary redundancy. Termination benefits expected to be settled within 12 months are reported at the amount expected to be paid. Termination benefits not expected to be settled within 12 months are reported as the present value of the estimated future cash outflows.

Defined contribution schemes

Obligations for contributions to KiwiSaver, the Government Superannuation Fund, and other defined contribution superannuation schemes are recognised as an expense in the Statement of Comprehensive Revenue and Expense as they are incurred.

Parental leave

Corrections provides an ex-gratia payment to employees (approximating six weeks' pay) who return to Corrections for a period of time (as specified in contracts, typically three to six months) after being on parental leave. Corrections anticipates that this provision will be realised within 12 months.

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate at the date of the transaction. Foreign exchange gains or losses resulting from the settlement of these transactions are recognised in the Statement of Comprehensive Revenue and Expense.

Monetary assets and liabilities denominated in foreign currencies at balance date are translated to New Zealand dollars at the foreign exchange spot rate at balance date. Foreign exchange gains or losses arising from translation of monetary assets and liabilities are recognised in the Statement of Comprehensive Revenue and Expense.

Financial instruments

Corrections is a party to various types of financial instrument as part of its usual operations. These financial instruments comprise cash and cash equivalents, debtors and other receivables, investments, creditors and other payables, and other financial liabilities.

Financial instruments are held in order to collect contractual cash flows and not for trading purposes.

Initial measurement

All financial instruments are initially recognised at their fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case any associated transaction costs are recognised in surplus or deficit.

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (continued)***Financial instruments (continued)*****Subsequent measurement**

After initial recognition, financial assets that give rise to receipts of principal and interest only are measured at amortised cost less an allowance for expected credit losses where there is a risk that these may arise. Corrections' financial assets that are subsequently measured at amortised cost comprise cash and cash equivalents, debtors and other receivables.

Investments are subsequently measured at fair value through surplus or deficit.

Creditors and other payables and service concession arrangement liabilities maturing within 12 months following the balance date are measured at amortised cost.

Service concession arrangement liabilities maturing later than 12 months after balance date are subsequently measured at amortised cost using the effective interest rate method.

Financial instrument derivatives are measured at fair value through surplus or deficit.

Financial assets impairment

Corrections recognises a loss allowance for expected credit losses when it considers that the credit risk on a financial asset has increased significantly since initial recognition.

Changes in the amount of the loss allowance are recognised as an impairment gain or loss in surplus or deficit.

Provisions

Corrections recognises a provision for future expenditure of uncertain amount or timing when:

- > there is a present obligation (either legal or constructive) as a result of a past event
- > it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and
- > a reliable estimate can be made of the amount of the obligation

Provisions are not recognised for net deficits from future operating activities. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Any increases in the provision due to the passage of time would be recognised as a finance cost.

Accident Compensation Corporation (ACC) Accredited Employer Programme

Corrections belongs to the ACC Accredited Employer Programme whereby Corrections accepts the management and financial responsibility of work-related illnesses and accidents of employees.

Under the programme, Corrections is liable for the costs of all claims for a period of five years. At the end of the five-year period, Corrections pays a premium to ACC for the value of residual claims, and the liability for ongoing claims passes to ACC from that point.

The liability for the programme is measured at the present value of expected future payments to be made in respect of the employee injuries and claims up to the reporting date using actuarial techniques. Consideration is given to expected future wage and salary levels and experience of employee claims and injuries. Expected future payments are discounted using market yields at the reporting date on government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Onerous contracts

When the expected benefits or service potential to be derived from a contract are lower than the unavoidable costs of meeting the obligations under the contract, a provision is recognised. The provision is measured at the present value of the future net cash outflows expected to be incurred in respect of the contract.

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (continued)***Taxation*****Income tax**

Government departments are exempt from income tax as public authorities. Accordingly, no provision has been made for income tax.

Goods and services tax (GST)

All statements are GST exclusive, except for creditors and other payables and debtors and other receivables within the Statement of Financial Position. These amounts are shown as GST inclusive.

The net amount of GST payable to, or recoverable from, Inland Revenue at balance date is included in creditors or debtors as appropriate. The net amount of GST paid to or received from Inland Revenue including GST relating to investing and financing activities is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

Operating leases

Leases, where the lessor substantially retains the risks and rewards of ownership, are recognised in a systematic manner over the term of the lease.

Leasehold improvements are capitalised and the cost is depreciated over the unexpired period of the lease or the estimated remaining useful life of the leasehold improvements, whichever is shorter.

Commitments

Future expenses and liabilities to be incurred on capital contracts and non-cancellable operating leases that have been entered into at balance date are disclosed as commitments to the extent they represent unperformed obligations.

Contingent liabilities

Contingent liabilities are disclosed in the Statement of Contingent Liabilities at the point at which the contingency is evident. Contingent liabilities are not disclosed if the possibility of an outflow of resources embodying economic resources is remote.

Contingent assets

Contingent assets are disclosed in the Statement of Contingent Assets at the point at which an inflow of economic benefits or service potential is probable.

Cost allocation accounting policies

Corrections has determined the costs of outputs using the cost allocation system outlined below.

Costs that are driven by prisoner or offender related activities are recognised as direct costs and assigned to outputs. Direct costs are charged to outputs based on actual consumption or activity analysis. Pre-established ratios have been used in some instances, which are reviewed at regular intervals.

Indirect costs are driven by organisational support functions and are not directly related to prisoner or offender activities. Indirect costs are allocated to outputs based on appropriate resource consumption and/ or activity analysis.

There have been no changes to cost allocation methodology during the period.

NOTE 2: OTHER REVENUE

2019 Actual \$000		2020 Actual \$000
29,077	Sale of goods	30,117
3,418	Board and rents	3,206
465	Profit on sale of assets	634
738	Revenue other	30
33,698	Total other revenue	33,987

Sale of goods mainly comprises revenue from offender employment activities such as farming, distribution and other industries.

NOTE 3: PERSONNEL COSTS

2019 Actual \$000		2020 Actual \$000	2020 Budget (unaudited) \$000	2021 Forecast (unaudited) \$000
737,548	Salaries and wages	789,094	773,735	817,538
2,337	ACC Accredited Employer Programme	1,466	2,189	2,182
296	Government Superannuation Fund contribution expense	249	177	131
19,490	State Sector Retirement Savings Scheme and KiwiSaver employer contribution	21,440	21,505	22,329
(1,195)	Retiring and long service leave	1,593	720	784
758,476	Total personnel costs	813,842	798,326	842,964

NOTE 4: OPERATING COSTS

2019 Actual \$000		2020 Actual \$000	2020 Budget (unaudited) \$000	2021 Forecast (unaudited) \$000
19,071	Operating lease rentals	19,937	27,285	21,622
427	Audit fees for annual audit	460	480	481
11	Fees to auditors for other services ³²	29	-	-
83,799	Facilities maintenance	90,426	83,589	95,456
60,636	Offender management costs	77,223	81,138	95,809
45,642	Information technology costs	42,031	45,124	48,240
108,608	Contract management	113,714	126,512	132,094
24,925	Administration	35,697	29,508	29,521
11,714	Inventory expenses	12,057	7,355	6,822
92,169	Other operating costs	85,673	72,722	107,559
1,268	Loss on sale of assets	6,577	16	-
448,270	Total operating costs	483,824	473,729	537,604

32. Total fees to auditors for other services in 2020 for probity assurance services totals \$29,000 of which \$3,000 has been capitalised.

NOTE 5: CAPITAL CHARGE

Corrections pays a capital charge to the Crown on its taxpayers' funds as at 30 June and 31 December each year. The capital charge rate for the year ended 30 June 2020 was 6% per annum (2019: 6% per annum).

NOTE 6: DEBTORS AND OTHER RECEIVABLES

2019 Actual \$000		2020 Actual \$000
CURRENT PORTION		
Exchange transactions		
3,523	Trade debtors – external	19,282
547	Sundry receivables	694
(47)	Less provision for impairment	(27)
4,023	Trade debtors - external and employees	19,949
511	Trade debtors - other government entities	420
511	Trade debtors - other government entities	420
Non-exchange transactions		
443,462	Debtor Crown	383,474
443,462	Debtor Crown	383,474
447,996	Total debtors and other receivables	403,843

The carrying value of trade debtors approximates their fair value.

The Debtor Crown of \$383.5 million (2019: \$443.5 million) consists of operating funding (GST inclusive) not drawn down as a result of the timing of cash requirements.

Trade debtors external of \$19.3 million includes \$16.0 million (2019: NIL) from Decmil NZ. Corrections has assessed the receivable as recoverable from Decmil NZ and its parent company guarantees (refer to Note 23).

There is minimal credit risk with respect to other external receivables. Corrections' standard terms of credit are that payment is due on the 20th of the month following the date of invoice.

Corrections classifies Debtor Crown as current because it can be realised in cash within three working days.

As at 30 June 2020 and 30 June 2019, all overdue receivables were assessed for impairment and appropriate expected credit loss provisions applied.

The expected credit loss rates for receivables at 30 June 2020 and 1 July 2019 are based on historical credit losses experienced across the two years prior to the measurement date and adjusted for any known economic factors that may affect their recoverability.

NOTE 6: DEBTORS AND OTHER RECEIVABLES (continued)

The allowance for credit losses at 30 June 2020 and 1 July 2019 was determined as follows:

30 June 2020		Debtors and other receivables days past due				
	Current	1-30 days	31-60 days	61-90 days	More than 90 days	Total
Expected credit loss rate	0.0%	0.0%	0.0%	0.0%	3.5%	-
Gross carrying amount (\$000)	402,706	210	149	32	772	403,870
Lifetime expected credit loss (\$000)	-	-	-	-	27	27

1 July 2019		Debtors and other receivables days past due				
	Current	1-30 days	31-60 days	61-90 days	More than 90 days	Total
Expected credit loss rate	0.0%	0.0%	0.0%	0.0%	7.7%	-
Gross carrying amount (\$000)	446,993	342	79	17	612	448,043
Lifetime expected credit loss (\$000)	-	-	-	-	47	47

Movements in the provision for impairment of debtors and other receivables are as follows:

2019		2020
Actual		Actual
\$000		\$000
2	Balance at 1 July	47
45	Provisions made/ (released) during the year	(20)
47	Balance at 30 June	27

NOTE 7: NON-CURRENT ASSETS HELD FOR SALE

Actual		Actual
2019		2020
\$000		\$000
Non-current assets held for sale comprise:		
662	Wastewater assets	-
662	Total non-current assets held for sale	-

In 2019, certain land and wastewater assets adjoining Auckland Prison were approved for sale in order to reduce future maintenance costs and strengthen the focus on core assets. Settlement for these assets was completed in July 2019.

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

An independent valuer, Beca Limited (Beca), performed the most recent valuation of freehold land and buildings effective as at 30 June 2019. The opinion of value was arrived at by Ian Clarkson, Registered Valuer (FAPI CPV, MRICS, MPINZ). The total fair value of freehold land and buildings assessed by Beca at 30 June 2019 was \$2,843.5 million. In line with Corrections' accounting policy, the next valuation will be effective as at 30 June 2022 unless the current carrying value of Corrections' land and/or buildings assets is considered to differ materially from their fair value, in which case a revaluation will be undertaken at that time. Until the earlier of these revaluation events, the valuation undertaken in 2019 is considered to be fair and reasonable.

The valuation undertaken by Beca was completed in accordance with *PBE IPSAS 17 Property, Plant and Equipment* with reference to the International Valuation Standards *IVS 103 Reporting and PINZ Guidance Note and NZVTIP2 Valuations of Real Property, Plant & Equipment* for use in New Zealand Financial Reports.

In completing the valuation, assets which have a known and visible market have been valued using the following appropriate methods:

- > Community Corrections site land and buildings have been valued in accordance with Income and Market valuation approaches. Significant assumptions in the 30 June 2019 valuation include market rent and capitalization rates.
- > Community Corrections site buildings without a land component have been valued using a Cost approach. Seismic strength of the buildings has been an important consideration in assessing the value of these properties.
- > Prison complex assets that are considered to be specialised assets are valued at fair value using depreciated replacement cost approach with the land component valued using a Market approach.
- > Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Restrictions on title have been reflected in the valuation through making allowances based on comparable sales.
- > Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions used in the 30 June 2019 valuation include:
 - The replacement cost of the specific assets are adjusted where appropriate for optimisation due to over-design or surplus capacity. There has been no optimization adjustments for the most recent valuations.
 - The replacement cost is derived from recent construction costs of equivalent assets and Property Institute of New Zealand cost information.
 - The remaining useful life of assets is estimated after considering factors such as the condition of the asset, future maintenance and replacement plans, and experience with similar buildings.
 - Straight-line depreciation has been applied in determining the depreciated replacement costs value of the asset.

Corrections currently holds residential properties that were purchased in the 1960s within its property portfolio. These properties are held to provide accommodation to staff working in prisons in rural areas or for future operational purposes. The rental revenue that is received from these properties is incidental, as opposed to being held for investment purposes. The net carrying amount of these properties is \$1.4 million (2019: \$2.2 million).

Corrections constructs prison buildings, including associated items of property, plant and equipment, which are classified as assets under construction during the construction period and are capitalised to the appropriate property, plant and equipment class at the in-service date. Assets under construction include buildings \$695.2 million (2019: \$585.3 million), leasehold improvements \$9.5 million (2019: \$8.8 million), and other assets \$23.8 million (2019: \$14.5 million).

Corrections classifies property, plant and equipment assets expected to be sold in the next 12 months as assets held for sale. There were no assets held for sale as at 30 June 2020 (2019: four) (Refer to Note 7).

NOTE 8: PROPERTY, PLANT AND EQUIPMENT (continued)***Heritage assets***

Corrections holds the old prison at Mt Eden Corrections Facility as a heritage asset. This is currently disused, and no value has been attributed to it in the Beca valuation.

There are other heritage classified buildings within Corrections' property portfolio. Where the buildings are in use, they have been valued by Beca on a depreciated cost basis.

Restrictions on title

Corrections has land holdings that are subject to Treaty of Waitangi claims and therefore there may be restrictions on disposal. No adjustment has been made to the value of Corrections' land holdings to reflect these restrictions.

There are no other restrictions over the title of Corrections' property, plant and equipment, nor are there any property, plant and equipment assets pledged as security for liabilities.

COVID-19 Impact Assessment

Corrections has considered the impact of COVID-19 on the carrying value of land and buildings and has engaged Beca to complete a market movement review from 30 June 2019 to 30 June 2020. Based on this review there has been no material change in the fair value of Corrections land and buildings.

In conducting the review, Beca relied on publicly available market information and:

- > Reviewed market movements by geographical locations and assessed a percentage change for the specific property types in those locations that correspond with Corrections assets.
- > Reviewed construction costs by geographical locations and assessed a percentage change for those locations that correspond with Corrections assets.

While this review is current at the date of review, Beca considers that there is a significant market uncertainty due to the restrictions imposed by the New Zealand government in response to the COVID-19 pandemic which could result in the valuation indexes changing significantly and unexpectedly over a relatively short period of time.

NOTE 8: PROPERTY, PLANT AND EQUIPMENT (continued)***Public Private Partnership (PPP) arrangements******Auckland South Corrections Facility***

Operations at the 960 bed Auckland South Corrections Facility (ASCF) commenced in May 2015. The facility was designed, financed and built through a PPP with SecureFuture Wiri Limited (SFWL) as contractor. Under the agreement, Corrections provided existing department owned land, adjacent to Auckland Region Women's Corrections Facility, to SFWL on which to build the prison. SFWL will continue to operate and maintain the prison for a period of 25 years, after which responsibility for on-going maintenance and operations will revert to Corrections. The Chief Executive of the Department of Corrections will be responsible for the safe, secure and humane containment of prisoners on that site.

The carrying values of PPP assets relating to ASCF comprise land \$12.7 million [2019: \$12.7 million], buildings \$313 million [2019: \$326.1 million], plant and equipment \$2.6 million [2019: \$3.6 million] and other equipment \$0.1 million [2019: \$2.2 million].

Under this agreement Corrections pays a monthly unitary charge to SFWL from service commencement. This charge covers, and is allocated between:

- > Construction of the facility – these costs are not repriced and are recognised as a reduction against the service concession arrangement liability. Repayment of the service concession arrangement liability will be over a term of 25 years from service commencement at an effective interest rate of 8.79% per annum. Certain major capital expenditure incurred (such as re-roofing, replacement of heating units) during the term of the agreement is paid for by Corrections at the time it is provided by SFWL, and the unitary charge is adjusted at this time for these amounts.
- > Finance costs – finance costs are repriced every five years and the amount Corrections pays to SFWL is adjusted. Finance charges are recognised as an expense using the effective interest rate method.
- > Service costs – these costs cover operation of the facility as well as routine repairs and maintenance required to keep the facility operational and in good condition. A portion of these costs is indexed to the Consumer Price Index and the Labour Cost Index. Any change in these service costs will result in a change to the amount Corrections pays to SFWL. Service costs are recognised as an expense in the period incurred.
- > Lifecycle costs – these costs are additional to routine repairs and maintenance carried out during the contract lifetime, which is agreed upfront.

The agreement provides for cancellation under certain circumstances, including for specified non-performance. There is no right of renewal at the end of the contracted 25-year term.

Due to favourable current market conditions, SFWL and Corrections had refinanced the debt component to ensure improved debt terms and reduced base rates. This is two years ahead of the scheduled refinancing and incurred no additional cost to Corrections. The service concession liability became a floating rate liability on 12 August 2019. Corrections has contracted an interest rate swap with NZDMO to mitigate exposure to interest rate risk (refer Notes 15 and 20).

NOTE 8: PROPERTY, PLANT AND EQUIPMENT (continued)***Public Private Partnership (PPP) arrangements (continued)******Auckland Prison***

Construction of the new maximum-security facility at Auckland Prison was completed in July 2018. While the total maximum prisoner capacity has remained unchanged, the new modern facility will continue to ensure the safe containment of prisoners and allow prisoners who have high and complex needs to receive care in an environment that supports them and the delivery of high quality rehabilitative and reintegrative services.

The facility was designed, financed, built, and will be maintained through a PPP with Next Step Partners LP (NSP) as contractor. Under the agreement, Corrections continues to undertake custodial operations and NSP will maintain the prison, including the integrated Auckland West facility, for a period of 25 years following construction completion. After this, responsibility for ongoing maintenance will revert to Corrections.

The land under the new maximum-security facility was provided by Corrections. The carrying values of PPP assets relating to Auckland Prison comprise land \$3.2 million [2019: \$3.2 million], buildings \$327.3 million [2019: \$344.3 million], plant and equipment \$5.5 million [2019: \$7.2 million], and other equipment \$1.9 million [2019: \$4.1 million].

Under the agreement Corrections pays a monthly unitary charge to NSP from service commencement. This charge covers, and is allocated between:

- > Construction of the facility – these costs are not repriced and are recognised as a reduction against the service concession liability. Repayment of the service concession liability will be over a term of 25 years from service commencement at an effective interest rate of 5.90% per annum.
- > Finance costs – finance costs are repriced every five years and the amount Corrections pays to NSP is adjusted. Finance charges are recognised as an expense using the effective interest rate method. Corrections has contracted an interest rate swap with NZDMO to mitigate exposure to interest rate risk (refer Notes 15 and 20).
- > Service costs – these costs cover maintenance of the facility required to keep the facility operational and in good condition. A portion of these costs is indexed to the Consumer Price Index and the Labour Cost Index. Any change in these service costs will result in a change to the amount Corrections pays to NSP. Service costs are recognised as an expense in the period incurred.
- > Lifecycle costs – these costs are additional to routine repairs and maintenance carried out during the contract lifetime, which is agreed upfront.

The agreement provides for cancellation under certain circumstances, including for specified non-performance. There is no right of renewal at the end of the contracted 25 year term.

NOTE 8: PROPERTY, PLANT AND EQUIPMENT (continued)***Public Private Partnership (PPP) arrangements (continued)******New Facility at Waikeria Prison***

Construction of the new facility at Waikeria Prison commenced in September 2018. Built on Corrections land adjacent to the existing Waikeria Prison, the new facility will develop an additional 600 beds, including 100 beds in a dedicated mental health treatment unit aimed at delivering a more effective and resilient prison network, and increased capability and capacity for mental health treatment.

The facility was designed, financed, built, and will be maintained through a PPP with Cornerstone Infrastructure Partners LP (CIP) as contractor. Under the agreement, custodial operations will continue to be carried out by Corrections and CIP will maintain the new facility for a period of 25 years following construction completion. After this, responsibility for ongoing maintenance will revert to Corrections.

The land under the new facility is owned by Corrections. The carrying value of PPP assets relating to Waikeria Corrections and Treatment Facility within assets under construction is \$392.4 million [2019: \$211.5 million].

Under the agreement Corrections pays a monthly unitary charge to CIP from service commencement. This charge covers, and is allocated between:

- > Construction of the facility – these costs are not repriced and are recognised as a reduction against the service concession liability. Repayment of the service concession liability will be over a term of 25 years from service commencement at an effective interest rate of 6.15% per annum.
- > Finance costs – finance costs are repriced every five years and the amount Corrections pays to CIP is adjusted. Finance charges are recognised as an expense using the effective interest rate method. Corrections has contracted an interest rate swap with NZDMO to mitigate exposure to interest rate risk (refer Notes 15 and 20).
- > Service costs – these costs cover maintenance of the facility required to keep the facility operational and in good condition. A portion of these costs is indexed to the Consumer Price Index and the Labour Cost Index. Any change in these service costs will result in a change to the amount Corrections pays to CIP. Service costs are recognised as an expense in the period incurred.
- > Lifecycle costs – these costs are additional to routine repairs and maintenance carried out during the contract lifetime, which is agreed upfront.

The agreement provides for cancellation under certain circumstances, including for specified non-performance. There is no right of renewal at the end of the contracted 25 year term.

NOTE 8: PROPERTY, PLANT AND EQUIPMENT (continued)

	Land	Buildings	Leasehold improvements	Plant and equipment	Furniture and fittings	Computer hardware	Motor vehicles	Assets under construction	Total property, plant and equipment
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cost or valuation									
Balance at 1 July 2018	177,630	2,155,442	41,296	91,234	23,751	56,722	50,498	550,468	3,147,041
Additions	-	23,000	2,174	13,002	941	2,069	6,627	486,718	534,531
Disposals/ write-offs	-	(246)	(135)	(4,771)	-	(2)	(3,736)	(586)	(9,476)
Transfers ³³	-	410,827	3,306	8,957	982	3,591	132	(427,987)	(192)
Revaluation increase	7,480	69,337	-	-	-	-	-	-	76,817
Cost or valuation at 30 June 2019	185,110	2,658,360	46,641	108,422	25,674	62,380	53,521	608,613	3,748,721
Add: Movements									
Additions	-	29,926	1,306	3,566	533	6,278	6,955	285,442	334,006
Disposals/ write-offs	(116)	-	(31)	(797)	(52)	(11)	(3,899)	(2,655)	(7,561)
Transfers	-	144,947	3,349	14,077	199	217	151	(162,940)	-
Revaluation increase	-	-	-	-	-	-	-	-	-
Cost or valuation at 30 June 2020	184,994	2,833,233	51,265	125,268	26,354	68,864	56,728	728,460	4,075,166
Accumulated depreciation and impairment losses									
Balance at 1 July 2018	-	(138,208)	(27,862)	(57,616)	(17,413)	(52,285)	(31,782)	-	(325,166)
Depreciation expense	-	(152,956)	(4,551)	(10,495)	(3,418)	(4,284)	(4,782)	-	(180,486)
Disposals/ write-offs	-	245	135	4,684	-	2	3,449	-	8,515
Transfers	-	-	-	21	-	-	(21)	-	-
Revaluation increase	-	290,919	-	-	-	-	-	-	290,919
Accumulated depreciation and impairment losses at 30 June 2019	-	-	(32,278)	(63,406)	(20,831)	(56,567)	(33,136)	-	(206,218)
Add: Movements									
Depreciation expense	-	(164,494)	(4,201)	(14,968)	(1,208)	(4,708)	(4,477)	-	(194,056)
Disposals/ write-offs	-	-	31	755	52	11	3,361	-	4,210
Transfers	-	-	-	-	-	-	-	-	-
Revaluation increase	-	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses at 30 June 2020	-	(164,494)	(36,448)	(77,619)	(21,987)	(61,264)	(34,252)	-	(396,064)
Carrying amounts per asset class	-	-	-	-	-	-	-	-	-
At 30 June 2020	184,994	2,668,739	14,817	47,649	4,637	7,600	22,476	728,460	3,679,102
At 30 June 2019	185,110	2,658,360	14,363	45,016	4,843	5,813	20,385	608,613	3,542,503

33. The balance against transfers for 2018/19 refers to assets now shown under non-current assets held for sale (Note 7), and to computer hardware assets transferred from intangible assets (Note 9).

NOTE 9: INTANGIBLE ASSETS

	Acquired software	Internally generated software	Assets under construction	Total intangible assets
	\$000	\$000	\$000	\$000
Cost or valuation				
Balance at 1 July 2018	48,757	139,127	12,113	199,997
Additions	1,094	3,907	20,865	25,866
Disposals/ write-offs	-	-	(552)	(552)
Transfers ³⁴	653	3,714	(4,837)	(470)
Cost or valuation at 30 June 2019	50,504	146,748	27,589	224,841
Add: Movements				
Additions	404	773	17,279	18,456
Disposals/ write-offs	(1,239)	-	(2,150)	(3,389)
Transfers	1,994	11,629	(13,623)	-
Cost or valuation at 30 June 2020	51,663	159,150	29,095	239,908
Accumulated amortisation and impairment losses				
Balance at 1 July 2018	(37,877)	(90,981)	-	(128,858)
Amortisation expense	(4,514)	(16,034)	-	(20,548)
Accumulated amortisation and impairment losses at 30 June 2019	(42,391)	(107,015)	-	(149,406)
Add: Movements				
Amortisation expense	(3,801)	(17,457)	-	(21,258)
Disposals/transfers	319	-	-	319
Accumulated amortisation and impairment losses at 30 June 2020	(45,873)	(124,472)	-	(170,345)
Carrying amounts				
At 30 June 2020	5,790	34,678	29,095	69,563
At 30 June 2019	8,113	39,733	27,589	75,435

Corrections develops and maintains internally generated software, which is classified as an asset under construction and capitalised at the in-service date.

There are no restrictions over the title of Corrections' intangible assets, nor are any intangible assets pledged as security for liabilities.

34. The total balance against transfers relate to the transfer of computer hardware assets under construction from intangible assets to property, plant and equipment upon capitalisation.

NOTE 10: BIOLOGICAL ASSETS

2019		2020
Actual		Actual
\$000		\$000
	Cost or valuation	
8,888	Balance at 1 July	8,506
278	Purchases	173
6,519	Net gain due to regeneration, maturation, and changes in unit values	6,765
(7,179)	Sales/ harvest	(7,378)
8,506	Cost or valuation at 30 June	8,066
(382)	Net change	(440)
(232)	Change due to movement in quantity	(72)
(150)	Change due to movement in fair value	(368)
8,506	Carrying amounts at 30 June	8,066

Corrections farms sheep, beef and dairy cattle, and pigs at various locations throughout New Zealand.

The valuation of livestock is based on the active market price and was undertaken by various independent livestock valuers.

There are no restrictions over the title of Corrections' biological assets, nor are any biological assets pledged as security for liabilities.

Corrections has assessed the impact of Mycoplasma Bovis on its biological assets. Based on testing to date there is a very low risk of stock being impacted and therefore no adjustments to the carrying value of these assets is necessary.

NOTE 11: CREDITORS AND OTHER PAYABLES

2019		2020
Actual		Actual
\$000		\$000
	CURRENT PORTION	
	Exchange transactions	
26,261	Trade creditors	11,478
122,878	Accrued expenditure	99,592
	Non-exchange transactions	
13,285	GST payable	14,798
162,424	Total creditors and other payables	125,868

Creditors and other payables are non-interest bearing and are normally settled within 30 days. Therefore, the carrying value of creditors and payables approximates their fair value.

Corrections classifies creditors and other payables that are expected to be settled within 12 months as current.

NOTE 12: EMPLOYEE ENTITLEMENTS

2019 Actual \$000		2020 Actual \$000
	Current liabilities	
30,980	Retiring and long service leave	29,728
77,511	Annual leave	94,142
2,877	Sick leave	3,669
6,501	Accrued salaries and wages	12,074
836	Parental leave	1,097
7,000	Holidays Act provision	4,084
125,705	Total current portion	144,794
	Non-current liabilities	
20,518	Retiring and long service leave	23,504
20,518	Total non-current portion	23,504
146,223	Total employee entitlements	168,298

Employee entitlements, expected to be settled within 12 months of balance date, are measured at nominal values based on accrued entitlements at current rates of pay.

Corrections classifies employee entitlements as current:

- > that are expected to be settled within 12 months after the balance date; and
- > where Corrections does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Retiring and long service leave

The present value of the retiring and long service leave obligations depends on multiple factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability are the discount rates and the salary inflation factors. Any changes in these assumptions will impact on the carrying amount of the liability.

Independent valuer David Chamberlain (Fellow of the New Zealand Society of Actuaries) from Melville Jessup Weaver valued the retiring and long service leave as at 30 June 2020.

The major assumptions used in the 30 June 2020 valuation are that future salary growth rates of 1% in 2021 and 2.5% thereafter [2019: 3%] per annum and discount rates ranged from 0.22% to 1.60% [2019: 1.26% to 2.25%] per annum for the next 10 years. The discount rates used are those advised by Treasury and the salary inflation factor based on current pay restraint in the public sector due to impacts of COVID-19, and the long-term salary inflation assumption in the public sector.

If the discount rate were to increase/ decrease by 1% from Corrections' estimates, with all other factors held constant, the carrying amount of the liability and the surplus/ (deficit) would be an estimated \$3.7 million lower/ \$4.4 million higher respectively.

If the salary inflation factor were to increase/ decrease by 1% from Corrections' estimates, with all other factors held constant, the carrying amount of the liability and the surplus/ (deficit) would be an estimated \$4.2 million higher/ \$3.7 million lower respectively.

NOTE 12: EMPLOYEE ENTITLEMENTS (continued)

Holidays Act 2003 provision

Corrections has worked to comply with an Enforceable Undertaking (EU) issued under the *Employment Relations Act 2000* to modify our payroll system to be fully compliant (completed in November 2018) and completed the work in calculating any liabilities due and owing to current employees (completed in November 2019). Further work to fulfil our obligation to remediate past employees is being finalised (partly delayed due to COVID-19 resourcing).

Corrections has estimated the amount of the obligation under the Act to remediate the past employees and recognised a provision in the financial statements. The provision as at 30 June 2020 represents Corrections' best estimate of remediation costs and Corrections has received specific funding to fully cover this provision amount. Corrections expects to complete the calculation testing and refinement in the coming months, with respect to the final quantum for impacted employees, the effect of compounding or other liability unknowns, and the impact on KiwiSaver or other related entitlements.

NOTE 13: PROVISIONS

2019		2020	2020	2020
Total		Employee	Other	Total
provisions		accidents	provisions	provisions
Actual		Actual	Actual	Actual
\$000		\$000	\$000	\$000
	Current provisions			
10,234	Balance at 1 July	7,700	1,257	8,957
3,290	Additional provisions made during the year	1,731	512	2,243
(4,495)	Charged against provision for the year	(450)	(833)	(1,283)
(72)	Provision reversed during the year	-	-	-
8,957	Total current provisions	8,981	936	9,917
8,957	Total provisions	8,981	936	9,917

Employee accidents

The provision relates to the estimation of Corrections' outstanding claims liability under the ACC Accredited Employer's Programme. An independent valuer, Craig Lough (Fellow of the New Zealand Society of Actuaries) from Melville Jessup Weaver, provided an estimate of the outstanding claims liability as at 30 June 2020 and 30 June 2019.

Key assumptions

The key assumptions used in determining the value of outstanding claims are:

- > the development pattern of claims payments is the same for all loss periods. That is, the future claims pattern will reflect that which occurred in the past
- > the assumed loss ratios were determined by considering the observed loss ratios for developed loss quarters
- > the discount rates were based on government bond yields published by the Reserve Bank of New Zealand
- > Corrections will remain in the ACC Accredited Employer's Programme (ACC AEP) for the foreseeable future. If Corrections were to exit immediately, a risk margin of approximately 11.6% [2019: 11.6%] per annum would be added by ACC.

The estimated ACC AEP outstanding claims liability as at 30 June 2020 included a provision for future claims handling expenses of 8.3% [2019: 9.0%] per annum of expected future claim costs.

NOTE 13: PROVISIONS (continued)***Employee accidents (continued)***

Corrections manages its exposure arising from the programme by promoting a safe and healthy working environment through:

- > implementing and monitoring health and safety policies
- > providing health and safety induction training
- > actively managing workplace injuries to ensure employees return to work as soon as practicable
- > recording and monitoring workplace injuries and near misses to identify risk areas and implementing mitigating actions
- > identifying workplace hazards and implementing appropriate safety procedures

Other provisions***Parole Act 2002***

In September 2016 the Supreme Court of New Zealand ruled that Corrections had incorrectly calculated the period of detention for a claimant offender. Under the *Parole Act 2002* Corrections is required to calculate the period of detention, taking into consideration the period of time a prisoner spends on pre-sentence detention. This provision relates to 34 [2019:31] claims received and assessed.

NOTE 14: PROVISION FOR REPAYMENT OF SURPLUS TO THE CROWN

2019		2020
Actual		Actual
\$000		\$000
(191,259)	Net deficit	(197,723)
	Add	
-	Deficit on Departmental Other – (not output related)	9,077
189,990	Unrealised loss in fair value of derivative financial instruments	190,886
(1,269)	Adjusted net (deficit)/surplus	2,240
-	Total return of operating surplus	2,240
7,649	Return underspend of specific funding	-
7,649	Provision for repayment of surplus to the Crown	2,240

The return of any surplus to the Crown is repaid by 31 October of each year.

In 2019, the full amount of surplus repayable to the Crown was the return of underspend of specific funding for *Holidays Act 2003* compliance (refer to Note 12).

NOTE 15: OTHER FINANCIAL LIABILITIES

2019 Actual \$000		Note	2020 Actual \$000
728,329	Service concession arrangements	20	894,976
223,766	Derivative financial instruments	20	414,652
952,095	Total other financial liabilities		1,309,628
10,292	Current other financial liabilities		12,244
941,803	Non-current other financial liabilities		1,297,384
952,095	Total other financial liabilities		1,309,628

Service concession arrangements

Other financial liabilities include Corrections' liabilities under service concession arrangements.

Each liability will be repaid over a term of 25 years from its service commencement. Service concession arrangement liabilities that Corrections expects to be settled within 12 months of balance date are classified as current.

Corrections has no securities against other financial liabilities.

Derivative financial instruments

Corrections uses derivative financial instruments in the form of interest rate swaps entered into with the New Zealand Debt Management Office (NZDMO) to manage its exposure to fluctuating market interest rates arising from its Public Private Partnership (PPP) arrangements.

At 30 June 2020 the total notional principal amount outstanding for Corrections' interest rate swap derivatives was \$1,243.0 million [2019: \$1,246.1 million].

Corrections has four (2019: three) interest rate swaps with the NZDMO and these derivatives are classified as non-current.

For the arrangement with Next Step Partners the interest rate swap derivatives are calculated at a fixed rate of 4.78% and 2.60% per annum and the maturity dates range from 2022 to 2042.

For the arrangement with SecureFuture Wiri Limited the interest rate swap derivative is calculated at a fixed rate of 3.78% per annum and the maturity dates range from 2019 to 2039.

For the arrangement with Cornerstone Infrastructure Partners the interest rate swap derivative is calculated at a fixed rate of 3.91% per annum and the maturity dates range from 2023 to 2046.

These derivatives are measured at fair value determined as at the balance date using the New Zealand Dollar swap curve, which is made up of the New Zealand Official Cash Rate, bank bill rates and swap rates.

As a result of a lower interest rate environment, and entering into the new interest rate swap derivative, the present value of the liability has increased. The resulting unrealised loss in fair value of derivative financial instruments between 30 June 2019 and 30 June 2020 of \$190.9 million [2019: unrealised loss \$190.0 million] is recognised within remeasurements in the net surplus or deficit in the Statement of Comprehensive Revenue and Expense.

Derivatives are reported in the Statement of Financial Position as assets when their fair value is positive and as a liability when their fair value is negative.

NOTE 16: TAXPAYERS' FUNDS

Taxpayers' funds comprise general funds and revaluation reserves.

2019 Actual \$000	Note	2020 Actual \$000
GENERAL FUNDS		
1,668,840	Balance at 1 July	1,702,912
(191,259)	Net deficit	(197,723)
295,280	Capital injections from the Crown	33,536
(62,300)	Capital cash returned to the Crown	(80,000)
41,721	Total movement in general funds	(244,187)
(7,649)	Provision for repayment of surplus to the Crown 14	(2,240)
1,702,912	Balance at 30 June	1,456,485
REVALUATION RESERVES		
831,194	Balance at 1 July	1,199,616
368,422	Revaluation gains	-
1,199,616	Balance at 30 June	1,199,616
2,902,528	Total taxpayers' funds at 30 June	2,656,101

2019 Actual \$000		2020 Actual \$000
Revaluation reserves		
Land		
122,326	Balance at 1 July	129,901
7,575	Revaluation gains	-
129,901	Balance at 30 June	129,901
Buildings		
708,868	Balance at 1 July	1,069,715
360,847	Revaluation gains	-
1,069,715	Balance at 30 June	1,069,715
1,199,616	Total revaluation reserves at 30 June	1,199,616

Corrections has no restricted reserves.

NOTE 17: RECONCILIATION OF NET DEFICIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

2019 Actual \$000		2020 Actual \$000
(191,259)	Net deficit	(197,723)
	<i>Add non-cash items</i>	
201,034	Depreciation and amortisation	215,314
189,990	Derivative financial instrument decrease	190,886
2,716	Non-current employee entitlements	2,986
393,740	Total non-cash items	409,186
	<i>(Increase)/decrease in working capital</i>	
(81,211)	Debtors and other receivables	57,507
(237)	Inventories	(4,204)
(15,928)	Prepayments	1,653
26,009	Creditors and other payables	(36,558)
(1,861)	Provisions	960
16,857	Employee entitlements	19,089
(56,371)	Working capital movements – net	38,447
	<i>Add/(less) items classified as investing or financing activities</i>	
150	Biological assets revaluation decrease	368
1,851	Shares fair value decrease	138
(33)	Interest and dividends received	(45)
998	Net loss on sale or disposal of non-current assets	5,943
49,608	Interest on other financial liabilities	49,040
52,574	Total investing or financing activity items	55,444
198,684	Net cash flow from operating activities	305,354

NOTE 18: RELATED PARTY DISCLOSURE

Corrections is a wholly owned entity of the New Zealand Crown. The government significantly influences the strategic direction, operating intentions and business operations of Corrections as well as being its major source of revenue.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/ recipient relationship, on terms and conditions no more or less favourable than those that it is reasonable to expect Corrections would have adopted in dealing with the party at arms' length in the same circumstances.

Further, transactions with other government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

Corrections has determined key management personnel as the Chief Executive and the individual members of the Executive Leadership Team. Remuneration applicable to key management personnel is disclosed under Note 19.

There were no related party transactions or commitments to disclose [2019: Nil].

The Treasury advises that responsible Minister Hon Kelvin Davis has certified that he has no related party transactions for the year ended 30 June 2020 [2019: Minister Hon Kelvin Davis – Nil].

NOTE 19: KEY MANAGEMENT PERSONNEL COMPENSATION

Corrections' key management personnel are the eight members of the Executive Leadership Team, which includes the Chief Executive, six Deputy Chief Executives and the National Commissioner [2019: nine - Chief Executive, seven Deputy Chief Executives and National Commissioner].

2019 Actual \$000		2020 Actual \$000
3,476	Executive Leadership Team remuneration	3,055
3,476	Total key management personnel compensation	3,055

NOTE 20: FINANCIAL INSTRUMENTS***Categories of financial instruments***

Corrections is party to financial instrument arrangements as part of its everyday operations. These include instruments such as cash and cash equivalents, investments, debtors and other receivables, creditors and other payables, and other financial liabilities.

The carrying amounts of financial assets and financial liabilities in each of the financial instrument categories are as follows:

2019 Actual \$000	Note	2020 Actual \$000
FINANCIAL ASSETS		
Financial assets measured at amortised cost		
72,203	Cash and cash equivalents	76,494
447,996	Debtors and other receivables 6	403,843
520,199	Total financial assets measured at amortised cost	480,337
Financial assets mandatorily measured at fair value through surplus or deficit		
4,888	Investments	4,750
525,087	TOTAL FINANCIAL ASSETS	485,087
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost		
162,424	Creditors and other payables 11	125,868
728,329	Service concession arrangements 15	894,976
890,753	Total financial liabilities measured at amortised cost	1,020,844
Financial liabilities mandatorily measured at fair value through surplus or deficit		
223,766	Derivative financial instruments 15	414,652
1,114,519	Total financial liabilities	1,435,496

The liability for the repayment of surplus to the Crown is not a financial liability, as defined by *PBE IPSAS 28 Financial Instruments: Presentation*, as the obligation to pay arises from statute.

NOTE 20: FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

Corrections uses various methods in estimating the fair value of a financial instrument. Fair values are determined according to the following hierarchy:

- > Level 1: Quoted market price – financial instruments with quoted market prices for identical instruments in active markets.
- > Level 2: Valuation technique using market observable inputs – financial instruments with quoted prices for similar instruments in active markets, or quoted prices for identical or similar instruments in inactive markets, and financial instruments valued using models where all significant inputs are observable.
- > Level 3: Valuation technique with significant non-observable inputs – financial instruments valued using models where one or more significant inputs are not observable.

	2019			2020		
	Valuation technique			Valuation technique		
	Quoted market price	Significant non-observable inputs	Total	Quoted market price	Significant non-observable inputs	Total
	Level 1	Level 3		Level 1	Level 3	
Note	\$000	\$000	\$000	\$000	\$000	\$000
Financial assets						
Cash and cash equivalents	72,203	-	72,203	76,494	-	76,494
Investments	4,888	-	4,888	4,750	-	4,750
Total financial assets	77,091	-	77,091	81,244	-	81,244
Financial liabilities						
Derivative financial instruments	15	-	223,766	-	414,652	414,652
Total financial liabilities	-	223,766	223,766	-	414,652	414,652

Valuation techniques with significant non-observable inputs (level 3)

The fair values of Corrections' financial assets and liabilities classified in level 3 (being the interest rate swaps with New Zealand Debt Management Office) are calculated using valuation techniques based on significant inputs that are not based on observable market data.

Market inputs used for these swaps are NZD-SWAP and ICAP Australia as a pricing source for the 1-20 year portion of the NZD-SWAP curve. However, as there is no market data beyond 20 years for NZD-SWAP point, the valuation technique uses smooth continuous extrapolation techniques out to 50 years.

The table below provides a reconciliation from the opening balance to the closing balance for fair value measurements in level 3:

2019		Note	2020
Actual			Actual
\$000			\$000
33,776	Balance at 1 July	15	223,766
189,990	Losses recognised in surplus or deficit		190,886
223,766	Balance at 30 June	15	414,652

NOTE 20: FINANCIAL INSTRUMENTS (continued)***Financial instrument risk******Market risk*****Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

Corrections is exposed to other price risk on its investments that are held to facilitate some of its farming supply arrangements, principally with Fonterra. These investments are held in support of continuing business operations and not for trading purposes, and the shareholdings are not a significant proportion of total financial assets. Therefore, while Corrections is fully exposed to short-term fluctuations in the fair value of its investments, the resulting gains or losses are unrealised and are expected to be immaterial in aggregate across the long-term investment holding duration.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

Corrections engages in few overseas transactions and has no foreign currency denominated assets or liabilities at balance date [2019: Nil]. Therefore, Corrections has a negligible exposure to currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Corrections' other financial liabilities mainly relate to its service concession arrangements which are interest bearing.

For the arrangement with Next Step Partners LP the effective interest rate is fixed at 5.90% until 26 August 2022, and the interest rate becomes floating thereafter. Corrections has entered into two interest rate swaps with New Zealand Debt Management Office (NZDMO) to mitigate its interest rate risk exposure. The interest rate on the swaps is fixed at 4.78% and 2.60%.

For the arrangement with SecureFuture Wiri Limited the effective interest rate was fixed at 8.79% until 12 August 2019, and the interest rate became floating thereafter. Corrections has entered into an interest rate swap with NZDMO to mitigate its interest rate risk exposure. The interest rate on the swap is fixed at 3.78%.

For the arrangement with Cornerstone Infrastructure Partners LP, the effective interest rate is fixed at 6.15% until 25 August 2023, the interest rate becomes floating thereafter. Corrections has entered into an interest rate swap with NZDMO to mitigate its interest rate risk exposure. The interest rate on the swap is fixed at 3.91%.

Corrections has obtained ministerial approval for borrowing in relation to its service concession arrangements and to enter into its interest rate swaps derivatives with the NZDMO.

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at balance date.

The table below sets out the difference in net surplus/ (deficit) had interest rates been 1% higher or lower than the year-end market rate, with all other variables remaining constant.

Any change in the net surplus/ (deficit) for the period would result in a corresponding movement in the financial liability at balance date.

NOTE 20: FINANCIAL INSTRUMENTS (continued)

Financial instrument risk

2019			2020
Impact on net surplus/(deficit)		Change in interest rate (basis points)	Impact on net surplus/(deficit)
\$000			\$000
139,779	Interest rate swap derivatives	+100	170,534
(160,738)	Interest rate swap derivatives	-100	(194,541)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. In the normal course of business, Corrections is exposed to credit risk from trade debtors, transactions with financial institutions and the NZDMO.

Corrections is only permitted to deposit funds with Westpac New Zealand Limited, or with the NZDMO, as these entities have high credit ratings. For other financial instruments, Corrections does not have significant concentrations of credit risk.

Corrections' maximum credit risk exposure for each class of financial instrument is represented by the total carrying amount presented in the Statement of Financial Position.

There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates.

2019			2020
Actual		Note	Actual
\$000			\$000
	Cash and cash equivalents		
72,203	AA-		76,494
72,203	Total cash and cash equivalents		76,494
	Debtors and other receivables		
443,462	AA+		383,474
4,534	Counterparties without credit rating		20,369
447,996	Total debtors and other receivables	6	403,843
	Investments		
4,888	A-		4,750
4,888	Total investments		4,750

Debtors and other receivables

Debtors and other receivables are mainly comprised of Debtor Crown and NZDMO (both Standard and Poor's credit rating of AA+), receivables from external parties and other government entities. For its receivables from external parties and other government entities, Corrections does not have significant concentrations of credit risk.

NOTE 20: FINANCIAL INSTRUMENTS (continued)***Financial instrument risk (continued)******Liquidity risk***

Liquidity risk is the risk that Corrections will encounter difficulty raising liquid funds to meet commitments as they fall due.

In meeting its liquidity requirements, Corrections closely monitors its forecast cash requirements with expected cash drawdowns from the NZDMO. Corrections maintains a target level of available cash to meet liquidity requirements.

Contractual maturity analysis of financial liabilities

The table below shows Corrections' financial liabilities that will be settled based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

2019 Actual \$000		Note	2020 Actual \$000
	Creditors and other payables	11	
149,139	Less than six months		111,070
	Other financial liabilities	15	
10,292	Less than one year		12,244
67,555	One to five years		84,812
874,249	More than five years		1,212,572
952,095	Total for other financial liabilities		1,309,628
1,101,234	Total contractual cash flows for financial liabilities		1,420,698

NOTE 21: CAPITAL MANAGEMENT

Corrections' capital is its taxpayers' funds, which comprise general funds and revaluation reserves. Taxpayers' funds are represented by net assets.

In accordance with the *Public Finance Act 1989 (PFA)* Corrections manages its revenue, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the New Zealand public.

Corrections has in place asset management plans for major classes of assets detailing renewal and maintenance programmes.

The PFA requires Corrections to make adequate and effective provision in its long-term capital expenditure plans and act in accordance with financial delegations from Cabinet to the Chief Executive through the responsible Minister. The PFA also requires that Corrections complies with the requirements of the *State Sector Act 1988*, Treasury Instructions and any other legislation governing its operations, when incurring any capital expenditure.

The objective of managing taxpayers' funds is to ensure Corrections effectively achieves the goals and objectives for which it was established, while remaining a going concern.

NOTE 22: EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET

Explanations for significant variances from Corrections' budget are as follows:

Statement of Comprehensive Revenue and Expense

Revenue from the Crown was higher than budget by \$28.9 million mostly due to funding received for collective wage pressures, COVID-19, and various other initiatives.

Personnel costs were higher than budget by \$15.5 million reflecting the impact of a higher annual leave provision as a result of staff taking less leave during the COVID-19 lock down period.

Operating costs were higher than budget by \$11.0 million mainly due to increased spend on Personal Protective Equipment.

Capital charge was higher than budget by \$12.5 million mainly due to the revaluation gains on Corrections' land and buildings assets in 2018/19 which were not included in the budget.

The unrealised loss in fair value of derivative financial instruments of \$190.89 million was not budgeted and was due to a reduction, as at balance sheet date, of forward interest rates across the interest rate swaps' maturity profiles and an increase in notional derivative amounts. Further information on Corrections, derivative financial instruments is contained in Note 15 and 20.

Statement of Financial Position

Cash and cash equivalents were higher than budget by \$26.5 million due to the timing of vendor payments and cash drawdowns.

Prepayments were higher than budget by \$18.8 million. This includes advanced unitary charge payments of \$16.0 million to Cornerstone Infrastructure Partners LP in relation to the Waikeria PPP.

Debtors and other receivables were lower than budget by \$17.7 million mainly due to a decrease in Debtor Crown, reflecting the transfer of funding to outyears relating to pre-approved in-principal expense transfers.

Property, plant and equipment was \$248.2 million higher than budget mainly due to the 2019 revaluation gains on land and building assets which were not included in the budget.

Intangible assets were \$15.9 million lower than budget mainly due to delays in development of internally generated software.

Creditors and other payables were lower than budget by \$9.1 million mainly due to the changes to the creditor payments process, to accelerate payments to suppliers.

Employee entitlements were higher than budget by \$41.1 million mainly due to changes in actuarial valuations and year-end accruals impacted by increased personnel and higher rates of remuneration as well as increased levels of annual leave due to employees owing to the impact of COVID-19.

Other financial liabilities were higher than budget by \$323.2 million. This relates to Corrections' service concession arrangement liabilities and the interest rate swap derivatives entered into with the NZDMO. The increase is mainly due to construction of the new facility at Waikeria Prison under a PPP arrangement and unrealised fair value losses on the interest rate swap derivatives.

General funds were lower than budget by \$381.7 million. This was mainly due to unbudgeted remeasurement losses of \$190.89 million predominantly related to unrealised fair value movements on the interest rate swap derivatives. Net capital contributions were \$33.8 million higher than budget mainly due to Corrections returning surplus capital reserves to the Crown earlier than anticipated.

Reserves were higher than budget by \$368.4 million due to the recognition of revaluation gains on Corrections' land and building assets in 2018/19.

NOTE 23: IMPACT OF DECMIL NZ CONTRACT TERMINATION

On 25 February 2020 Corrections terminated its contract with Decmil Construction NZ Limited (Decmil NZ) for the Modular Build Programme. On 16 April 2020, Decmil NZ ceased its trading operations in New Zealand and filed for voluntary liquidation. This caused a significant financial and operational impact on the completion of the Modular Build Programme.

Liquidated damages

On 6 November 2019 Corrections advised Decmil NZ of its intention to begin deducting Liquidated Damages (LDs) from payment claims due to the company's continued failure to meet contractual completion dates. Corrections accrued LDs of \$13.3 million up to the date of contract termination. Contractually, entitlement to LDs ceased on 25 February 2020 when the contract was terminated, however further damages claims are being incorporated into the Department's legal claim against Decmil NZ. The LD receivable has been offset against Decmil NZ payment claims of \$7.4 million, resulting in a net receivable of \$5.8 million.

Contractor bonds

Voluntary liquidation of Decmil NZ confirmed a default event which entitled Corrections to draw down on the contractor bonds of \$12.5 million. The recovered bonds will offset some of the additional costs involved in completing the programme due to the remediation of defective works, engagement of replacement contractors and extended timeframes.

Subcontractor payments

Following termination of the Decmil contract, Corrections engaged directly with subcontractors to address outstanding payment claims. As at 30 June 2020, the Department has paid outstanding claims of \$10.2 million directly to subcontractors. Recovery of this money will be sought from Decmil through the arbitration process.

Decmil receivable

At 30 June 2020, the total receivable owing from Decmil NZ of \$16.0 million (LD receivable of \$5.9 million and subcontractor payments \$10.1 million) has been assessed for impairment. Corrections has assessed the receivable as recoverable and is seeking recovery through its damage claim against Decmil NZ and its parent company guarantees (refer to Note 6).

Work in progress

At 30 June 2020 Corrections assessed that the value of the work in progress exceeded the carrying amount and no impairment is recognised. This assessment is based on work certified by the engineers at the date of termination.

Replacement contractors engaged at Rolleston, Tongariro and Christchurch Women's prisons have made good progress. The units are due for completion at the end of 2020 and early 2021.

On 30 September 2020, Corrections engaged a contractor for the modular completion works at Christchurch Men's and Rimutaka prisons. Work has started on both sites and is expected to be completed by the end of 2021.

NOTE 24: POST BALANCE DATE EVENT

COVID-19

Corrections has considered the potential impact of COVID-19 on its financial statements and operations. The operations of the department were considered essential services and, as such Corrections continued to operate throughout all alert levels with some adjustments of operating settings. This has limited the impact of COVID-19 on Corrections' financial statements, operations and the Government's response to Corrections.

COVID-19 impacted the programme delivery and cost implications for the construction of the Waikeria Corrections and Treatment Facility. In August 2020 Corrections entered into a variation agreement with Cornerstone Infrastructure Partners and its subcontractors on project completion dates and contractual costs to mitigate the effects of COVID-19.

It is acknowledged that there is significant uncertainty on the duration and impact of the COVID-19 pandemic and the impact on the New Zealand economy and Corrections in the future. It is therefore not possible to reliably estimate the impact on Corrections' operations and its financial position for future periods.

Non-departmental statements

and schedules

Department of Corrections
Annual Report – Part C

Schedule of Non-departmental Expenses

FOR THE YEAR ENDED 30 JUNE 2020

2019 Actual		2020 Actual	2020 Budget	2020 Supp. estimates	2021 Forecast
			(unaudited)	(unaudited)	(unaudited)
\$000		\$000	\$000	\$000	\$000
EXPENSES					
7,411	Waikeria Corrections and Treatment Facility	18,635	33,082	37,782	33,518
698	GST input expense	2,882	4,962	5,667	5,028
8,109	Total non-departmental operating expenses	21,517	38,044	43,449	38,546

Schedule of Non-departmental Assets

AS AT 30 JUNE 2020

2019 Actual		Note	2020 Actual	2020 Budget	2020 Supp. estimates	2021 Forecast
				(unaudited)	(unaudited)	(unaudited)
\$000			\$000	\$000	\$000	\$000
CURRENT ASSETS						
9,195	Cash and cash equivalents	3	6,815	6,800	9,195	9,195
9,195	Total current assets		6,815	6,800	9,195	9,195
9,195	Total non-departmental assets		6,815	6,800	9,195	9,195

Schedule of Non-departmental Liabilities

AS AT 30 JUNE 2020

2019 Actual		Note	2020 Actual	2020 Budget	2020 Supp. estimates	2021 Forecast
				(unaudited)	(unaudited)	(unaudited)
\$000			\$000	\$000	\$000	\$000
CURRENT LIABILITIES						
2,584	Creditors and other payables	2	1,914	6,800	2,584	2,584
2,584	Total current liabilities		1,914	6,800	2,584	2,584
2,584	Total non-departmental liabilities		1,914	6,800	2,584	2,584

Schedule of Non-departmental Commitments

AS AT 30 JUNE 2020

Corrections, on behalf of the Crown, has no non-departmental commitments as at 30 June 2020 [2019: Nil].

Schedule of Non-departmental Contingent Liabilities and Contingent Assets

AS AT 30 JUNE 2020

Contingent liabilities

Corrections, on behalf of the Crown, has no non-departmental contingent liabilities as at 30 June 2020 [2019: Nil].

Contingent assets

Corrections, on behalf of the Crown, has no non-departmental contingent assets as at 30 June 2020 [2019: Nil].

Notes to the Non-departmental Schedules

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

Reporting entity

These non-departmental schedules present financial information on public funds managed by Corrections on behalf of the Crown.

These non-departmental balances are consolidated into the Financial Statements of the Government (FSG). For a full understanding of the Crown's financial position and results of its operations for the year, reference should be made to the FSG.

Basis of preparation

The non-departmental schedules have been prepared in accordance with the accounting policies of the consolidated FSG, Treasury Instructions and Treasury Circulars.

Measurement and recognition rules applied in the preparation of these non-departmental statements and schedules are consistent with New Zealand generally accepted accounting practice (Tier 1 Public Sector Public Benefit Entity Accounting Standards) as appropriate for public benefit entities.

Standards and amendments issued that are not yet effective and have not been early adopted

Standards and amendments that are not yet effective, and have not been early adopted, and that are relevant to these non-departmental schedules are:

PBE IPSAS 41 Financial Instruments

The XRB issued *PBE IPSAS 41 Financial Instruments* in March 2019. This standard supersedes *PBE IFRS 9 Financial Instruments*, which was issued as an interim standard. It is effective for reporting periods beginning on or after 1 January 2022. Although Corrections, on behalf of the Crown, has not yet assessed the effect of the new standard in relation to these non-departmental schedules, it does not expect any significant changes as the requirements are similar to *PBE IFRS 9*.

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (continued)***Significant accounting policies******Goods and Services Tax***

All items in the non-departmental schedules are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. GST is returned on revenue received on behalf of the Crown, where applicable. However, an input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense and eliminated against GST revenue on consolidation into the FSG.

Budget figures

The 2020 budget figures are for the year ended 30 June 2020, which are consistent with the best estimate financial information submitted to the Treasury for the Budget Economic and Fiscal Update (BEFU) for the year ending 30 June 2020.

Cash and cash equivalents

Cash includes cash on hand and cash held in bank accounts and deposits with a maturity of no more than three months. Corrections, on behalf of the Crown, is required by the Treasury to maintain a positive balance in its bank accounts at all times. Corrections, on behalf of the Crown, and in relation to these non-departmental funds, maintains a single bank account with Westpac New Zealand Limited solely in relation to these funds.

Financial Instruments

Corrections, on behalf of the Crown, is party to financial instruments as part of its normal operations. These financial instruments consist of cash and cash equivalents that are held in order to collect contractual cash flows and not for trading purposes, and creditors and other payables.

All financial instruments are recognised in the schedule of non-departmental assets and the schedule of non-departmental liabilities, initially at their fair value plus any transaction costs and subsequently at amortised cost. All revenue and expenses in relation to financial instruments are recognised in the schedule of non-departmental expenses.

Financial assets impairment

Corrections, on behalf of the Crown, recognises a loss allowance for expected credit losses when it considers that the credit risk on a financial asset has increased significantly since initial recognition.

NOTE 2: CREDITORS AND OTHER PAYABLES

2019 Actual \$000		2020 Actual \$000
	Exchange Transactions	
2,584	Accrued expenses	1,914
2,584	Total creditors and other payables	1,914

NOTE 3: FINANCIAL INSTRUMENTS

The carrying amounts of the financial assets and financial liabilities in each of the financial instrument categories are as follows:

2019 Actual \$000		2020 Actual \$000
	FINANCIAL ASSETS	
	Financial assets measured at amortised cost	
9,195	Cash and cash equivalents	6,815
9,195	Total financial assets	6,815
	FINANCIAL LIABILITIES	
	Financial liabilities measured at amortised cost	
2,584	Creditors and other payables	1,914
2,584	Total financial liabilities	1,914

Fair value

The fair value of financial assets and liabilities is equivalent to the carrying amount disclosed in the schedule of non-departmental assets and the schedule of non-departmental liabilities.

Market risk

Other price, currency and interest rate risks

Corrections, on behalf of the Crown, has no exposure to interest rate risk, other price risk or currency risk on its financial instruments, as there were no foreign currency balances at balance date and Corrections, on behalf of the Crown, does not hold any interest bearing financial instruments or financial instruments subject to other price risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. In relation to these funds managed by Corrections on behalf of the Crown, credit risk arises solely on the cash and cash equivalents balance deposited with banks.

It is a requirement of the Crown that funds must be deposited with Westpac New Zealand Limited (Westpac Bank), a registered bank in New Zealand.

The maximum credit exposure for the cash and cash equivalents class of financial instruments is represented by the total carrying amount. There is no collateral held as security against these financial instruments. All credit risk exposure is to Westpac Bank.

NOTE 3: FINANCIAL INSTRUMENTS (continued)**Credit quality of financial assets**

Westpac Bank has an AA- Standard and Poor's credit rating (2019: AA- Standard and Poor's) and, as a registered bank in New Zealand, is also subject to the Reserve Bank of New Zealand prudential oversight and regulatory reporting regime. It is therefore considered low risk for the purpose of assessing expected credit losses and accordingly, no loss allowance has been provided for on cash and cash equivalents balances.

Standard and Poor's credit ratings against cash and cash equivalents carrying amounts are as follows:

2019 Actual \$000	2020 Actual \$000
Cash and cash equivalents	
9,195 AA-	6,815

Liquidity risk

Liquidity risk is the risk that Corrections, on behalf of the Crown, will encounter difficulty raising liquid funds to meet commitments as they fall due.

In meeting its liquidity requirements, Corrections, on behalf of the Crown, closely monitors its forecast cash requirements with expected cash drawdowns from the New Zealand Debt Management Office. Corrections, on behalf of the Crown, maintains a target level of available cash to meet liquidity requirements.

Contractual maturity analysis of financial liabilities

The table below shows Corrections' non-departmental financial liabilities that will be settled based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

2019 Actual \$000	Note	2020 Actual \$000
Creditors and other payables		
2,584 Less than six months	2	1,914
2,584 Total contractual cash flows		1,914

NOTE 4: EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET

Explanations for major variances from Corrections non-departmental budget figures are as follows:

Schedule of non-departmental expenses

Waikeria Corrections and Treatment Facility expenses were lower than budget by \$14.4 million due to the review of the change in contract scope for roading that delayed commencement of the works. COVID-19 lockdown has also delayed the work currently in progress.

Schedule of non-departmental assets and liabilities

Creditors and other payables were lower than budget by \$4.9 million due to delays from COVID-19 lockdown.

Statement of Budgeted and Actual Expenses and Capital Expenditure Incurred Against Appropriations

FOR THE YEAR ENDED 30 JUNE 2020

2019		2020	2020	2020	2020	2021
Expenditure after remeasurements		Expenditure before remeasurements	Remeasurements	Expenditure after remeasurements	Supp. estimates	Forecast
\$000		\$000	\$000	\$000	(unaudited) \$000	(unaudited) \$000
	VOTE: CORRECTIONS					
	Departmental output expenditure					
1,029,830	- Prison-based Custodial Services	1,303,435	(193,069)	1,110,366	1,150,474	1,153,724
250,806	- Sentences and Orders Served in the community	256,734	-	256,734	257,915	262,394
78,800	- Information and Administrative Services to the Judiciary and New Zealand Parole Board	88,417	-	88,417	73,962	74,851
1,359,436	Total Public Safety is Improved MCA	1,648,586	(193,069)	1,455,517	1,482,351	1,490,969
243,102	Re-offending is Reduced	266,799	(506)	266,293	285,101	327,010
2,652	- Policy Advice	2,864	-	2,864	2,731	2,556
2,190	- Ministerial Services	1,935	-	1,935	2,336	2,305
4,842	Total Policy Advice and Ministerial Services MCA	4,799	-	4,799	5,067	4,861
1,756	Bail Support Services³⁵	-	-	-	-	-
-	Transfer of Auckland Prison Wastewater Assets	9,077	-	9,077	9,100	-
1,609,136	Total departmental output expenditure	1,929,261	(193,575)	1,735,686	1,781,619	1,822,840
	Departmental capital expenditure					
560,397	Corrections Capital Expenditure					
	- Permanent Legislative Authority	352,462	-	352,462	418,855	617,038
560,397	Total departmental capital expenditure	352,462	-	352,462	418,855	617,038
	Non-departmental other expenses					
7,411	Waikeria Corrections and Treatment Facility	18,635	-	18,635	37,782	33,518
7,411	Total non-departmental other expenses	18,635	-	18,635	37,782	33,518

Changes in appropriation structure

There have been no changes to appropriation structure in 2020.

35. For Bail Support Services, a separate one-off appropriation was established for the 2018/19 financial year. In 2019/20 expenditure is included within the Re-offending is Reduced appropriation.

Statement of Budgeted and Actual Expenses and Capital Expenditure Incurred Against Appropriations (continued)

Statement of Capital Injections

FOR THE YEAR ENDED 30 JUNE 2020

2019 Actual \$000		2020 Actual \$000	2020 Budget (unaudited) \$000	2020 Supp. estimates (unaudited) \$000	2021 Budget (unaudited) \$000
	VOTE: CORRECTIONS				
295,280	Capital Injections	33,536	27,350	33,536	15,600

Statement of Capital Injections Without, or in Excess of, Authority

FOR THE YEAR ENDED 30 JUNE 2020

Corrections has not received any capital injections during the year without, or in excess of, authority [2019: Nil].

Statement of Expenses and Capital Expenditure Incurred Without, or in Excess of, Authority

FOR THE YEAR ENDED 30 JUNE 2020

2019 Actual \$000		2020 Expenditure excluding remeasurements \$000	2020 Appropriation Voted \$000	2020 Unappropriated Expenditure \$000	2020 Supplementary Estimates \$000
	VOTE: CORRECTIONS				
-	Transfer of Auckland Prison Wastewater Assets	9,077	-	9,077	9,100

Transfer of Auckland Prison Wastewater Assets

In March 2019, Cabinet approved an in-principle transfer of up to \$9.100 million from 2018/19 to 2019/20 for the appropriation Transfer of Auckland Prison Wastewater Assets to allow for any changes in the timing of the transfer. In 2019/20, the Department of Corrections transferred the asset prior to authorisation being received in November 2019.

Validation of the unappropriated expenditure by Parliament under section 26C of the *Public Finance Act 1989* will be sought.

Performance Information

Performance information for all departmental appropriations is reported in this Annual Report.

Performance information for Non-departmental Other Expenses is reported in the report by the Minister of Corrections Non-departmental Appropriations in Part E.

Appendices

Department of Corrections
Annual Report - Part D

Appendix One: Summary of sentences and orders we administer

This summary provides key information about each of the core sentences and orders administered by Corrections in 2019/20.

The cost of each sentence and order is provided as a 'per person, per day' figure. These costs include overhead costs and revenue (excluding revenue from the Crown) where applicable.

People on sentences	Average cost of \$385 [2018/19: \$338]	People in prison serving a sentence have been convicted of a crime and sentenced to a term of imprisonment. Costs include programmes and services provided in prison.	
		Average volume: 6,258 people [2018/19: 6,852]	Average length of sentence imposed: 548 days [2018/19: 534]
People on remand	Average cost of \$295 [2018/19: \$302]	People on remand are held in prison while they await the progression of their court case. This means that these people have either not been convicted, or have been, but are awaiting their sentencing.	
		Average volume: 3,677 people [2018/19: 3,185]	Average length of remand periods: 76 days [2018/19: 68]
Extended supervision	Average cost of \$131 [2018/19: \$115]	Extended supervision orders enable us to monitor serious adult sex offenders, child sex offenders and violent offenders after the end of a prison sentence for up to 10 years.	
		Average volume: 217 people [2018/19: 221]	Average length of order: 2,276 days [2018/19: 2,375]
Home detention	Average cost of \$82 [2018/19: \$69]	People serving home detention sentences must always remain at an approved residence. These people are monitored electronically and remain under the close supervision of a probation officer.	
		Average volume: 1,510 people [2018/19: 1,631]	Average length of sentence: 200 days [2018/19: 206]
Parole	Average cost of \$45 [2018/19: \$48]	People who have been released from prison on parole remain under the close supervision of a probation officer. They may also be electronically monitored and are subject to any other conditions imposed by the NZPB.	
		Average volume: 2,614 people [2018/19: 2,392]	Average length of order: 459 days [2018/19: 448]

Returning offenders orders	Average cost of \$35 [2018/19: \$30]	Certain people who have returned to New Zealand after serving a sentence of imprisonment overseas are monitored by Corrections.	
		Average volume: 265 people [2018/19: 283]	Average length of order: 367 days [2018/19: 392]
Released on conditions	Average cost of \$31 [2018/19: \$29]	People who are serving a prison sentence of two years or less are released on conditions after serving half of their imposed term.	
		Average volume: 2,835 people [2018/19: 3,230]	Average length of order: 342 days [2018/19: 343]
Community detention	Average cost of \$26 [2018/19: \$22]	People serving community detention sentences are subject to electronically monitored curfews imposed by the court.	
		Average volume: 1,501 people [2018/19: 1,569]	Average length of sentence: 123 days [2018/19: 123]
Supervision	Average cost of \$24 [2018/19: \$21]	Supervision is a rehabilitative, community-based sentence with oversight from a probation officer.	
		Average volume: 7,545 people [2018/19: 8,002]	Average length of sentence: 277 days [2018/19: 277]
Intensive supervision	Average cost of \$21 [2018/19: \$23]	Intensive supervision is a rehabilitative, community-based sentence with close oversight from a probation officer.	
		Average volume: 4,594 people [2018/19: 4,060]	Average length of sentence: 438 days [2018/19: 430]
Community work	Average cost of \$15 [2018/19: \$12]	People serving community work sentences complete unpaid work in the community as a way of making reparations for the harm of their offending.	
		Average volume: 11,096 people [2018/19: 12,684]	Average length of sentence for community work cannot be easily calculated due to the complex nature of sentencing.
Post-detention conditions	Average cost of \$12 [2018/19: \$12]	People who have completed a sentence of home detention are overseen by a probation officer. Conditions can include completing community work and abiding by curfews.	
		Average volume: 1,338 people [2018/19: 1,404]	Average length of order: 210 days [2018/19: 211]

Appendix Two: Recidivism Index

The Recidivism Index (RI) is the percentage of people under our management in any given cohort who are reconvicted within a given period of time (the follow-up period), and who receive either a prison sentence (reimprisonment) or any Corrections-administered sentence (resentencing).

RI rates relate to recent cohorts of people released from prison, or who started a community sentence, during a full 12-month period ending 15 months ago. While each individual has a 12- and 24-month long follow-up period set, during which any new offences are counted, three additional months are allowed after the follow-up period to allow for capture of conviction and sentencing for new offences to be recorded by the courts.

Important note:

This year's RI figures reflect a number of changes made to the methodology for calculating these rates. These changes were made necessary by several minor anomalies identified within the method. The overall effect of these changes are as follows:

- resentencing and reimprisonment rates for the prisoner cohort are slightly decreased
- resentencing rates for the community sentence cohort similarly show a small decrease
- imprisonment rates for the community sentence cohort show a modest increase

It is important to note that these changes mean the latest figures are therefore not directly comparable to figures produced in previous years. However, consistent time-series figures reflecting the new method, and contrasted with the older method, are available on Corrections website:

https://www.corrections.govt.nz/resources/strategic_reports/annual-reports

There are other changes also: the offence categorisation has been changed to reflect the ANZSOC (Australia and New Zealand Standard Offence Classification) system, aligning this report with standardised reporting elsewhere within the criminal justice system. In addition, rates are reported this year for the first time with respect to returning offenders. Finally, there has been a terminology change: "reconviction" rates are now titled "re-sentenced" rates. This reflects the fact that the figures represent only those reconvicted offenders who also receive another Corrections-administered sentence; these figures have never included those re-convicted but who receive no sentence or are re-convicted and fined.

RECIDIVISM INDEX – 12-MONTH FOLLOW-UP PERIOD (PERCENTAGES) FOR 2018/19

Category	Group	Released from prison		Beginning community-based sentence	
		Re-imprisoned	Re-sentenced	Imprisoned	Re-sentenced
All (2018/19)	All	25.6	38.3	6.1	21.0
Gender	Female	15.6	30.3	3.4	17.9
	Male	26.7	39.2	6.9	21.8
Ethnicity	Māori	29.2	42.6	7.9	24.8
	European	21.0	33.4	5.2	19.8
	Pacific peoples	21.9	33.2	4.9	17.0
	Other (incl. Asian)	12.3	19.3	3.6	13.7
Age (at the time the follow-up period began)	Under 20 years	37.0	53.2	4.8	28.7
	20-24 years	30.5	45.9	6.1	22.8
	25-29 years	30.3	45.1	7.2	23.7
	30-39 years	25.9	38.9	7.3	22.4
	40 years and over	16.2	24.8	4.3	14.3
Gang status	Gang affiliated	34.7	49.1	18.1	38.3
	Not gang affiliated	21.5	33.4	4.9	19.1
Offence (most serious offence for original sentence; ANZSOC system)	Abduction, Harassment	25.9	41.5	6.4	21.1
	Acts intended to cause injury	25.3	38.1	5.2	17.9
	Dangerous or negligent acts	16.7	28.6	3.3	20.6
	Fraud, Deception	21.1	32.7	6.0	18.1
	Homicide	9.0	11.0	0.0	7.1
	Illicit drug offences	10.6	18.2	5.2	17.5
	Miscellaneous offences	0.0	0.0	1.9	7.5
	Offences against justice	34.6	46.3	8.6	23.9
	Prohibited and regulated weapons	29.1	48.4	8.3	25.3
	Property damage	26.0	41.2	7.7	26.4
	Public order	42.0	61.4	9.9	28.3
	Robbery, Extortion	23.0	33.6	4.3	13.8
	Sexual assault	8.9	14.7	1.9	5.8
	Theft	41.4	58.7	12.0	34.1
	Traffic	18.1	31.9	3.0	17.3
	Unlawful entry with intent/ Burglary	27.2	43.8	10.0	27.1
Community sentence	Community detention	-	-	4.4	17.3
	Community work	-	-	6.0	22.0
	Home detention	-	-	6.9	14.8
	Intensive supervision	-	-	9.8	25.1
	Returning Offender Order	-	-	3.9	10.4
	Supervision	-	-	4.7	19.5

RECIDIVISM INDEX – 12-MONTH FOLLOW-UP PERIOD (PERCENTAGES) FOR 2018/19

Category	Group	Released from prison		Beginning community-based sentence	
		Re-imprisoned	Re-sentenced	Imprisoned	Re-sentenced
Prisoner security classification (at release)	Maximum	50.0	68.8	-	-
	High	43.2	57.2	-	-
	Low Medium	31.3	46.0	-	-
	Low	23.0	36.5	-	-
	Minimum	9.0	16.4	-	-
Release type	Parole	12.7	20.3	-	-
	Post-release conditions	29.7	44.9	-	-
Sentence length	6 months or less	34.8	50.0	5.0	17.8
	>6 months to 1 year	30.0	44.6	5.9	19.3
	>1 to 2 years	26.9	41.6	9.9	26.8
	>2 to 3 years	15.0	25.0	-	-
	>3 to 5 years	12.6	19.5	-	-
	More than 5 years	9.8	13.9	-	-

RECIDIVISM INDEX – 24-MONTH FOLLOW-UP PERIOD (PERCENTAGES) FOR 2017/18

Category	Group	Released from prison		Beginning community-based sentence	
		Re-imprisoned	Re-sentenced	Imprisoned	Re-sentenced
All (2017/18)	All	41.2	60.8	11.0	36.5
Gender	Female	29.9	52.9	6.1	31.1
	Male	42.5	61.7	12.5	38.1
Ethnicity	Māori	45.8	65.8	14.9	44.0
	European	35.6	55.2	9.4	35.6
	Pacific peoples	35.0	54.3	8.9	32.4
	Other (incl. Asian)	27.1	43.1	5.8	25.4
Age (at the time the follow-up period began)	Under 20 years	49.2	77.1	11.1	45.7
	20-24 years	46.9	69.0	11.7	40.9
	25-29 years	44.8	66.2	13.1	40.9
	30-39 years	44.1	64.6	12.9	38.4
	40 years and over	28.5	42.7	7.0	25.1
Gang status	Gang affiliated	53.9	72.6	32.2	62.8
	Not gang affiliated	35.5	55.6	9.0	34.0
Offence (most serious offence for original sentence; ANZSOC system)	Abduction, Harassment	45.1	62.7	12.5	40.0
	Acts intended to cause injury	39.8	60.0	10.2	33.8
	Dangerous or negligent acts	29.9	55.2	6.9	32.4
	Fraud, Deception	36.4	53.4	10.7	30.1
	Homicide	11.1	21.0	0.0	1.9
	Illicit drug offences	19.3	33.3	9.3	31.9
	Miscellaneous offences	8.3	25.0	6.3	16.1
	Offences against justice	49.8	68.1	14.2	40.5
	Prohibited and regulated weapons	47.1	69.3	13.8	44.0
	Property damage	40.7	63.4	14.8	46.7
	Public order	51.6	69.6	18.3	42.6
	Robbery, Extortion	36.0	57.0	11.8	28.5
	Sexual assault	14.9	25.3	4.6	11.1
	Theft	58.2	82.0	19.6	53.5
	Traffic	33.0	56.2	5.9	30.7
	Unlawful entry with intent/ Burglary	48.3	71.1	17.4	48.8
Community sentence	Community detention	-	-	8.6	33.1
	Community work	-	-	10.6	36.8
	Home detention	-	-	14.0	32.7
	Intensive supervision	-	-	18.0	45.1
	Returning Offender Order	-	-	10.6	24.2
	Supervision	-	-	8.7	34.5

RECIDIVISM INDEX – 24-MONTH FOLLOW-UP PERIOD (PERCENTAGES) FOR 2017/18

Category	Group	Released from prison		Beginning community-based sentence	
		Re-imprisoned	Re-sentenced	Imprisoned	Re-sentenced
Prisoner security classification (at release)	Maximum	66.7	83.3	-	-
	High	59.5	75.1	-	-
	Low Medium	51.0	69.7	-	-
	Low	38.5	61.8	-	-
	Minimum	19.6	38.5	-	-
Release type	Parole	23.8	39.1	-	-
	Post-release conditions	45.5	66.7	-	-
Sentence length	6 months or less	47.1	67.8	10.7	34.6
	>6 months to 1 year	47.0	68.3	10.4	35.0
	>1 to 2 years	44.2	64.9	18.7	46.1
	>2 to 3 years	28.4	46.8	-	-
	>3 to 5 years	22.0	37.5	-	-
	More than 5 years	17.7	28.1	-	-

Appendix Three: Rehabilitation Quotient

The Rehabilitation Quotient (RQ) is a tool used by Corrections to measure the impact that our interventions (for example, offence-focused rehabilitation programmes and reintegration services) have on re-offending. This is done by comparing the imprisonment and re-conviction rates of people who have participated in certain interventions with the rates of similar people (matched through a range of risk-related factors) who have not participated.

The imprisonment and re-sentencing rates used to calculate the RQ are measured over a 12-month follow-up period. When measuring the impact of prison-based programmes, the follow-up period begins when each participant is released from prison. For community-based programmes, the follow-up period begins when the participant has completed the intervention in the community.

After the 12-month follow-up period ends, Corrections waits three months before preparing the RQ. This allows any re-offending that occurred during the follow-up period to progress through the courts. Only after this period ends can Corrections calculate the imprisonment and re-conviction rates of programme participants and compare them with those of non-participants.

The RQ relies on the full completion of both the follow-up period and the additional three-month period. Accordingly, this year's RQ measures the impact of interventions that were completed prior to 31 March 2019.

The scores assigned to each programme represent percentage point reductions in imprisonment or re-sentencing. For example, if the re-sentencing rate of a specific programme's participants was 30 percent and the re-conviction rate of non-participants was 35 percent, the RQ would assign the programme a re-sentenced score of -5.0. A negative re-sentenced score means the programme reduced the rate at which participants were re-sentenced for new offences during the follow-up period.

In the RQ, scores which have been shaded darker indicate that the difference in outcomes between a programme's participants and non-participants was statistically significant at the 95 percent level.

For historical results, please see Corrections' previous Annual Reports:

https://www.corrections.govt.nz/resources/strategic_reports/annual-reports

Results

Modest reductions in re-imprisonment and re-sentencing rates are recorded across almost all of the interventions evaluated, which is a positive outcome. This general trend of results supports confidence in the general positive impacts of our wider rehabilitative and reintegrative efforts.

As has been noted in previous reports, an important trend for Corrections has been delivering increasing amounts of rehabilitative options to the people under our management, with the result that a growing proportion of people released from prison and those in community cohorts have undertaken multiple forms of rehabilitation while under our management.

Prison interventions

As has been the case for the last seven years, the Special Treatment Unit Rehabilitation Programmes (which are high intensity specialist rehabilitation programmes for men at high risk of violent re-offending) continue to generate good effect sizes. This year's reduction in reimprisonment rate (i.e., in re-offending resulting in a prison sentence) is lower than in other years. Achieving substantial reductions of this magnitude, with the most challenging group of people we manage continues to place this programme on a par with the best programmes of this type in the world.

The culturally-enhanced Mauri Tu Pae programme, which is delivered to residents of the Te Tirohanga units, has produced some very good results this year, with a statistically significant nine percentage points reduction of re-sentencing rate. Further, the 12-month Drug Treatment Programme is also showing good results again this year, in terms of reduced re-imprisonments, and particularly reduced re-sentencing.

Results in Offender Employment continue to be positive, with reductions recorded across most forms of offender employment. Community Services produced effect sizes across both re-sentencing and reimprisonment that are the highest seen for any form of offender employment. As was the case last year, good results are also observed in the educational domain, with Self-Directed Learning producing remarkably good effect sizes. The results for Intensive Literacy and Numeracy education are also positive; prioritising people's literacy allows them to more fully engage in other forms of rehabilitation, to work towards a desistance pathway.

A proportion of people in prison complete multiple forms of rehabilitation and reintegration during the course of a single sentence. Corrections has evidence to show that there are additive effects of doing so in many cases, in terms of greater reductions in re-offending rates, as a result of having addressed multiple areas of need.

Community interventions

The Short Rehabilitation Programme produced good reductions in re-sentencing.

Results for the community Medium Intensity Rehabilitation Programme, which have over multiple years been disappointing, have this year rebounded, with quite a strong effect for reconvictions. This improvement may reflect a stronger focus on practitioner supervision and training in recent years.

In the community-funded area (programmes delivered by agencies other than Corrections) quite good results appear for the men's family violence programmes, with the effect for re-sentencing being statistically significant.

Prison interventions

Interventions	Re-imprisonment	Re-sentenced
Special Treatment Unit Rehabilitation Programme	-9.50	-6.40
Medium Intensity Rehabilitation Programme	-1.10	-0.10
Mauri Tu Pae Programme	-6.70	-9.10
Kowhiritanga Programme	-3.20	-6.70
Mauri Toa Rangatahi	-3.90	-6.60
Short Rehabilitation Programme	-1.20	-2.90
Short Motivation Programme	-4.70	-5.10
Family Violence Programme	-4.30	-4.40
Drug Treatment Unit (12-month programme)	-4.60	-8.40
Drug Treatment Unit (6-month programme)	-2.10	-2.40
Alcohol and Other Drug Intensive Treatment Programme	-0.30	-1.70
Offender employment (average across activities ³⁶)	-1.00	-2.90
Industry Training	-1.70	-1.40
Vocational Training	-2.40	-0.20
Intensive Literacy and Numeracy	-4.30	-2.70
Self-directed Learning	-5.40	-3.60
Secure Online Learning	-0.50	-0.50
Te Tirohanga	-0.40	-0.40
Whare Oranga Ake	-0.10	-5.60
Out of Gate (Standard)	-5.20	-3.20
Out of Gate (Enhanced)	-0.70	-2.80
Supported Accommodation Service	-0.70	-2.30
Release to Work	-1.60	-4.80
This Way for Work	-3.00	-3.10

Community-based interventions

Interventions	Imprisonment	Re-sentencing
Medium Intensity Rehabilitation Programme	-2.60	-11.40
Family Violence courses (women)	-0.80	-1.80
Family Violence courses (men)	-1.10	-3.70
Short Rehabilitation Programme	-3.50	-5.00
Alcohol and Other Drug Programme (Ministry of Health)	-1.20	-1.20
This Way for Work	-0.50	-1.00

We made a small mistake...

23 December 2020

ERRATUM

Annual Report 1 July 2019 - 30 June 2020

The results in the Rehabilitation Quotient table on page 171 have incorrectly been presented as percentages rather than percentage points.

The percentage symbols have been removed from the results table in the online publication of this report.

The results for the community-based Medium Intensity Rehabilitation Programme on page 171 is incorrectly stated as 2.60 (imprisonment) and 11.40 (re-sentencing).

The correct results are -2.60 and -11.40 respectively. The results have been updated in the online publication of this report.



E.61

36. Offender employment (in prison) is broken down into different employment types (engineering, timber, construction and so on). The figures here are the average effect across the multiple offender employment activities.

Appendix Four: Our strategies

We have a number of multi-year strategies guiding how we work to achieve our strategic outcomes of improving public safety and reducing re-offending.

The strategies below are those which were current throughout 2019/20.

<i>Hōkai Rangi 2019 – 2024</i>	Hōkai Rangi is our over arching strategy that is guiding how we work and how we will work in the future. It will deliver greatly improved outcomes with and for Māori and prioritises authentic partnerships. Hōkai Rangi can be viewed online: https://www.corrections.govt.nz/resources/strategic_reports/corrections_strategic_plans/hokai_rangi
<i>Statement of Intent 2018 – 2022</i>	Our Statement of Intent tells our story, outlining who we are and what we do, describes our current operating context, and explains how we will measure our success over the four-year horizon of the strategy. The Statement of Intent can be viewed online: https://www.corrections.govt.nz/resources/strategic_reports/statements-of-intent/statement_of_intent_2018-2022
<i>Wahine – E rere ana ki te Pae Hou 2017 – 2021</i>	Wahine – E rere ana ki te Pae Hou is our strategy for improving outcomes for women in the corrections system. The strategy prioritises evidence-based, trauma-informed treatment. The women's strategy can be viewed online: https://www.corrections.govt.nz/resources/newsletters_and_brochures/corrections_works/2017/corrections_works_sept_2018/wahine_e_rere_ana_ki_te_pae_hou_womens_strategy_2017-2021
<i>Breaking the Cycle: Our Drug and Alcohol Strategy through to 2020</i>	Breaking the Cycle is our Drug and Alcohol strategy. It is reducing the harm of drug and alcohol use by people in the corrections system by focusing on problem limitation, supply control and demand reduction. Breaking the Cycle can be viewed online: https://www.corrections.govt.nz/resources/strategic_reports/breaking_the_cycle_our_drug_and_alcohol_strategy_through_to_2020

Appendix Five: Asset performance

We manage over \$3.8 billion in assets, including prisons and Community Corrections sites, electronic security infrastructure, vehicles, machinery used in prison industries, and custom software applications. As a large and complex public service department, Corrections' assets range in condition from excellent to those approaching end-of-life.

Asset performance reporting is important because Corrections is considered a 'tier-1 investment-intensive agency' under the Treasury's Investor Confidence Rating framework³⁷. We report on the performance of assets in the Property portfolio and Information, Communication and Technology (ICT) portfolio, excepting our vehicle fleet, every year in our Annual Report.

Property asset performance measures

Property assets are critical to the safety and effectiveness of the corrections system. These assets must be flexible and responsive to changes in demand such as rapid fluctuations in the prison population. There is also a growing need to ensure we provide therapeutic environments delivering humanising and healing pathways for people in the corrections system.

Measure	Indicator	2018/19 Actual	2019/20 Target	2019/20 Actual	2020/21 Target
Percentage of prison buildings with an excellent/ good condition ³⁸	Condition	76%	85%	85%	85%
Percentage of Community Corrections site owned buildings with an excellent/ good condition ³⁸	Condition	73%	85%	96%	85%
Percentage of prison service utilisation of available capacity at 30 June	Utilisation	98%	99%	99%	99%
Percentage of prison service utilisation of Rated Maximum Capacity ³⁹ at 30 June	Utilisation	108%	-	103%	-
Number of reactive calls ⁴⁰ , as a rate per prisoner	Functionality	5.15	4.18 (5% reduction)	3.76 (5% reduction)	3.97 (5% reduction)
Number of reactive calls ⁴⁰ affecting normal operations, as a rate per prisoner	Functionality	1.34	1.03 (5% reduction)	0.92 (5% reduction)	0.98 (5% reduction)

For our property assessment criteria, see Corrections' 2018/19 Annual Report (page 183):

https://www.corrections.govt.nz/_data/assets/pdf_file/0008/38852/Annual_Report_2018_2019_Web_Version_Final.pdf

37. <https://treasury.govt.nz/information-and-services/state-sector-leadership/collaboration-initiatives/investment-management-system/review-investment-reviews/investment-intensive-agencies>

38. Underground (horizontal) assets are not included in this measure, as condition data is not available for our horizontal assets at present.

39. 100% of Rated Maximum Capacity is the point where sufficient base capacity headroom is available to enable effective network operation, effective facilities maintenance, and to manage the risk of unexpected growth in prisoner numbers.

40. Reactive calls require unplanned maintenance.

Importantly, over the 12 months (to 30 June 2020), Corrections' facility management service provider completed an above-ground (vertical) asset verification process, which identified mixed confidence levels in the underlying accuracy of the asset data relating to condition and quantities.

This gives us the opportunity to further investigate our asset information and continue developing and building our new capabilities in Strategic Asset Management and Asset Assurance to further refine our asset data and asset condition information. This will be a multi-year progression of improving our asset information and the wise stewardship of our infrastructure assets to make good decisions now and in the future.

Our Planned Asset Replacement Programme is influenced by the condition of the facility and the criticality of the facility based on prison and community-based volumes.

As at 30 June 2020 we had an operating capacity of 10,683 beds. This excludes beds closed for management purposes (poor quality and refurbishment).

The Modular Build Programme, which is adding 976 beds to the prison network through eight new units at five prisons is scheduled to be completed in December 2021, and work on the 600-bed facility, which includes 100 beds in a dedicated mental health and addiction service is scheduled for completion in August 2022.

Information Communications and Technology (ICT) asset performance measures

Our ICT assets connect our 10,000 people across the country and enable us to manage those people in prison and on community-based sentences and orders each and every day.

Technology is more important than ever before in forming and maintaining connections with others (for example, audio-visual links between people in prison and their whānau) and in safety (for example, people on community-based sentences and orders are often electronically monitored). As such, there is a growing need for infrastructure that supports the safe storage and transfer of large volumes of data.

Measure	Indicator	2018/19 Actual	2019/20 Target	2019/20 Actual	2020/21 Target
Percentage of time our core services are available	Availability	99.99%	>99.5%	99.99%	>99.5%
Percentage of our ICT assets with a condition rating of poor	Condition	57%	21%	30%	21%
Number of online kiosks available within the prison environment for offender self-service	Utilisation	295	170	304	≥170
Percentage of Community Corrections frontline staff accessing information through mobile technology	Utilisation	100%	>75%	100%	>75%
Percentage of our storage that is available/ hosted within a public cloud	Functionality	1%	10%	1%	10%

Our ICT capital investment programme is principally driven by either new investment proposals or upgrades and replacements of existing ICT assets that are 'end of life', critical ICT assets requiring upgrades and critical assets nearing an unsupported state.

In 2019/20, we commenced the deployment of Windows 10 computers (laptops, tablets and desktops) to replace Windows 7 computers, and older Wyse terminals, and to support more flexible ways of working. Some of this deployment was brought forward as we distributed over 600 new Windows 10 laptops in response to COVID-19 restrictions. In 2020/21, we will complete this deployment, fully replacing remaining Windows 7 desktops and Wyse terminals.

We are currently progressing our 'Cloud First' programme, moving ICT infrastructure to a hybrid (public/private) cloud platform. The platform makes use of the Department of Internal Affairs' All-of-Government cloud infrastructure, along with cloud infrastructure from Microsoft.

Appendix Six: Child and Youth Well-being Strategy

The Government launched its first Child and Youth Well-being Strategy on 29 August 2019. The Department of the Prime Minister and Cabinet led the development of the strategy with other agencies. The strategy outlines a shared understanding across Government about what is important to the well-being of children and young people, what we are doing to improve their well-being, and how others can help us in this journey. The strategy can be viewed online: <https://childyouthwellbeing.govt.nz/resources/child-and-youth-wellbeing-strategy>

As at 30 June 2020, we managed 4,662 young people (under 25 years old) in prison along with thousands more in the community. We have two specialist youth units for males in prison 20 years old and younger. We also have three Mothers and Babies Units, accommodating babies under the age of two, alongside their mothers in our women's prisons. As such, we are committed to the actions detailed in the strategy to improve child and youth well-being in New Zealand.

At Corrections, we have over 300 passionate youth champions who help young people in the corrections system turn their lives around. This includes supporting youth to achieve their goals, including gaining employment skills and educational qualifications, completing rehabilitation programmes, and establishing healthy pro-social support networks in the community. Our youth champions also facilitate youth-specific opportunities such as participation in the Duke of Edinburgh Hillary Awards.

Our progress so far

We are currently designing a framework for the management and well-being of people under 25 years old in the corrections system. The framework is directly aligned to both the Child and Youth Well-being Strategy and Hōkai Rangi and prioritises:

- > identity and belonging
- > continuity of care
- > access (including educational opportunities, rehabilitation programmes and reintegration services)
- > reducing negative influences and escalation
- > imprisonment as a last resort

We are also working with Oranga Tamariki on the Transition Support Service, which supports young people in the justice system, and in statutory care, as they transition, out of management. The Oranga Tamariki-led service includes support staff to help young people with their transition and accessing supported accommodation. We work with Oranga Tamariki to ensure eligible young people under our management can access the services.

Our Māori Pathways programme at Northland Region Corrections Facility and Hawke's Bay Regional Prison will also have an initial focus on young men under the age of 30. For more information on the Māori Pathways initiative, see pages 63-64.

Additionally, in 2019/20 we procured kaupapa Māori support services for our Mothers with Babies Units. These services focus on the child and teach parenting and general life skills to the mothers along with child development and age-appropriate play. Whānau are encouraged to be involved in the life of the child while that child is residing in the Mothers with Babies Unit, and there is assistance for up to 12 months after the mother's release to ensure whānau have the support they need to help them thrive in the community.

Further support for mothers in the corrections system is offered by The Mothers Project, which provides free legal advice from volunteer lawyers to women at all three women's prisons. This service often helps mothers to do things like navigate the complexities of the Family Court system and Oranga Tamariki.

Appendix Seven: Legislation enacted in 2019/20

Corrections Amendment Bill (October 2019)

The *Corrections Amendment Act 2019* includes a suite of amendments designed to improve the ability of Corrections to safely and humanely manage people in prison, improve discipline and safety in prisons, and ensure the fair treatment of people under our management in prison.

Some of the key provisions include:

- > the introduction of a legislative framework for the management of people at risk of self-harm
- > strengthening mail provisions to ensure Corrections can better prevent the dissemination of correspondence that: re-victimises; attempts to radicalise or influence people; and/ or promotes violence or hostility against people in society
- > providing for Health Centre Managers to delegate their powers and functions
- > creating a disciplinary offence to tattoo another person in prison, or consent to receive a tattoo from someone, or to tattoo themselves
- > creating a disciplinary offence to use psychoactive substances in prisons, and allowing testing procedures to identify and address peoples drug issues, and to obtain evidence of drug use
- > reducing the use of strip searching by stating that people returning from an escorted outing may be strip searched only if there is a valid reason, rather than the previous mandatory requirement

Most of the Bill came into force in October 2019, with the remaining changes coming into force in April 2020.

Appendix Eight: New Zealand Business Number

The New Zealand Business Number (NZBN) is a globally unique identifier, available to every kiwi business. The NZBN Act came into effect in 2016, enabling all businesses to be allocated or register for an NZBN.

We participate in the 'Better for Business' programme, which makes it easier and more efficient for businesses to interact with government organisations. Improving the use of NZBN is an important part of the programme: by making it easier and faster for businesses to connect, they are saving time and money. This gives New Zealand businesses a competitive edge locally and globally.

We have recorded the NZBN of 1,666 current active vendors (this is 74% of a total 2,250 active vendors). This has increased from 67 percent as at 30 June 2019. We aim to increase this further to 85 percent by 30 June 2021.

Over the next financial year, we intend to investigate the benefits of integrating the data it holds for customers and suppliers into one 'Business Partner' record. This should make it easier for New Zealand businesses to do business with us as they will only need to submit their details once through a single team.

Appendices

Department of Corrections

Annual Report - Part D

Appendix Nine: Legislative Reporting

Report under section 190(1)(a) of the Corrections Act 2004

A report on how the Chief Executive has carried out his functions under section 8(1)(k) of the Act and how Prison Directors have carried out their functions under section 12(d) ensuring that processes are established and maintained to identify communities significantly affected by policies and practices in the corrections system, and giving opportunities for those communities to give their views on those policies and practices, and ensuring those views are taken into account.

At Corrections, we have a responsibility to identify communities significantly affected by our policies and practices, to give these communities the opportunity to share their views, and to take these views into account. In 2019/20, we placed renewed emphasis on consulting with Māori communities in line with our strategy, *Hōkai Rangi*.

Hōkai Rangi was published in August 2019, following significant consultation with Māori community groups, Māori in the corrections system, and Māori and non-Māori staff members and academics. We are in the process of setting up governance arrangements, which will be inclusive of Māori partners in the community.

In the last year, we worked especially closely with community stakeholders on the Māori Pathways initiative (which is establishing a kaupapa Māori-based pathway for men at Hawke's Bay Regional Prison and Northland Region Corrections Facility) and the Waikeria Mental Health and Addiction Service (an integrated and holistic mental health service for men in the central North Island). For example, the Māori Pathways initiative is being co-designed with whānau, iwi and hapū Māori, while the Waikeria Mental Health and Addiction Service team set its foundations through the *Mana Whenua/Ahi Kā Foundation Document* alongside Raukawa, Ngāti Maniapoto, Waikato District Health Board, and Te Arawai (which includes mana whenua and Māori practitioners in the community).

In general, we have well established processes for working with communities using a diverse range of methods. We have dedicated staff who engage communities on the placement of certain people serving community-based sentences or orders in the community, and we continue to engage communities in the establishment of new community-based accommodation solutions for people under our management.

Finally, some of our key governance boards include independent members who offer external points-of-view on important Corrections-related matters. For example, the Prisoner Welfare Advisory Board has three external members, and the Audit and Risk Committee is chaired by an external member.

Report under section 190(1)(b) of the Corrections Act 2004

A report on the work undertaken by the inspectors of Corrections, including statistical information about the disposition of complaints made by people under control or supervision and comment on issues arising from complaints or visits.

The Office of the Inspectorate is a critical part of the oversight of the corrections system. It operates under the *Corrections Act 2004* and the *Corrections Regulations 2005*. The Inspectorate has a wide mandate and provides assurance that prisoners and offenders are treated in a fair, safe, secure and humane way.

While part of the Department, the Inspectorate is independent from operational activities and management which is necessary to ensure objectivity and integrity. The Chief Inspector reports directly to the Chief Executive of Corrections.

Inspectorate staff have a detailed knowledge and understanding of Corrections' core business. Inspectors have unrestricted access to all staff, facilities, information, documentation, files, records and property under Corrections' care or control.

Functions of the Inspectorate include the investigation of complaints from prisoners and offenders in the community, prison inspections, the investigation of all deaths in custody, and special investigations.

In the 2019/20 period the Inspectorate dealt with 4,772 cases. These included 3,936 complaints (a 48% increase), as well as statutory reviews of Visitor Prohibition Orders and misconduct charges, death in custody investigations and special investigations. The Inspectorate 0800-phone number received 3,966 calls, and 666 letters or emails were also received. All external performance targets were either met or exceeded.

COVID-19 pandemic

The Chief Inspector led the Inspectorate's COVID-19 response. This aimed to ensure during lockdown the right balance was maintained between protecting people in prison from the spread of COVID-19 and ensuring their rights were not disproportionately and unnecessarily restricted.

Enhancements were made to ensure the Inspectorate remained accessible to people in prison, even though Inspectorate staff were working remotely. The number of inspectors available to respond to complaints and issues doubled, and the Inspectorate moved to a seven-day a week operation from the first week of lockdown. From Alert Level 4, people not satisfied with responses to complaints in prisons could contact the Inspectorate directly (rather than via the Complaints Response Desk, whose operations were paused during the COVID response). This led to more than 1,200 extra calls received at this time when compared to the previous financial year [2018/19: 2,666].

Visits to prisons recommenced under Alert Level 3 with strict health and safety precautions, informed by World Health Organisation guidelines. Inspectors visited 10 prisons and findings included:

- > people in prison generally received their minimum entitlement (one hour out of cell a day), although some had issues with access to exercise yards (due to the need for social distancing), particularly for people newly arrived to prison undergoing 14-day isolation
- > some prisons were able to maintain their existing wider unlock regimes during lockdown
- > hygiene and sanitation procedures were being followed and cleaning regimes were increased
- > personal Protective Equipment (PPE) was generally worn by all staff at all times
- > robust site entry and receiving procedures were in place
- > good communication was maintained between management, staff and people in prison, and people felt well informed
- > people in prison had access to telephones, and the use of audio-visual links to maintain contact with whānau and lawyers increased
- > vulnerable prisoners were identified, and extra care was taken to ensure they were kept safe

Complaints

This year the Inspectorate dealt with 3,936 complaints; 97 percent related to prisons and two percent to Community Corrections. Not surprisingly, the majority of complaints came from larger prison sites, with 57.5 percent of all complaints coming from five sites. Ten frequent complainants submitted 10.5 percent of all complaints to the Inspectorate.

The most frequent complaint categories were complaints process, prisoner property, staff conduct and attitude, and prison health services. Fifty-one percent of complaints received fell into these categories.

The expectation is complaints should be resolved at the lowest level possible. The Inspectorate therefore generally investigates complaints that have already gone through the internal complaints system (that is, the PC.01 system for prisoners and the Complaints Response Desk) and where the complainant is not satisfied. In cases of urgency or safety, a complaint can be made directly to the Inspectorate. People on community-based sentences can also escalate a complaint to the Inspectorate. Health complaints are now triaged by clinical inspectors.

The Inspectorate's website (<https://inspectorate.corrections.govt.nz/>) outlines in detail how to make a complaint, and has information in five languages. Additionally, the Inspectorate has developed brochures and posters outlining how to make a complaint; these have been sent to all prisons and Community Corrections sites.

The Inspectorate also monitors the most serious IR.07 complaints, which are complaints made by people in prison about staff members. In the 2019/20 period, the Inspectorate monitored the investigations of 66 IR.07 complaints.

Prison inspections

In May 2019 the Office of the Inspectorate began a programme of announced and unannounced follow-up inspections across the prison network with the aim of building on progress made to date and ensuring people in prison are consistently treated in a fair, safe, and humane way. Follow-up inspections have been carried out at Manawatu, Rimutaka and Waikeria prisons, and Northland Region, Mt Eden, and Auckland Region Women's corrections facilities.

Additionally, a programme of thematic inspections has also begun, with the first of these focusing on older people in prison (aged 65 and over). The purpose of this thematic inspection is to understand the age-related needs of older people in prison to support their quality of life, identify the challenges for Corrections, and to consider older peoples preparation for release and on-going support required in the community. The second thematic inspection relates to inter-prison transfers.

Reports are published on the Inspectorate website and printed copies are sent to all prison libraries.

In February 2020 the Inspectorate released its Inspection Standards, which guide the way prisons are inspected. The Inspection Standards describe the standards of treatment of people in prison and conditions that prisons are expected to achieve.

The Inspection Standards derive from the:

- > updated United Nations Standard Minimum Rules for the Treatment of Prisoners ('the Nelson Mandela Rules')
- > Her Majesty's Inspectorate of Prisons Expectations (England's equivalent criteria for assessing the treatment of and conditions for men in prisons)
- > United Nations Rules for the Treatment of Women Prisoners and Non-custodial Measures for Women Offenders ('the Bangkok Rules'), and
- > Yogyakarta Principles (related to sexual orientation and gender identity)

Assessments are guided by four key principles: safety, respect, purposeful activity and reintegration. Inspectors are required to consider 10 areas of prison life: reception and admission, first days in custody, escorts and transfers, duty of care, health, environment, good order, purposeful activity, reintegration and prison staff.

Death in custody investigations

The Office of the Inspectorate investigates all deaths in New Zealand prisons. The reports are provided to the National Commissioner and the Deputy Chief Executive Health, if appropriate, findings and recommendations are made for improvements to policies and procedures. The reports are also provided to the Coroner.

Comprehensive investigations are carried out into all unnatural deaths and those where serious concerns have been raised. Natural deaths are generally investigated with a focus on the adequacy of access to, and provision of, health care. Investigations are informed by health and other experts, as required.

In 2019/20, there were 27 deaths in custody, an increase from 12 in 2018/19. These included the natural deaths of six prisoners in Rimutaka Prison's High Dependency Unit and one suspected homicide.

Report under section 190(1)(c)(d)(e) of the Corrections Act 2004

A report on the processes and systems in place to supervise and control the monitoring of prisoner phone calls, including statistics on the proportion of prisoner calls monitored (otherwise than merely being recorded) and the number and percentage of calls disclosed under section 117(1) and (2) of the Act:

- > to any person other than an employee of the Chief Executive or a contractor
- > to an employee of the Chief Executive or a contractor
- > of those disclosed, the number of proceedings against a person for a disciplinary offence in which a recording of any of those calls was used in evidence

Legislative authority for Corrections to monitor prisoners' telephone calls is provided under section 113 of the *Corrections Act 2004*.

Every person in prison has access to pay phones for the purpose of maintaining pro-social contact with friends, and whānau. They can use these phones by purchasing a prepaid phone card or prepaid minutes (for Auckland Prison only) and can contact only those numbers approved by the Prison Director. Each person is allowed up to 10 approved numbers. As part of the approval process, staff at the prison must contact the owner of the proposed number and confirm their identity and their permission to receive phone calls. Each phone call can last a maximum of 15 minutes.

While the majority of phone calls from prisons are appropriate and made for legitimate purposes, a small proportion are not. That is why it is important that we monitor phone calls to maintain the safety of the public, staff, people in prison and their whānau.

Prior to using the phones in prisons, every person is advised that personal phone calls are recorded and that a portion of these are monitored. Phone calls to legal advisers, government organisations, Crimestoppers, monitoring agencies and Members of Parliament are not recorded or monitored.

In 2019/20, we monitored 91,894 phone calls in publicly managed prisons (this excludes Auckland South Corrections Facility). This is an increase of 18,369 calls from 2018/19. The nearly 25 percent increase in monitored phone calls can be attributed to two intense phone monitoring periods, the COVID-19 response and the anniversary of the Christchurch terrorist attack. The number of authorised monitors has also increased over the last few years.

The information we obtain from these phone calls is used to detect and prevent crime such as threats of violence, contraband offences, breaches of non-contact conditions imposed by courts, and coercion. We share relevant information with partner agencies like Police, where appropriate.

We do not centrally record the number of phone calls that are disclosed internally and externally (for example, to Police) under section 117(1) and 117(2) of the Act. Nevertheless, we take care when disclosing any such phone calls, and know these disclosures are often used to prevent crimes or progress prosecutions. Within Corrections, these disclosures may be used to support incident and misconduct charges, identify risks to safety of staff and other people in prison, and prevent illicit activity.

Report under section 190(1)(f) of the Corrections Act 2004

A report on:

- > **the measures taken to reduce drug and alcohol use by prisoners**
- > **the effectiveness of those measures**
- > **random-testing programmes, including a summary of results of those programmes**

Alcohol and other drug misuse is an issue for many people we work with in prisons. Research undertaken by Corrections indicates approximately 87 percent of people in prisons have met the diagnostic criteria for a substance use disorder at some point in their life.

We have a suite of programmes available across our prisons, for the purpose of helping people address their alcohol and drug use as a first step to turning their life around. This report details our core alcohol and other drug programmes.

The effectiveness of our programmes is assessed as part of the annual Rehabilitation Quotient. For this year's Rehabilitation Quotient results, see pages 169-171.

Further interventions to help people to address alcohol and other drug use are to be established and we are committed to working with mana whenua to ensure these programmes meet the needs of Māori.

Prison-based treatment and intervention

Drug Treatment Programmes (3 to 12 months)

Drug Treatment Programmes (DTP) are offered in nine of our prisons and provide alcohol and other drug treatment over the course of three, six and 12 months. The programmes are offered in therapeutic, residential environments and are delivered by experienced addiction practitioners.

Through DTPs, participants develop an understanding of the links between their substance use and their offending, as well as the impact these have on their whānau. With the support of specialist practitioners, participants develop a plan which helps them manage the risk factors related to their substance use and offending.

In 2019/20, 880 people commenced a DTP, while 748 people completed the programmes during the same period. The completion rates for the three month, six month and twelve month DTPs were 88 percent, 88 percent and 87 percent respectively.

Across our DTPs, 11.5 FTE Peer Support Worker and nine FTE Cultural Support Work roles have been funded to support participants attending the DTPs.

Intensive Treatment Programmes (8 weeks)

The Intensive Treatment Programme (ITP) is offered in five of our prisons and is an eight-week long, recovery-focused intervention. The programme provides participants with the knowledge, attitudes and skills required to address their substance use.

The programme includes a comprehensive assessment and aftercare components to ensure participants remain supported.

In 2019/20, 244 people commenced the ITP while 153 people completed the programme during the same period. The completion rate for the ITP was 75 percent.

Gender-responsive and youth programmes

In 2017/18, we launched Te Ira Wahine (a gender-responsive treatment programme for women) and Tamaua te Koronga (a youth-focused programme). These programmes are specifically designed to meet the alcohol and other drug treatment needs of women and youth in prisons.

Te Ira Wahine and Tamaua te Koronga were designed to be trauma-informed and delivered by kaupapa Māori providers. Te Ira Wahine is delivered in a high security unit and Tamaua te Koronga is alternatively run between a youth unit and a high security unit with men who are under 25 years of age.

In 2019/20, the completion rates for Te Ira Wahine and Tamaua te Koronga were 74 percent and 77 percent respectively for each programme. The completion rates for these programmes is approximately 10 percent less than that of the Drug Treatment Programmes - this being reflective of the complex nature of the high security and youth units.

Aftercare support

Alcohol and Other Drugs Aftercare Worker Service

Aftercare services help people who have already completed an alcohol or other drug treatment programme in prison (or in the community) to maintain the positive gains they have made in addressing their substance use. The service provides an important step in a person's journey to recovery.

The Aftercare Worker Service was introduced in 2016, as an optional service for those who have successfully completed either a Drug Treatment Programme or an Intensive Treatment Programme. The service includes group and one-on-one sessions to support participants to maintain the changes they achieved during their treatment and avoid triggers for relapse.

We have 23 aftercare workers based across 13 prisons. In 2019/20, aftercare workers provided services for 199 people in prison and after release.

RecoverRing – Alcohol and other drug support line

RecoverRing is a free support line for people in prison and in the community, which specialised in alcohol and other drug abuse issues. The service is available 24/7 and provides people affected by drug abuse with access to information and advice from qualified and registered practitioners who specialise in addictions. The service provides access to continued support and a referral pathway to help them to maintain their recovery and access follow-up support.

In 2019/20, 1,202 calls were received by the RecoverRing support line.

Prison-based random testing regime

Under the *Corrections Act 2004* and the *Corrections Regulations 2005*, we run a random drug-testing regime across all our prisons. All people who have been in prison for more than 30 continuous days are eligible to be selected for drug testing under the regime, except for those who are within 10 days of their release date.

In 2019/20, 3,396 general random drug tests were completed. Of these, 95.6 percent returned a negative result.

Report under section 190(1)(g) of the Corrections Act 2004

A report on the operation of every security contract that is in force for the whole, or any part, of the year, including:

- > **a summary of reports forwarded to the Chief Executive under section 171(2) or 171(3) of the Act and a summary of reports made to the Chief Executive under section 172(2)(b) of the Act**
- > **a summary of actions taken in relation to the operation of security contracts as a result of matters raised in any reports provided to the Chief Executive**

Training provided to security officers employed by the Contractor:

The Contractor's security officers received the following current training as required:

- > Class Two Driver training
- > Advanced Driver training
- > Control & Restraint (including refresher course)
- > First Aid Certification (including refresher course)
- > Tactical Response (including refresher course)
- > Prisoner Escort and Courtroom Custodial Services modular training
- > Mental Health First Aid
- > Hazard reporting
- > Assessor training
- > Health & Safety toolbox talks (Emergency procedures; Hazardous manual handling; Corporate values; Act of aggression; Holiday season; Slips, trips and falls; Stress and fatigue management, Workplace inspections)

The number and nature of complaints made by persons in relation to the carrying out, by security officers employed by the Contractor, of escort duties in respect of those persons, and how those complaints were resolved:

There were two complaints made by people in prison in relation to security officers employed by the Contractor.

Both complaints were investigated internally, with one of the complaints also investigated by Corrections' Security Monitor. In both cases the security officers were found to have acted in compliance with relevant policies, procedures and legislation.

As a precaution, the Contractor has issued notices to its employees on Prison Escort and Court Custodial Services (PECCS) duty to reinforce its policies and procedures.

The number and nature of any incidents involving violence by or against prisoners while in the custody of security officers employed by the Contractor:

There were six reported incidents involving violence by someone in prison while in the custody of security officers employed by the Contractor. These included:

- > one incident where a prisoner struck a PECCS Officer under the eye
- > one incident where a Police Officer used pepper spray on someone in prison (both the individual and the PECCS Officer were affected)
- > two separate incidents where the same person spat at a PECCS Officer claiming they had COVID-19
- > one incident where an individual was bruised while struggling during a control and restraint action (bruising was not inflicted by PECCS Officers)
- > one incident where someone under our management punched a Police Authorised Officer at court

The number and nature of any incidents involving violence against security officers employed by the Contractor while carrying out escort duties or courtroom custodial duties:

Four of the incidents involving violence (outlined above) were by people while in the custody of security officers employed by the Contractor.

The number and nature of any incidents involving self-inflicted injuries to prisoners while in the custody of security officers employed by the Contractor:

There were three reported incidents involving self-inflicted injuries by a prisoner while in the custody of security officers employed by the Contractor. This included two separate attempts by prisoners to self-harm by removing the zippers from their overalls and tying them around their neck.

The third incident related to an attempted overdose of medication. The prisoner had an injury which required him to be able to medicate when his pain became an issue. While a prisoner would not normally have medication in their possession, in this case a judge had ruled he could keep his medication with him to relieve his pain while sitting in court on trial.

The compliance, by security officers employed by the Contractor, with the requirements of sections 83, 84, 85, 87 and 88 of the *Corrections Act 2004*:

A total of 19 incidents were recorded in this area. All incidents were investigated and determined to be compliant with the requirements as specified in the *Corrections Act 2004*.

The exercise, by security officers employed by the Contractor, of the powers conferred by sections 98 and 101 of the *Corrections Act 2004*:

A total of 38,238 searches were recorded by security officers employed by the Contractor during the reporting year. This includes one strip search.

The strip search revealed a metal piece (and then a metal file hidden within the cell), which was not initially found due to the prisoner being brought through an alternative entrance that did not have a metal detector at the time.

The individual involved in this incident was brought into court by Oranga Tamariki, and then transferred to Corrections custody (i.e. the Security Contractor) for court supervision (including court holding cells while waiting). Those in Oranga Tamariki custody are brought through a different entrance than others, so that they are not intimidated by adults waiting to attend court.

At the time this individual was brought into court, the entrance that was used did not have a metal detector, and rub-down searches were done by Oranga Tamariki before hand over and by the Security Contractor; however, contraband was not detected during either search.

Following the incident, a metal detector has been installed at that entrance.

The number and nature of any disciplinary actions taken against security officers employed by the Contractor, and the reasons for, and outcomes of, those actions, including any penalties imposed:

Employment investigations were initiated against four security officers employed by the Contractor for failure to follow process. All four officers were dismissed.

Report under section 190(1)(h) of the Corrections Act 2004

A report on the operation of every contract prison that was in operation for the whole, or any part, of the year, including:

- > a summary of reports forwarded to the chief executive under sections 199D(1A), 199D(2) and 199D(3) of the Act during the year
- > a summary of the reports made to the chief executive under section 199E(3)(b) during the year
- > a summary of any action taken, during the year, in relation to the management of contract prisons as a result of any matters raised in any reports provided to the chief executive.

Auckland South Corrections Facility (ASCF)

On 10 September 2012, Corrections engaged in a Public Private Partnership (PPP) with SecureFuture Wiri Limited to design, build, finance, operate and maintain Auckland South Corrections Facility (ASCF). SecureFuture sub-contracted the operation of the prison to Serco.

ASCF is New Zealand's only privately managed prison and has been operating since May 2015. It is located at Wiri in Auckland and provides 960-beds for men. The prison can accommodate security classifications from minimum security to high security.

The contract

The contract is between SecureFuture and Corrections and includes a range of key performance indicators (KPIs), which support the safe, secure and effective operation of the prison, as well as the rehabilitation and reintegration of the people being held there. It takes an outcomes-based approach by rewarding any reductions in re-offending assessed as being stronger than the reductions delivered by publicly managed prisons.

The contract's KPIs measure both the custodial performance and the rehabilitation performance of ASCF. They form the basis of the prison's performance framework which includes financial and contractual mechanisms that are utilised to ensure performance.

Corrections receives monthly, quarterly and annual reports on performance at ASCF. These reports include custodial and rehabilitation/ reintegration information. In addition, the Prison Director at ASCF is a member of Corrections' Northern Region Management Team and meets regularly with the Northern Regional Commissioner.

Prison monitors

Corrections has a team of site-based monitors who oversee operations at ASCF and ensure it is meeting the expected standards. Their monitoring role includes inspections of prison operations against contractual and legislative requirements.

Special monitors are appointed by Corrections, on an as-needed basis, in order to investigate specific risks or performance concerns.

Prison inspectors

Prison inspectors are empowered under the *Corrections Act 2004* and the *Corrections Regulations 2005* to undertake prison inspections, to investigate complaints, and to report on the treatment of people in the corrections system. This includes ASCF.

Contractual deductions for 2019/20

> Category 1 KPIs (Chargeable Events)

There were no chargeable events in 2019/20.

> Category 2 KPIs (Key Operational Incidents)

There were 51⁴¹ Category 2 KPI breaches in 2019/20, resulting in a financial deduction of \$1,358,873.

These KPI breaches related to:

Schedule 16 – Performance regime KPI breach	Number of KPI breaches
2.01	1
2.02	3
2.03	1
2.07	1
2.10	2
2.11	1
2.13	5
2.16	4
2.18	2
2.22	20
2.26	11

> Category 3 KPIs (Custodial Performance – Operational Incidents)

These KPIs are measured quarterly as green (favourable), amber or red. In 2019/20 the custodial performance trend report tracked as green throughout all four quarters resulting in no financial deduction being incurred.

> Category 4 KPIs (Rehabilitation and Reintegration)

These KPIs are measured quarterly as green (favourable), amber or red. In 2019/20, the rehabilitation and reintegration performance trend report tracked as green throughout all four quarters resulting in no financial deduction being incurred.

41. Note that this does not include 11 KPI breaches (\$370,602 of deductions) currently disputed by Serco/SecureFuture.

Legislative reporting

The training provided to staff members of the prison (including the amount and quality of that training), and the level of training achieved by those staff members:

Training provided in 2019/20	Total number of staff attending training	Type of training	Hours per staff member
Anti-bullying and harassment	21	Serco Corporate Learning	0.50
Approaching an employee you are concerned about	3	Serco Corporate Learning	1.00
Asbestos removal	12	Serco Corporate Learning	0.20
Biohazard spill kit	40	Serco Corporate Learning	0.50
Code of Conduct	142	Serco Corporate Learning	0.50
Competing fairly	1	Serco Corporate Learning	0.25
Confined space awareness	16	Serco Corporate Learning	0.20
Conflict of Interest	16	Serco Corporate Learning	0.50
Control and restraint	101	Compliance	8.00
Crane and lifting awareness	14	Serco Corporate Learning	0.20
Critical risks introduction	225	Serco Corporate Learning	0.20
Electrical safety	222	Serco Corporate Learning	0.20
Environmental awareness at Serco	17	Serco Corporate Learning	0.50
Facility security	31	Compliance	1.00
Fatigue management	221	Serco Corporate Learning	0.20
Financial crime	28	Serco Corporate Learning	0.20
Fire awareness	39	Serco Corporate Learning	2.00
Fire extinguisher	103	Compliance	1.00
First aid	70	Compliance	8.00
First responding officer	53	Compliance	0.50
Hazardous substance awareness	214	Serco Corporate Learning	0.20
Health issues and infection control	25	Serco Corporate Learning	0.50
Health, safety and environment	214	Serco Corporate Learning	0.20
Hostage officer	37	Compliance	0.50
Hot works – welding, grinding and thermal cutting and other activities that create a source of ignition	17	Serco Corporate Learning	0.20
Induction and on-boarding	13	Serco Corporate Learning	0.50
Isolation and lock out	14	Serco Corporate Learning	0.20
Job framework	7	Serco Corporate Learning	0.50
Living our Code of Conduct	13	Serco Corporate Learning	0.75
Maintain employee data, files and administration	8	Serco Corporate Learning	0.50
Maintain organisational structure	12	Serco Corporate Learning	0.50
Manage absence in your team	11	Serco Corporate Learning	0.50
Manage employee engagement	13	Serco Corporate Learning	0.50
Manage learning and development	12	Serco Corporate Learning	0.50
Manage performance and remuneration	12	Serco Corporate Learning	0.50
Manage terminations	11	Serco Corporate Learning	0.50
Managing mental health risks at work	3	Serco Corporate Learning	1.00

Manual task awareness	218	Serco Corporate Learning	0.20
Modern slavery	18	Serco Corporate Learning	0.50
Oleoresin capsicum – pepper spray training	97	Compliance	8.00
People management at Serco	11	Serco Corporate Learning	0.50
Protecting our information (privacy)	17	Serco Corporate Learning	0.75
Protecting yourself and others (Workplace Health and Safety)	25	Serco Corporate Learning	0.25
Recruitment and selection	11	Serco Corporate Learning	0.50
Remote and isolated work awareness	218	Serco Corporate Learning	0.20
Suicide awareness theory	42	Compliance	1.00
Think privacy	211	Serco Corporate Learning	0.50
Understanding the Security Management System	10	Serco Corporate Learning	0.25
Unknown hazardous substances	24	Serco Corporate Learning	0.50
Updating personal information in SAP	4	Serco Corporate Learning	0.25
Vehicle and driving awareness	220	Serco Corporate Learning	0.20
Violence and aggression awareness	17	Serco Corporate Learning	0.25
Working at height	14	Serco Corporate Learning	0.20
Working with transgender prisoners	85	Compliance	0.50

The number and nature of complaints made by prisoners at the prison, and how those complaints were resolved:

The following is a description of the complaint resolution process at ASCF:

- > The Supervisor meets with the prisoner who made the complaint and discusses their issue(s)
- > A plan is then made of what action should be taken (if any) and once that action has taken place then the prisoner is informed of the outcome
- > When a resolution is achieved the complaint is closed
- > Where a resolution is not achieved the prisoner can appeal for their complaint to be reviewed by the Internal Complaints Committee otherwise the prisoner can refer their complaint to the Office of the Inspectorate or other relevant/ appropriate monitoring agencies, for example, the Office of the Ombudsman

A total of 2,227 complaints were made by prisoners, relating to the following broad categories:

- > Communications
- > Food services
- > Health services
- > Misconduct
- > Personal and official visitors
- > Prisoner conditions
- > Prison work and pay
- > Prisoner management
- > Prisoner property
- > Prisoner requests
- > Prisoner welfare
- > Recreation, exercise and sport
- > Security classification
- > Sentence management
- > Staff conduct and attitude
- > Transfers and movements
- > Temporary release and temporary removal
- > Other

The number and nature of any incidents in the prison involving violence against any person:

A total of 287 violent incidents were recorded under the following categories:

- > Fighting
- > Assault no injury
- > Assault non serious
- > Assault serious (including alleged sexual assaults)

The number and nature of any incidents in the prison involving self-inflicted injuries to prisoners of the prison:

There were 13 reported incidents involving self-inflicted injuries to prisoners. All 13 incidents were categorised as self-harm no threat to life.

The programmes provided for prisoners at the prison:

A total of 16,843 prisoner attendances were recorded for various programmes and recreational activities. These are as follows:

- > Academic Support
- > Aganu'u 101⁴²
- > Alcohol and Other Drug / Gambling
- > Aoga Siva Samoa
- > Art
- > Asian Family Services Level 1 – Public Health
- > Basketball Academy
- > Bible Studies/ Religious or Cultural activity/ Sunday Service
- > Budgeting Skills
- > Building Awesome Whānau (Parenting)
- > CADS Pre-Release Group
- > Canteen
- > Carpentry
- > Catering
- > Certificate in Papa Whairawa (Financial literacy)
- > Coastal Cabins
- > Community Engagement
- > Creative Writing
- > Drug Treatment Programme - Aftercare Group
- > Education Support Worker
- > Employability Passport
- > External Work Party
- > Facility Support Worker
- > Field/ Grounds Maintenance
- > Financial Literacy
- > Fitness Champions
- > Gym
- > Health Referral
- > Horticulture
- > Individual Assessment/ Treatment
- > Initial/ Review/ Final Pathway Assessment - Offender Plan
- > Kapa Haka
- > Kick for the Seagulls
- > Laundry
- > Literacy Support
- > Living the Change
- > Mahi Toa
- > Medium Intensity Rehabilitation Programme (MIRP)
- > Mentoring Programme
- > Motivational Interviewing

42. Samoan orator class and lessons led by Pasifika Cultural Liaison Officer.

- > Multi-Purpose Court: Residences
- > National Certificate of Educational Achievement (NCEA)
- > Parole Interview Assessment
- > Peer/ Rehabilitation Yoga
- > Performing Arts
- > PlaceMakers
- > Positive Steps
- > Recycling
- > Reintegration Services Contact
- > Release to Work
- > Residence Support Worker
- > Short Rehabilitation Programme
- > Sports Academy
- > Talk to my case manager
- > Te Reo
- > Whānau Hui/ Whānau Liaison Meeting
- > Where Are You Going?
- > Work and Income
- > Young at Heart

The employment provided for prisoners by or at the prison:

Employment for prisoners was provided in the following areas:

- > Asset Maintenance
- > Canteen
- > Carpentry
- > Catering
- > Coastal Cabins
- > Education Support Worker
- > EnviroWaste
- > External Work Party
- > Facility Support Worker
- > Fitness champions
- > Grounds Maintenance
- > Horticulture
- > Laundry
- > PlaceMakers
- > Recycling
- > Release to Work
- > Residence Support Worker
- > Wing Laundry Worker
- > Wing Support Worker

The skills gained by prisoners as a result of employment or education provided by or at the prison:

Skills gained in 2019/20	Number of prisoners
Prisoners completed Business and Leadership Level 2 Programme	10
Prisoners completed a certificate in Foundation Skills Level 2	4
Prisoners completed Foundation Skills Level 3	11
Prisoners completed a certificate in creativity	3
Prisoners completed Trade start Level 2	17
Prisoner completed Open Polytechnic Level 2	1
Prisoners completed Primary ITO credits (horticulture)	3

The compliance, by staff members of the prison, with the requirements of sections 83, 84, 85, 87, and 88 of the *Corrections Act 2004*:

Section of the <i>Corrections Act 2004</i>	Number of occurrences
83 – use of force	150
84 – provoking prisoners	-
85 – use of non-lethal weapons	38
87 – restraint of prisoners	71
88 – reporting on use of force, weapons, and mechanical restraints	-
Total	259

In all occurrences staff were compliant with the *Corrections Act 2004*.

The exercise, by officers of the prison, of the powers conferred by sections 98 to 101 of the *Corrections Act 2004*:

There was a total of 4,571 searches conducted in 2019/20.

The number and nature of any disciplinary proceedings taken against prisoners at the prison:

There was a total of 2,534 misconducts given to prisoners in 2019/20 due to the following reasons:

- > Disobeys lawful order
- > Behaves in an offensive, threatening, abusive or intimidating manner
- > Leaves or is absent from cell or place of work
- > Unauthorised items in possession
- > Assaults or fights with another person
- > Damages prison property
- > Obstructs any officer in the execution of his or her duty
- > Uses any drug without the authority of a medical officer
- > Smokes tobacco or any other substance
- > Refuses to comply with requirement of submitting to a drug or alcohol test

The number and nature of any disciplinary actions taken against staff members of the prison:

A total of 46 disciplinary actions taken against staff. The cause of these actions was due to:

- > Alleged breach of Serco Code of Conduct
- > Alleged breach of Serco Policy and Procedures
- > Serious misconduct

The reasons for, and outcomes of, disciplinary proceedings or disciplinary actions, including any penalties imposed:

Outcomes of disciplinary actions are as follows:

- > Formal written warning
- > No further action required
- > Termination
- > Verbal warning
- > Coaching and mentoring
- > Settlement agreement
- > Resignation
- > Letter of expectation
- > Absentee management plan.

The operation of random-testing programmes in the prison:

The names of prisoners are randomly selected on a weekly basis by a computer programme that uses a pre-defined algorithm. This programme also selects extra prisoners each week, and they are only tested if the randomly selected prisoners are unavailable. The extra prisoners are tested in descending order.

Of the 489 tests sampled, 40 (or 8.2%) returned a positive result. The testing regime was paused during COVID-19 restrictions.

Any matters relating to the financial management of the prison that the chief executive from time to time determines, which may include the provision of financial forecasts and audited accounts:

Nil.

Any other matters in respect of which the chief executive reasonably considers that information is necessary to enable the chief executive to carry out his or her responsibilities under this Act or any other enactment:

Nil.

Report under section 50A of the Victims' Rights Act 2002

A report about services provided to victims of crime, including:

- > a summary of services provided to victims
- > statistical information about the type of complaints received; and the disposition of those complaints

The *Victims' Rights Act (2002)* and the corresponding *Victims' Code of Rights (2015)* outline the rights of victims of crime in the criminal justice system. The Victims' Code outlines eight principles for the treatment of victims in the justice system:

Safety – services should be provided in a way that minimises potential harm and puts safety first.

Respect – providers should treat victims with courtesy and compassion, and respect cultural, religious, ethnic and social needs, values and beliefs.

Dignity and Privacy – providers should treat victims with dignity and protect their privacy.

Fair Treatment – providers should respond appropriately to a victim's needs and provide services in a timely way.

Informed Choice – providers should understand the victim's situation and tell the victim of the different ways they can get help.

Quality Services – providers should work together so the victim and whānau receive quality services that meet the victim's needs.

Communication – providers should give information in a way that is easy to understand and is effective.

Feedback – providers should let the victim know how they can give feedback or make a complaint.

We maintain a victim notification register through which victims (or their appointed representative) can access limited, relevant information about the people that have offended against them. It is important for the well-being of victims the information is kept up to date, they are treated with respect, their privacy is maintained, and they are provided with information in an accurate and timely manner.

During 2019/20, we received five complaints from registered victims in respect to the victim notification register. Two of the complaints were justified and three, after investigation, were deemed unjustified.

The two justified complaints were both from registered victims (or their representatives) who were not notified that an individual had been granted approval to enter an exclusion zone (a place the offender cannot enter without prior approval from their probation officer). While there is no legislative requirement to notify a registered victim when this type of approval is granted, we generally do so to allow them to put in place any safety measures they believe appropriate.

Reviewing victim feedback and complaints is an important part of improving Corrections, and the wider justice sector's services to victims of crime, and we endeavour to learn from each of these complaints.

We are part of a 'victim of crime' inter-agency committee, which includes representatives from key justice sector agencies. This committee brings together non-identifying victim complaints data from across the sector to identify trends and make service improvements.

Report under section 121 of the Public Safety (Public Protection Orders) Act 2014

Public protection orders (PPOs) allow for a form of civil detention, which can be imposed on a person who is considered to have a very high and imminent risk of violent or sexual offending. These orders are applied by the court when a person has completed their prison sentence but cannot safely be placed in the community due to the risk they pose to others.

The *Public Safety (Public Protection Orders) Act 2014* ensures public protection orders are administered in a way that protects the public while acknowledging the person has completed their prison sentence and should have as many rights and freedoms as can safely be granted.

In accordance with section 121 of the Act, we are required to report on the application of public protection orders every year in our Annual Report.

Section of the Act	Description of measure	Result of measure (for the year ended 30 June 2020)
121(1)(a)	The number of persons who, at the end of that year, are detained, under this Act, in residences and state, for each person so detained, the number of months for which the person has been detained in a residence.	Three people were detained at the Matawhāiti Residence for 32 months, 41 months and 50 months respectively.
121(1)(b)	The number of persons who, at the end of that year, are detained, under this Act, in prisons and state, for each person so detained, the number of months for which the person has been detained in prison, and the reasons for that detention.	None
121(1)(c)	The number of persons who have been released on protective supervision ⁴³ .	None
121(1)(d)	The number of persons who were on protective supervision and who have again been detained under this Act.	None
121(1)(e)	The number of times that the chief executive applied to the court, ahead of time and pursuant to a direction of the review panel, for a review of a public protection order.	None
121(1)(f)	The number of appeals against orders made under this Act, and the outcome of each appeal.	Two appeals were made against public protection orders; both were quashed on appeal and remitted back to the High Court for further consideration. Both people were issued interim detention orders and remained at the Matawhāiti Residence.
121(1)(g)	The number and nature of any serious incidents involving residents or staff members of residences, or both.	None
121(1)(h)	The number and nature of any incidents involving the use of significant force or restraints on residents.	None
121(1)(i)	The number of times seclusion was imposed on residents, and the duration of, and reasons for, each episode of seclusion.	None
121(1)(j)	The number of times that residents were hospitalised.	None
121(1)(k)	The number of residents who died.	None
121(1)(l)	The number of emergencies in residences that required assistance from corrections officers.	None
121(1)(m)	Any other matter that the chief executive considers should be included in the annual report.	None

43. Detainees who no longer meet the test to be subject to a public protection order will be released and placed on a protective supervision order, where they will be managed in the community and subject to intensive monitoring.

Electronic Monitoring

Electronic monitoring (EM) allows people to be tracked in their home and in the community. People who are subject to an electronic monitoring condition wear a tracker attached around their ankle at all times to allow us to monitor their location. If the person tries to remove the anklet or leaves the monitored address without permission, an alert is triggered, and action is taken to assess the person's whereabouts.

We do not determine which people are tracked⁴⁴. The courts will decide if it is for a community detention or a home detention sentence. The court may also impose an extended supervision order, but it is the New Zealand Parole Board (NZPB) that imposes any special conditions attached to it, including electronic monitoring. For electronically monitored restrictions, it is the NZPB that may make it a condition of someone's release.

Most people are tracked using GPS technology, which tracks their movements via satellite and can tell us where they go, the route they took, and how long it took them. We also utilise radio frequency (RF) technology for people on our lowest-level sentence (community detention), which works by sending an alert when the tracked individual leaves the range of a beacon installed at their home. It provides real-time information on an offender's location, which allows early detection of an offender entering prohibited locations or leaving a place in which they must remain.

We electronically monitor thousands of people at any given time. Our service provider, Attenti, operates a dedicated 24/7 monitoring centre to undertake these operations. When Attenti receives an alert relating to potential non-compliance, they contact us directly. Non-compliance can include when a person leaves an area in which they are required to stay, when they enter an area from which they have been excluded, or when they attempt to tamper with, or remove, their tracker.

We have a 24/7 team available to respond to non-compliance and potential non-compliance. How we respond differs depending on the seriousness of the case and can include contacting the individual or their whānau by phone, sending a field officer to check in with the individual, or contacting Police.

Electronic monitoring is one of many tools we utilise to manage individuals in the community. People serving community-based sentences and orders may also have regular risk assessments, access to programmes that address rehabilitation, employment and education, positive community support, and one-on-one meetings and home visits with their probation officer.

⁴⁴ Electronic monitoring is also used by Corrections for prisoners on temporary release from prison.

Electronically Monitored bail (EM bail)

EM bail is a form of bail people remanded in custody while awaiting trial or sentencing can apply for. It is jointly managed under a shared service model with Police.

People on electronically monitored bail are not subject to a sentence managed by Corrections, as they are still progressing through the court process and are awaiting a conviction or sentence. We will assess suitability as to whether a person should be monitored on bail, but the decision rests with the judiciary.

Our monitoring role is simply to ensure the person on bail meets their movement conditions, and we contact the Police if they do not.

We assist with the EM bail application process by interviewing the defendant and assessing them for suitability. Corrections also assesses the prospective residence and checks it for suitability for EM (for example, whether it can receive GPS and cell phone signal) and will also interview the other occupants of the residence to gain their consent and assess their ability to support the defendant.

We submit EM bail Suitability Reports to court as part of the application for EM bail. We may assess someone as unsuitable for EM bail for a range of reasons, including previous non-compliance or if the occupants of the residence have not given their consent.

If someone is granted EM bail, they may have a number of bail conditions they must adhere to, such as abstinence from alcohol or drugs or not contacting victims and witnesses. Police are responsible for ensuring that the person complies with their bail conditions.

We support the Police with EM bail by providing the EM component. Defendants subject to EM bail are monitored by our supplier in the same way as other people on EM sentences and orders. We provide support for the monitoring of any approved absences for defendants on EM bail.

Report under section 541A of the Sentencing Act 2002 - Intensive Supervision

A report about the use of electronic monitoring, including:

- > **the number of offenders who were at any time subject to an electronic monitoring condition**
- > **the average number of offenders who were subject to an electronic monitoring condition and the average duration of the condition**
- > **the percentage of offenders who, while subject to an electronic monitoring condition were:**
 - > **convicted for failing to comply with the condition; or**
 - > **convicted of any other offence**
- > **a description of processes and systems relating to electronic monitoring that were in place during the year reported on**

As at 30 June 2020, 4,632 people were serving an intensive supervision order, of whom 72 were subject to electronic monitoring conditions.

The average number of people serving an intensive supervision order who were subject to an electronic monitoring condition during 2019/20 was 23. The average duration of the electronic monitoring conditions was one year, four months and 17 days.

Where a person has not complied with any condition of their community-based sentence or order (including an electronic monitoring condition), their probation officer may pursue formal prosecution. In 2019/20, we commenced 1,957 prosecutions for non-compliance with an intensive supervision order. Because the number of prosecutions includes events of non-compliance for all people on intensive supervision order, regardless of whether or not they had an electronic monitoring condition attached, we would be required to review each individual prosecution in order to provide the total number of convictions relating specifically to people who had an electronic monitoring condition attached to an intensive supervision order. Accordingly, we are unable to provide this level of information.

Report under section 15A of the Parole Act 2002 - Extended Supervision, Parole and Post Release Conditions

A report about the use of electronic monitoring (specific to people on parole or who are subject to extended supervision), including:

- > the number of offenders who were at any time subject to an electronic monitoring condition
- > the average number of offenders who were subject to an electronic monitoring condition and the average duration of the condition
- > the percentage of offenders who, while subject to an electronic monitoring condition attached to an extended supervision order, were:
 - > convicted for a breach of the condition; or
 - > convicted of any other offence
- > a description of processes and systems relating to electronic monitoring that were in place during the year reported on

The purpose of an electronic monitoring (EM) condition imposed under section 15(3)(f) of the Parole Act is to deter the offender from breaching conditions that relate to their whereabouts, and to monitor compliance with those conditions.

As at 30 June 2020:

- > 227 people were serving extended supervision orders, of whom 139 were subject to EM conditions;
- > 2,580 people were on parole, of whom 318 were subject to EM conditions; and
- > 2,951 people were subject to post release conditions, of whom 107 were subject to EM conditions.

In 2019/20, the average number of people who were electronically monitored as a condition of extended supervision on any given day was 173, parole was 246, and post releases conditions was 95. The average length of time for which an individual was electronically monitored as a condition of extended supervision was seven years, five months and 21 days, parole was one year, eight months and 15 days, and post release conditions was one year and 27 days.

Where a person has not complied with any condition of their community-based sentence or order (including an electronic monitoring condition), their probation officer may pursue formal prosecution. In 2019/20, we commenced a total of 4,929 prosecutions for non-compliance with an extended supervision order, parole or post release conditions. Because the number of prosecutions includes events of non-compliance for all people on extended supervision order, parole or post release conditions regardless of whether or not they had an electronic monitoring condition attached, we would be required to review each individual prosecution in order to provide the total number of convictions relating specifically to people who had an electronic monitoring condition attached to extended supervision order, parole or post release conditions. Accordingly, we are unable to provide this level of information.

Report by the Minister of Corrections

on Non-departmental Appropriations

Department of Corrections

Part E

This report meets the requirement, set out in the Vote Corrections Estimates of Appropriations 2019/20 and Supplementary Estimates of Appropriations 2019/20, for information on certain non-departmental appropriations to be reported by the Minister of Corrections.

This report is presented to the House of Representatives pursuant to section 19B of the *Public Finance Act 1989*.

Although presented in the same document, this report does not form part of the Department of Corrections Annual Report 2019/20.

Appropriation 6 – Waikeria Corrections and Treatment Facility

SCOPE OF APPROPRIATION

This appropriation is limited to infrastructure improvements that are either a condition of the designation or otherwise necessary to enable the development of the Waikeria Corrections and Treatment Facility.

WHAT IS INTENDED TO BE ACHIEVED WITH THIS APPROPRIATION

This appropriation is intended to achieve infrastructure improvements necessary to enable the development of the Waikeria Mental Health and Addiction Service Facility.

Operating context

Whilst the capital expenditure for the development of Waikeria Prison is covered under the Capital Expenditure Appropriation, this Non-departmental Appropriation focuses on the infrastructure design improvements required to enable the development of the facility.

How Corrections performed

		2019	2020
Assessment of performance		Actual	Actual
Completion of safety and access improvements on the local road leading to Waikeria Corrections and Treatment Facility.	Corrections, on behalf of the Crown, has completed the widening of Waikeria Road and the new bridge leading to Waikeria Prison.		<p>Corrections, on behalf of the Crown has completed all roading works planned for completion in 2019/20.</p> <p>A designation amendment is being progressed with Waka Kotahi (New Zealand Transport Agency) and Otorohanga District Council for the SH3 overpass for traffic turning right off Waikeria Rd, to confirm the overpass will not be required until the site reaches 1,500 prisoners.</p>
Continuation of design of infrastructure improvements required to enable the development of Waikeria Corrections and Treatment Facility	<p>Corrections, on behalf of the Crown, has worked with the Waipa District Council to complete detailed design of the upgrades to the wastewater network. Upgrade works are expected to be completed before December 2020.</p> <p>Corrections, on behalf of the Crown, has also completed safety improvements to the intersection of SH3 and Waikeria Road and worked with New Zealand Transport Authority to design a grade separated interchange at the intersection.</p>		<p>Corrections, on behalf of the Crown, has worked with the Waipa District Council to upgrade the wastewater network. COVID-19 has impacted the planned completion programme, the upgrade is now planned to be completed by the end of February 2021.</p> <p>As at 30 June 2020, Corrections, on behalf of the Crown, was also in the process of completing an electrical infrastructure upgrade with Waipa Networks, which was subsequently completed in September 2020.</p>

How much did it cost?

For the year ended 30 June 2020

	2019	2020	2020	2020	2021
	Actual	Actual	Budget	Supp. estimates	Forecast
			(unaudited)	(unaudited)	(unaudited)
	\$000	\$000	\$000	\$000	\$000
EXPENSES					
Waikeria Corrections and Treatment Facility	7,411	18,635	33,082	37,782	33,518
GST input expense	698	2,882	4,962	5,667	5,028
Total expenses	8,109	21,517	38,044	43,449	38,546

Actual expenditure (excluding GST) was \$11.2 million higher than 2019 actual, mainly due to the increased scale of roading, wastewater and electrical upgrade works undertaken in the current financial year.

Actual expenditure (excluding GST) was \$14.4 million lower than Budget and \$19.1 million lower than Supplementary Estimates, mainly due to the project encountering design delays as a result of the descaled capacity of the new facility. Work was paused temporarily in response to the Government's COVID-19 restrictions.







ARA POUTAMA AOTEAROA
DEPARTMENT OF CORRECTIONS

Department of Corrections, PO Box 1206, Wellington, 6140

Phone: (64 4) 460 3000



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