



**Department of Corrections  
Annual Report - Part B**

# **Statement of Performance**

## Statement of Responsibility

In accordance with section 45C of the *Public Finance Act 1989*, I am responsible, as Chief Executive of the Department of Corrections, for:

- > the preparation of the department's 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 the department 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
- > the accuracy of any end-of-year performance information prepared by the department, whether or not that information is included in the annual report.

In my opinion the financial statements, including the forecast financial statements fairly reflect the financial position of the department as at 30 June 2015 and the result of its operations for the year ended on that date.

Signed



**Ray Smith**  
Chief Executive

Date: 28 September 2015

Countersigned



**Neil Cherry**  
Deputy Chief Executive Finance,  
Technology & Commercial

Date: 28 September 2015

## Independent Auditor's Report

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

To the readers of the Department of Correction's annual report for the year ended 30 June 2015

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

- > the financial statements of the Department on pages 93 to 127, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and assets and statement of trust monies as at 30 June 2015, the statement of comprehensive revenue and expense, statement of changes in taxpayers' funds, and statement of cash flows 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 2015 on pages 18 to 54 and 62 to 89 and
- > the statements of expenses and capital expenditure of the Department for the year ended 30 June 2015 on pages 129 to 130.

### OPINION

In our opinion:

- > the financial statements of the Department:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2015; and
    - its financial performance and cash flows for the year ended on that date;
  - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity (PBE) Standards.
- > the performance information of the Department:
  - presents fairly, in all material respects, for the year ended 30 June 2015:
    - 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;
  - complies with generally accepted accounting practice in New Zealand.
- > the statements of expenses and capital expenditure of the Department on pages 129 to 130 are presented fairly, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989.

Our audit was completed on 28 September 2015. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Chief Executive and our responsibilities, and we explain our independence.

## BASIS OF OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the information we audited. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Department's preparation of the information we audited 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.

An audit also involves evaluating:

- > the appropriateness of accounting policies used and whether they have been consistently applied;
- > the reasonableness of the significant accounting estimates and judgements made by the Chief Executive;
- > the appropriateness of the reported performance information within the Department's framework for reporting performance;
- > the adequacy of the disclosures in the information we audited; and
- > the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited. Also, we did not evaluate the security and controls over the electronic publication of the information we audited.

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

## RESPONSIBILITIES OF THE CHIEF EXECUTIVE

The Chief Executive is responsible 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 and PBE Standards;
- > 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 for the Department that are presented fairly, in accordance with the requirements of the Public Finance Act 1989.

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

The Chief Executive is responsible for such internal control as is determined is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Chief Executive is also responsible for the publication of the annual report, whether in printed or electronic form.

## RESPONSIBILITIES OF THE AUDITOR

We are responsible for expressing an independent opinion on the information we are required to audit, and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

## INDEPENDENCE

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

In addition to the audit we provided assurance services over the Auckland East Redevelopment Project; the Facilities Management Contract Renewal and the tender process for electronic security services. These assignments are compatible with those independence requirements.

Other than the audit and the above engagements, we have no relationship with or interests in the Department.



Clint Ramoo

**Audit New Zealand**

On behalf of the Auditor-General  
Wellington, New Zealand



# **Statement of Performance 2014/15**

## **For the year ended 30 June 2015**

AS PART OF BUDGET 2014 – INFORMATION SUPPORTING  
THE ESTIMATES 2014/15

## Appropriation - Prison-based Custodial Services

This appropriation is limited to the provision of custodial services for offenders required by law 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 offender legally required to be detained in custody.

### WHAT WE DO

This appropriation encompasses two outputs, the management of custodial services and health.

Management of custodial services ensures prisoners complete the correct imposed sentence or order, comply with the specific restrictions and requirements of their sentence or order, are not harmed, are treated fairly, and that their legitimate needs are met. Safe and secure management of custodial facilities maintains public safety; prisoners are safely and securely contained, an appropriate setting for provision of rehabilitative interventions is provided and offenders are held to account.

Corrections Health Services is a primary healthcare provider for the prison population and provides a service equivalent to that of General Practitioners in the community. Corrections Health Services has a central role in the prevention, detection, and management of health conditions among the prison population and in providing ongoing care for prisoners who require it. Our provision of healthcare to prisoners is a key enabler of their engagement in rehabilitation activity. When an offender's physical and mental health needs are met they are better able to focus on rehabilitation and preparing for release.

### OPERATING CONTEXT

#### Custodial Services

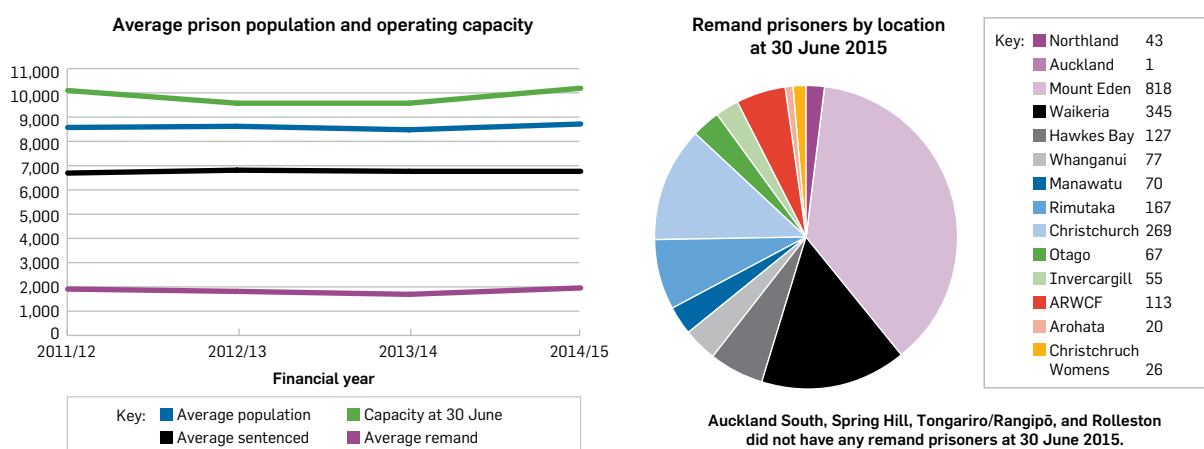
Activity Information	Previous Years			Current Year			Next Year
	2011/12 Actual volume	2012/13 Actual volume	2013/14 Actual volume	2014/15 Actual volume	2014/15 Budget volume	2014/15 Variance	2015/16 Budget volume
<b>NUMBER OF OFFENDERS</b>							
The average prison population	8,587	8,614	8,460	8,732	8,246	486	8,500 – 8,750
The maximum number of prisoners held	8,738	8,743	8,640	8,906	8,393	513	N/A*

The average prison population in 2014/15 was 272 prisoners (3%) higher than in 2013/14, and was 486 prisoners (6%) above the Ministry of Justice forecast for this year. This is equivalent to the capacity of a medium sized prison such as that located at Whanganui Prison.

A major component of the above forecast prison population for this year has been the number of prisoners held while on remand. The following graphs show the trend of the prison population for 2014/15 in reference to the operating capacity ceiling, and the breakdown of remand prisoners by location.

\* This measure has been excluded from the 2015/16 budget and will not be reported in 2015/16.





The average remandee population has risen by 283 prisoners in 2014/15 compared to 2013/14. On average, remand prisoners represent 23% of the total prison population for 2014/15 compared with 20% for 2013/14. The higher number of prisoners presents challenges for staff and for the provision of suitable accommodation, as prisoner placements, interactions, and transportations all become more frequent and complex in line with the increase.

### Looking ahead

Corrections has undertaken a significant review of our performance management framework; new measures that are better operational assessments of performance have been developed, which focus on areas not currently measured.

The new activity information to be measured for 2015/16 is outlined below;

Activity Information	2015/16 Budget volume
<b>NUMBER OF OFFENDERS</b>	
The number of prisoners received into custody <sup>1</sup>	19,000 – 20,000
The number of prisoners released from custody <sup>2</sup>	8,300 – 8,800

### Health

Activity Information	Previous Years			Current Year			Next Year
	2011/12 Actual volume	2012/13 Actual volume	2013/14 Actual volume	2014/15 Actual volume	2014/15 Budget volume	2014/15 Variance	2015/16 Budget volume
<b>NUMBER OF OFFENDERS</b>							
The number of prisoners who require a health screening upon reception	29,295	30,253	29,751	31,840	30,500	1,340	N/A*
The total number of health consultations with healthcare staff	234,421	264,422	178,859 <sup>3</sup>	129,714	124,300	5,414	N/A*

Health triage assessments take place upon the reception of offenders into prison, and are the first opportunity for Health Services staff to identify issues that will require further or ongoing treatment, as well as those that will impact on a prisoner's ability to engage in rehabilitative activity. The assessments ensure that prisoners' health needs are addressed in a clinical and timely manner.

In line with the higher prison population, Corrections delivered a higher number of consultations than expected during 2014/15.

1 This measure includes all prisoners.

2 The releases measure includes only sentenced and not remand prisoners.

3 Reporting of the volume of health consultations undertaken was refined in late 2013 and appropriate staff training was carried out so that this measure distinguishes consultations regarding health issues from routine interactions with prisoners such as dispensing medication. The decrease in volumes for this measure in 2013/14 is because of this redefinition coming into effect in the later part of the 2013/14 financial year.

\* This measure has been excluded from the 2015/16 budget and will not be reported in 2015/16.

## HOW WE PERFORMED

### Custodial Services

Corrections makes use of a number of measures to monitor our performance in the delivery of custodial services, including: the prison environment, the security of our facilities, and our effectiveness in preventing the introduction of contraband to prisons.

Performance Measures	Previous Years			Current Year			Next Year
	2011/12 Actual standard	2012/13 Actual standard	2013/14 Actual standard	2014/15 Actual standard	2014/15 Budget standard	2014/15 Variance	2015/16 Budget standard
<b>A SAFE CORRECTIONS SYSTEM</b>							
<b>QUALITY</b>							
The number of non-serious/no injury prisoner on prisoner assaults	812	720	750	837	≤750	(87)	N/A*
The number of non-serious/no injury prisoner on staff assaults	338	337	314	397	≤300	(97)	N/A*
The percentage of initial offender plans completed within required timeframes	–	–	New for 2014/15	77%	≥85%	(8%)	≥85%
<b>QUANTITY</b>							
The number of general random drug tests sampled	4,140	4,191	4,295	4,454	≥4,200	254	N/A*

### A safe corrections system

Corrections' three year Staff Safety Plan began in July 2013 and introduced a comprehensive campaign to make every instance of violence unacceptable as well as encouraging improved reporting of all incidents. Although the number of non-serious and no injury assaults on staff increased from 314 to 397 between 2013/14 and 2014/15, and on prisoners from 750 to 837, the total number of serious assaults has decreased since 2013/14.

The percentage of initial offender plans completed within required timeframes was previously an internal measure. This was changed to become the new performance measure and the number of eligible offenders was expanded, which meant that pre-existing achievements were reduced as a percentage. This has meant that the annual goal for 2014/15 was not achieved, although the target of 85% was met in the last quarter of the financial year. It is anticipated that the annual goal will be achieved in 2015/16.

During the 2014/15 financial year 4,454 drugs tests were carried out in prisons under the general random drug testing regime, which is ahead of expectations and last year's results. The increase from last year is in line with the overall increase in the prison population. For a second consecutive year the percentage of general random drug tests that returned positive results was 4%, outperforming our target of 6% or less.

\* This measure has been excluded from the 2015/16 budget and will not be reported in 2015/16.

## Looking ahead

The new performance targets for 2015/16 are outlined below;

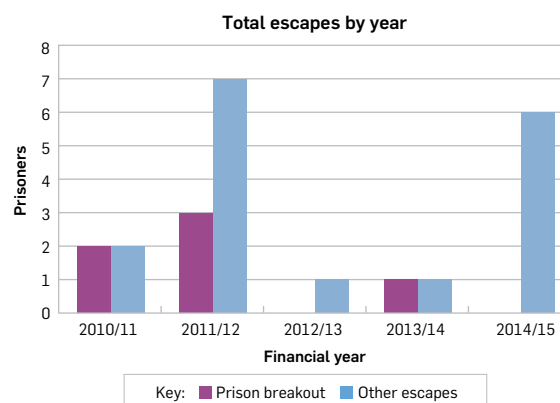
Performance Measures	2015/16 Budget standard
<b>THE INTEGRITY OF SENTENCES AND ORDERS</b>	
<b>QUALITY</b>	
The number of escapes (including absconds, breakouts, etc.)	5 (Lower than average across the past 5 years)
<b>A SAFE CORRECTIONS SYSTEM</b>	
<b>QUALITY</b>	
The number of prisoner on prisoner assaults that are serious	46 (Lower than average across the past 5 years)
The number of prisoner on staff assaults that are serious	11 (Lower than average across the past 5 years)
The number of justified complaints by prisoners to the Corrections Inspectorate	41 (Lower than average across the past 5 years)
The proportion of justified complaints upheld for not meeting process requirements)	Benchmark set at end of 2015/16 <sup>+</sup>

## Integrity of sentences and orders

Our ongoing investment in prison security at prisons Corrections manages has seen a sustained reduction in prison breakout escapes, with only one occurrence in the last three years and none during 2014/15.

During 2014/15 there were six reported other escapes which are classified as either prisoners absconding or breaching temporary release. All of these occurred when the prisoners were already outside of prison. Two of these occurred during escorts to hospital, two during escorts to court, one from a prisoner work party outside prison, and one during an overnight temporary release. A review of every escape is undertaken and where possible steps are taken to minimise the occurrence of these events in the future.

One significant example of the improvements Corrections is making to reduce the risk of prisoners escaping when outside prison is the increased use of Audio-Visual Link (AVL) connections. AVL allows prisoners to attend remand hearings via a video link rather than appearing in person. This results in fewer transportations, which is one of the most common situations in which prisoners may find opportunities to abscond from custody.



<sup>+</sup> As this measure has not been previously monitored, baseline information is required to be collected in order to set an appropriate target.

## HOW WE PERFORMED

### Health

Performance Measures	Previous Years			Current Year			Next Year
	2011/12 Actual standard	2012/13 Actual standard	2013/14 Actual standard	2014/15 Actual standard	2014/15 Budget standard	2014/15 Variance	2015/16 Budget standard
<b>A SAFE CORRECTIONS SYSTEM</b>							
<b>QUALITY</b>							
The percentage of newly received prisoners who have a health triage assessment on the day of reception	98%	99%	98%	99%	≥95%	4%	N/A*
The percentage of new receptions who have been assessed as requiring a cardio-vascular risk assessment (CVRA), and receive a CVRA within eight weeks of identification	New for 2012/13	83%	94%	97%	≥90%	7%	N/A*
The number of identified Health Centres achieving Cornerstone® Accreditation	New for 2012/13	6	5	–	1	(1)	N/A*
The number of Health Centres that retained their Cornerstone® Accreditation status following completion of an annual review	–	–	New for 2014/15	16	15	1	New for 2015/16 100% accreditation

Corrections met all of the performance measures related to health in this financial year, including all Health Centres retaining Cornerstone® Accreditation. This means all prison Health Centres have demonstrated they continue to meet the standards set by the NZ College of General Practitioners for primary healthcare and the staff meet the professional standards of an Accredited Health Centre. This is a significant achievement considering the challenges of our working environment and given that only 80% of GP clinics in the community are Cornerstone® Accredited.

\* This measure has been excluded from the 2015/16 budget and will not be reported in 2015/16.

## HOW MUCH DID IT COST?

	2013/14	2014/15			2015/16
	Actual	Actual	Budget	Supp. estimates	Forecast*
	\$000	\$000	(unaudited) \$000	(unaudited) \$000	(unaudited) \$000
<b>REVENUE</b>					
Crown	752,900	788,167	725,445	788,167	811,289
Departmental	232	140	–	196	–
Other	3,566	7,935	2,191	8,380	2,486
<b>Total revenue</b>	<b>756,698</b>	<b>796,242</b>	<b>727,636</b>	<b>796,743</b>	<b>813,775</b>
<b>Total expenses</b>	<b>759,218</b>	<b>789,299</b>	<b>727,636</b>	<b>791,243</b>	<b>813,775</b>
<b>Net surplus/(deficit)</b>	<b>(2,520)</b>	<b>6,943</b>	<b>–</b>	<b>5,500</b>	<b>–</b>

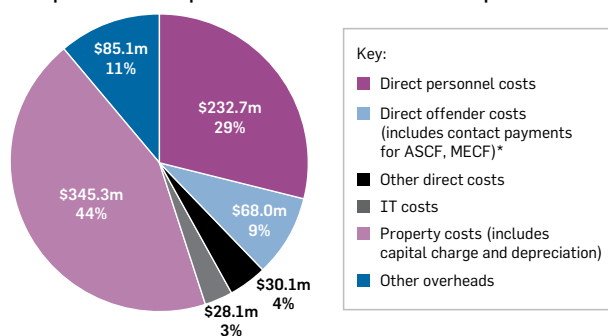
\* Forecast financial statements have been prepared using Budget Economic Fiscal Update (BEFU) 2015

The total expense for this appropriation was \$789.3 million. Corrections has 18 prison sites across the country, a significant amount of the expenditure therefore relates to costs associated with ownership, management and operation of these assets; such as depreciation, maintenance and capital charge. Expenditure includes costs associated with the operation of Auckland South Corrections Facility (ASCF) from May 2015.

Personnel costs is another significant cost associated with this appropriation as prison staff account for the majority of Corrections overall staffing levels.

Refer to the chart below for the composition of total expenditure by major category.

Composition of total prison-based custodial services expenses



\*Auckland South Corrections Facility (ASCF) and Mount Eden Corrections Facility (MECF)

Expenditure was \$30.1 million higher than for the equivalent 2013/14 financial year mainly due to:

- > an increase in capital charge of \$17.5 million arising from the asset revaluation of land and buildings as at 30 June 2014
- > contract expenses of \$12.9 million relating to operations at ASCF which commenced in May 2015.

Other revenue mainly comprises insurance proceeds for claims in relation to the Christchurch earthquake and the Spring Hill Corrections Facility riot costs which were incurred in previous years and board charged to prisoners on Release to Work.

## Appropriation - Sentences and Orders Served in the Community

This appropriation is limited to the management and delivery of sentences and orders served in the community and for the Electronic Monitoring of offenders including those on bail.

### WHAT WE DO

This appropriation encompasses four outputs: home detention sentences, community based sentences, post release orders and Electronic Monitoring bail (EM bail).

Correction manages home detention sentences which are sentences imposed by the courts that require the offender to reside at an approved address under strict conditions and with strict monitoring, sometimes including Electronic Monitoring.

Corrections also manages offenders serving community-based sentences such as: community work sentences, community detention, supervision and intensive supervision orders.

Post-release conditions are also managed by Corrections. Post-release conditions are imposed by the court at the time of sentencing for prisoners with short sentences. It also includes parole orders imposed by the New Zealand Parole Board (NZPB) and extended supervision orders imposed by the court, with additional special conditions set by the NZPB to actively manage the risks posed by high-risk violent and/or sex offenders in the community.

Corrections manages offenders on electronic monitoring, which can include those monitored as a condition of bail while awaiting a court hearing (EM bail) and those serving community-based sentences.

### OPERATING CONTEXT

The integrity of sentences and orders is maintained when offenders in the community comply with and complete their sentences and orders and are held to account if they do not. This is a key facet in public safety, which is always our bottom line.

Compliance is achieved when offenders comply with all directives and restrictions inherent to the sentence or order (attendance at programmes, non-association orders, residential or employment restrictions), experience appropriate consequences in the event of non-compliance, and complete the imposed sentence or order.

Any failure by an offender to comply with a requirement of the sentence is considered to be non-compliance. This could include failure to report as instructed, breaking a curfew, or failure to advise of an address change.

Corrections ensures the effective and safe management of offenders in the community through the use of Mandatory Standards of Practice for probation officers. Mandatory Standards of Practice for the management of sentences and orders are unique to each sentence or order, and set the baseline level of service, monitoring, and compliance required for each offender.

Activity Information	Previous Years			Current Year			Next Year
	2011/12 Actual volume	2012/13 Actual volume	2013/14 Actual volume	2014/15 Actual volume	2014/15 Budget volume	2014/15 Variance	2015/16 Budget volume
<b>HOME DETENTION SENTENCES</b>							
The total number of new home detention sentences commenced	3,363	3,527	3,340	3,253	3,552	(299)	3,300 – 3,500
The average number of home detention sentences being served	2,693	2,854	2,947	2,827	2,896	(69)	2,700 – 3,000
<b>COMMUNITY-BASED SENTENCES</b>							
The total number of new community-based sentences commenced	58,726	54,561	49,018	46,463	49,786	(3,323)	47,000 – 49,000
The average number of community-based sentences being served							
– Supervision	7,883	8,243	7,751	7,300	7,984	(684)	
– Intensive supervision	2,531	2,464	2,381	2,577	2,300	277	
– Community work	20,892	17,702	15,825	15,963	15,060	903	
– Community detention sentence	1,770	1,950	1,719	1,655	1,895	(240)	
<b>Total</b>	<b>33,076</b>	<b>30,359</b>	<b>27,676</b>	<b>27,495</b>	<b>27,239</b>	<b>256</b>	<b>26,500</b> <b>– 29,500</b>
<b>POST-RELEASE ORDERS</b>							
The total number of new post-release orders commenced	6,140	5,999	5,779	5,951	5,714	237	5,700 – 6,000
The average number of post-release orders being served							
– Post-release conditions	3,473	3,350	3,277	3,218	3,216	2	
– Parole/residential restrictions	2,303	2,360	2,404	2,428	2,469	(41)	
– Extended supervision	192	207	218	226	231	(5)	
<b>Total</b>	<b>5,968</b>	<b>5,917</b>	<b>5,899</b>	<b>5,872</b>	<b>5,916</b>	<b>(44)</b>	<b>5,400</b> <b>– 5,700</b>
<b>EM BAIL</b>							
The number of new EM bail conditions imposed <sup>4</sup>	–	New for 2013/14	392	814	1,000	(186)	750 – 800
The average number of EM bail conditions	–	New for 2013/14	273	335	431	(96)	300 – 350

In 2014/15, the average number of community-based sentences (which represents the volume of offenders Corrections is managing at any one time) was in line with expectations and stayed at similar levels to last year, after a gradual decline in the previous two years.

4 Full transition of EM bail operations from NZ Police was completed during January 2014, meaning 2014/15 was the first full year that Corrections was operationally responsible for EM monitoring. This has seen the number and average number of EM bail conditions increasing from 2013/14.

## HOW WE PERFORMED

Performance Measures	Previous Years			Current Year			Next Year
	2011/12 Actual standard	2012/13 Actual standard	2013/14 Actual standard	2014/15 Actual standard	2014/15 Budget standard	2014/15 Variance	2015/16 Budget standard
<b>MANAGEMENT AND DELIVERY OF SENTENCES AND ORDERS IN THE COMMUNITY</b>							
<b>QUALITY AND TIMELINESS</b>							
Compliance with mandatory standards for home detention sentences	New for 2012/13	96%	94%	95%	≥98%	(3%)	≥98%
Compliance with mandatory standards for community-based sentences	New for 2012/13	95%	93%	95%	≥98%	(3%)	≥98%
Compliance with mandatory standards for post-release order	New for 2012/13	98%	96%	97%	≥98%	(1%)	≥98%

A key component of ensuring compliance, and that appropriate action is taken in the event of non-compliance, is ensuring that probation staff comply with Mandatory Standards of Practice. The Mandatory Standards of Practice are designed to measure the quality of sentence management provided by Corrections.

Probation officers manage the sentences and orders of offenders in the community, and the above table reports how Corrections performed in accordance with our Mandatory Standards of Practice. Compliance with Mandatory Standards of Practice has improved across all sentences from last year but are still below expected levels.

## HOW MUCH DID IT COST?

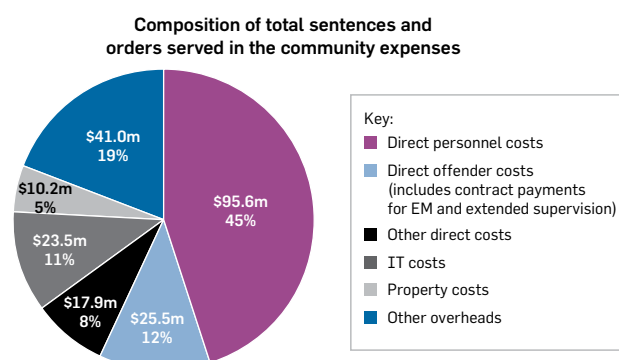
	2013/14 Actual \$000	2014/15 Actual \$000	2014/15 Budget (unaudited) \$000	2014/15 Supp. estimates (unaudited) \$000	2015/16 Forecast* (unaudited) \$000
<b>REVENUE</b>					
Crown	217,767	215,151	218,470	215,151	212,539
Departmental	46	27	–	37	–
Other	–	–	–	–	–
<b>Total revenue</b>	<b>217,813</b>	<b>215,178</b>	<b>218,470</b>	<b>215,188</b>	<b>212,539</b>
<b>Total expenses</b>	<b>210,307</b>	<b>213,723</b>	<b>218,470</b>	<b>215,188</b>	<b>212,539</b>
<b>Net surplus/(deficit)</b>	<b>7,506</b>	<b>1,455</b>	<b>–</b>	<b>–</b>	<b>–</b>

\* Forecast financial statements have been prepared using Budget Economic Fiscal Update (BEFU) 2015



The total expense for this appropriation was \$213.7 million. Almost half of the costs within this output class relate to direct personnel. Other costs associated with this output class include property costs such as rent and utilities, vehicle costs and contract management costs including the Electronic Monitoring (EM) of offenders.

Refer to the chart below for the composition of total expenditure by major category.



The appropriation is \$3.4 million higher than 2013/14 actual expenditure, primarily reflecting one-off project costs resulting from the transfer of all Electronic Monitoring services to one supplier.

Corrections received \$2 million in 2014/15 and 2015/16 from the Justice Sector Fund to implement alcohol and drug testing of offenders and bailees in the community. The project will introduce random drug and alcohol testing where being drug free is a condition of bail, home detention, or other community sentences (known as an abstinence condition).

Due to a delay in the passing of the *Drug and Alcohol Testing of Community-based Offenders and Bailees Legislation Bill*, approval has been sought for an in-principle expense transfer of up to \$2 million from 2014/15 to 2016/17 to fund costs that will now be incurred beyond 2015/16.

## Appropriation - Rehabilitation and Reintegration

This appropriation is limited to the provision of case management and interventions designed to address the underlying causes of criminal re-offending.

### WHAT WE DO

Corrections reduces re-offending by providing offenders with opportunities for rehabilitation and reintegration through five outputs: case management, rehabilitation, training and education, offender employment and reintegration. Providing these opportunities allows offenders to have the skills and support to lead law-abiding lives after the end of their sentence or order.

Case management focuses on planning and managing a prisoner's rehabilitation and reintegration needs which are reflected in a high quality offender plans for each individual.

Rehabilitation challenges behaviours that lead to offending. When appropriate programmes and pathways are made available and offenders are motivated to take part in them, there is a better chance that they will successfully reintegrate into the community at the end of their sentence or order.

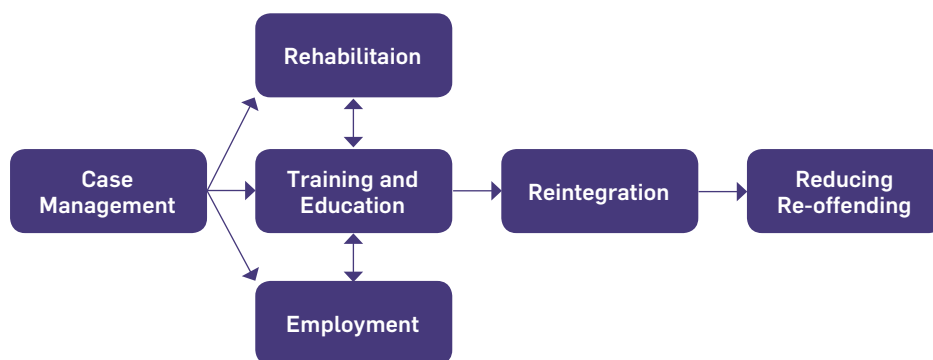
Corrections provides training and education that supports offenders to address lifelong learning barriers and gain recognised qualifications and employment experiences.

Offender employment opportunities provided by Corrections look to develop work habits, experience, training and skills, increasing offenders' chances for post-release employment.

Reintegration services managed by Corrections focus on creating pathways for people integrating back into the community, by assisting them to address employment, accommodation, living skills, health/wellbeing, community links and other reintegration needs.

### OPERATING CONTEXT

The prisoner journey as it relates to rehabilitation and reintegration:



Corrections has developed targeted strategies to reduce re-offending through six areas of focus:

- > tackling alcohol and drug abuse
- > more rehabilitation that works
- > interventions delivered by probation staff
- > education, job skills and working prisons
- > real jobs on release and
- > partnering with iwi and community groups.

## ***Case management***

The process of case management encompasses the planning and management of a prisoner's rehabilitation and reintegration needs. This involves assessing rehabilitation requirements such as alcohol and drug programmes, planning literacy and numeracy education for those who require it, along with other training and education opportunities. This provides prisoners with the ability to go on to higher levels of education and acquire the skills to move into employment post-release.

## ***Rehabilitation***

Drug and alcohol abuse is a major driver of crime in New Zealand. Approximately two-thirds of New Zealand prisoners have substance abuse problems, and it is estimated that over 50% of crime is committed by people under the influence of drugs or alcohol. Corrections targets alcohol and drug rehabilitation to ensure progress is being made toward reducing re-offending.

## ***Training and education***

More than 60% of prisoners lack basic skills in literacy and numeracy. Without basic English literacy and numeracy skills, offenders are limited in their ability to gain qualifications and secure employment. Not having these skills will impact on all aspects of offenders' lives, making it more difficult to gain employment and increasing the risk of re-offending. Corrections has an opportunity to support offenders to lift their skill levels and improve their chances of gaining employment on release.

## ***Offender employment***

Recent data has shown that up to 60% of offenders in prison were unemployed prior to imprisonment. We know that people who find stable employment on leaving prison are significantly less likely to commit crime in the 12 months following their release. Support in finding stable employment is therefore a central part of Corrections' efforts to help offenders build positive lifestyles.

Working prisons are a key part of reducing re-offending and are places of industry, treatment, learning and constructive activities. Corrections began piloting the working prison framework in 2012. Since then seven prisons have become fully functional working prisons and we are committed to making every publicly managed prison a working prison by 2017. Working prisons engage eligible prisoners in a regular 40 hour week to prepare them for release and reintegration. The 40 hours are made up of rehabilitation and reintegration, education and training, employment and other constructive activity.

## ***Reintegration***

Corrections can help to make an ongoing differences in the lives of offenders, turning their release from prison from a time of vulnerability to one of renewed, positive involvement in their communities. Through the use of external providers, community groups and iwi, Corrections supports offenders to find stable accommodation and employment, set up bank accounts and other reintegrative needs.

## HOW WE PERFORMED

### Case management

Performance Measures	Previous Years			Current Year			Next Year
	2011/12 Actual standard	2012/13 Actual standard	2013/14 Actual standard	2014/15 Actual standard	2014/15 Budget standard	2014/15 Variance	2015/16 Budget standard
<b>QUANTITY AND TIMELINESS</b>							
The percentage of prisoners entitled to receive an offender plan that received one	96%	98%	99.5%	98%	≥95%	3%	≥95%

Case management performance is measured by undertaking a monthly check of the prison population to ensure that all offenders entitled to a plan have one. The annual result against this measure for 2014/15 was 98%.

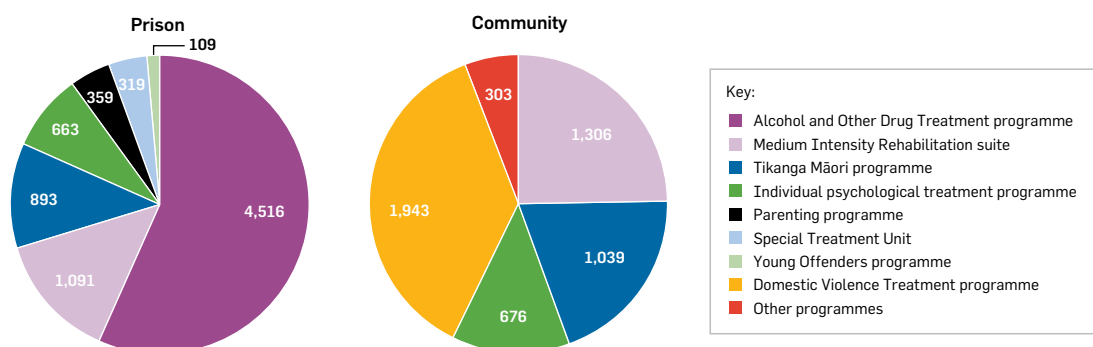
Corrections introduced a new scheduling process in this financial year, which is underpinned by effective assessment of needs and case management. The intent is to significantly increase the number of programmes and interventions we deliver to prisoners. The new scheduling process:

- > provides consistent scheduling approaches across the prisons. This helps schedulers to save an average of 4.3 minutes per wait-listed prisoner, allowing a reinvestment of time to incorporate additional scheduling functions
- > is expected to increase the completion rate in rehabilitation programmes over the time.

### Rehabilitation

Performance Measures	Previous Years			Current Year			Next Year
	2011/12 Actual standard	2012/13 Actual standard	2013/14 Actual standard	2014/15 Actual standard	2014/15 Budget standard	2014/15 Variance	2015/16 Budget standard
<b>QUANTITY</b>							
The number of offenders who start a rehabilitation programme:	New for 2012/13	11,279	14,035	13,217	13,247	(30)	N/A*
- prisoners	New for 2012/13	4,950	7,439	7,950	7,911	39	N/A*
- community-based offenders	New for 2012/13	6,329	6,596	5,267	5,336	(69)	N/A*
<b>QUALITY</b>							
The percentage of offenders who start and complete a rehabilitation programme:	New for 2012/13	86%	85%	86%	≥75%	11%	≥85%
- prisoners	New for 2012/13	63%	63%	59%	≥65%	(6%)	≥65%

\* This measure has been excluded from the 2015/16 budget and will not be reported in 2015/16.



In the financial year 2014/15, 7,950 prisoners started a prison-based rehabilitation programme, and 5,267 started a community-based rehabilitation programme. These results are broadly in line with performance expectations. To address the issue of alcohol and drug dependencies over 50% of prison programmes target prisoners' alcohol and drug needs. In the community, over a third of programmes target reducing domestic violence.

The percentage of community-based offenders who start and complete a rehabilitation programme has reduced to 59% this year (2013/14: 63%). To an extent this reduction reflects the difficulties that Corrections faces with community-based offenders attending rehabilitation programmes; all programmes experience a natural attrition rate as maintaining the motivation and participation of offenders outside the custodial environment is a challenge, and not all community sentences compel offenders to take part in rehabilitation activities.

## Training and education

Performance Measures	Previous Years			Current Year			Next Year
	2011/12 Actual standard	2012/13 Actual standard	2013/14 Actual standard	2014/15 Actual standard	2014/15 Budget standard	2014/15 Variance	2015/16 Budget standard
<b>QUALITY</b> The percentage of prisoners who demonstrate measurable gains with literacy and numeracy <sup>5</sup>	89%	82%	71%	75%	≥75%	–	N/A*
<b>QUANTITY</b> The number of prisoners who receive literacy and numeracy programmes in prison	New for 2012/13	2,981	3,801	3,240	2,969	271	N/A*
The total number of qualifications achieved by prisoners while in prison <sup>6</sup>	3,145	3,160	3,858	3,698	3,505	193	4,240

To address prisoners lack of basic skills in literacy and numeracy Corrections has recently introduced a new approach to intensive literacy and numeracy that will provide greater support to those prisoners with the highest need, so that they have a better chance of achieving qualifications.

This has seen the percentage of prisoners who demonstrate measurable gains in literacy and numeracy increasing from the previous year and being in line with expectation.

5 This performance measure assesses the percentage of prisoners participating in the adult literacy and numeracy classes (Pathways Education) that demonstrate improvement as measured by the providers' use of the Tertiary Education Commission Literacy and Numeracy for Adults Assessment Tool (the 'TEC tool').

6 This performance measure includes New Zealand Qualifications Framework (NZQF) National Certificates and other NZQF certificates levels 2, 3 or above as a completed qualification, Limited Credit Programmes and Modularised Training Programmes, Trade Tickets (industry specific license to practice eg welding), Vocational driver's licenses, Health and Safety qualification accredited by Industry Training Organizations (ITOs), eg First Aid, Grow Safe and Site Safe and NCEA qualifications completed while in prison. It excludes the literacy and numeracy programmes currently done in prison (both by OE embedded within other qualifications and through the Foundation Skills programmes) as they support offenders to undertake more complex training and education, rather than providing a qualification and NCEA qualifications which prisoners were awarded before entering the prison system.

\* This measure has been excluded from the 2015/16 budget and will not be reported in 2015/16.

The following table shows the number of qualifications achieved by prisoners was ahead of expectation and that there was a significant increase in level 3 qualifications gained from the previous year as offenders become eligible to achieve higher qualifications.

Level	Type	2013/14 Actual	2014/15 Actual	Change %
<b>LESS THAN LEVEL ONE</b>	LCP <sup>7</sup> / MTP <sup>8</sup>	4	92	
	Trade Ticket	16	24	
	Driver Licence	17	–	
	Other	–	5	
<b>Qualifications achieved</b>		<b>37</b>	<b>121</b>	<b>227%</b>
<b>LEVEL ONE</b>	LCP / MTP	106	73	
	National Certificate	119	159	
<b>Qualifications achieved</b>		<b>225</b>	<b>232</b>	<b>3%</b>
<b>LEVEL TWO</b>	LCP / MTP	1,482	1,112	
	National Certificate	1,165	869	
	Trade Ticket	59	29	
	Health and Safety	363	453	
	Driver Licence	261	229	
<b>Qualifications achieved</b>		<b>3,330</b>	<b>2,692</b>	<b>(19%)</b>
<b>LEVEL THREE</b>	LCP / MTP	82	478	
	National Certificate	115	167	
	Trade Ticket	13	–	
	Health and Safety	46	–	
<b>Qualifications achieved</b>		<b>256</b>	<b>645</b>	<b>151%</b>
<b>LEVEL FOUR</b>	National Certificate	10	8	
<b>Qualifications achieved</b>		<b>10</b>	<b>8</b>	<b>(20%)</b>
<b>Total</b>		<b>3,858</b>	<b>3,698</b>	

7 Limited Credit Programme (LCP)

8 Modularised Training Programme (MTP)

## Offender employment

Support in finding stable employment is a central part of Corrections' efforts to help offenders build positive lifestyles. Recent data has shown that people who find stable employment on leaving prison are significantly less likely to commit crime in the 12 months following their release.

The following outcomes make up Corrections' framework for offender employment:

- > forming a pathway to stable, real jobs on release
- > representing the most cost effective way for offenders to gain experience and skills
- > avoiding unacceptable levels of risk.

Due to their criminal histories and often limited education, many prisoners experience difficulty in finding jobs upon release. By partnering with employers and industry we have worked to help more prisoners find employment. Real Jobs on Release is designed to help offenders find suitable employment, either following the end of their sentence or during its final stages. Support includes training calibrated to the needs of the labour market, and assistance in building routine and a sense of purpose into offenders' daily lives.

Performance Measures	Previous Years			Current Year			Next Year
	2011/12 Actual standard	2012/13 Actual standard	2013/14 Actual standard	2014/15 Actual standard	2014/15 Budget standard	2014/15 Variance	2015/16 Budget standard
<b>QUANTITY</b>							
The number of prisoners who have engaged in employment activities	New for 2012/13	10,085	9,777	10,620	11,460	(840)	N/A*

The number of prisoners engaged in employment activities was under the performance standard but 9% (843) higher than 2013/14.

Working prisons remains a focus for Corrections and has continued to expand with seven prisons now operating as working prisons. Working prisons engage eligible prisoners in a regular 40 hour working week.

While working prisons increased employment activities from last year, this increase was partially offset during the year as Corrections reassessed the security classification of prisoners in activities that took them outside of the secure prison environment – for example some horticultural and forestry activities. This reduction was a result of a high profile breach of temporary release which led to Corrections reviewing prisoners eligible to work outside the prison environment. This impacted Corrections' ability to meet the expected target.

### Looking ahead

The new performance targets for 2015/16 are outlined below;

	2015/16 Budget standard
<b>QUALITY</b>	
The average number of hours engaged in industry and learning activities per prisoner	Benchmark set at end of 2015/16*

\* This measure has been excluded from the 2015/16 budget and will not be reported in 2015/16.

+ As this measure has not been previously monitored, baseline information is required to be collected in order to set an appropriate target.

## Reintegration

Reintegration is the process of successfully transitioning offenders back into the wider community from custody with constructive attitudes and behaviours.

Performance Measures	Previous Years			Current Year			Next Year
	2011/12 Actual standard	2012/13 Actual standard	2013/14 Actual standard	2014/15 Actual standard	2014/15 Budget standard	2014/15 Variance	2015/16 Budget standard
<b>QUALITY</b>							
The number of offenders referred by case managers through to Out of Gate providers	–	New for 2013/14	1,685	2,862	2,615	247	N/A+

Out of Gate (OOG) is a navigation-style service to support the reintegration of offenders sentenced to two years imprisonment or less, or those in custody on remand. These offenders are known to face a range of difficulties on release, including getting access to help they need before or as soon as they leave prison.

The OOG service, now in its second year, has had 4,547 referrals since commencing. The number of referrals to OOG in the year to June 2015 was 2,862 against the target of 2,615. This has enabled Corrections to achieve the 21 month target of 4,300 set when the service began in October 2013.

Results of OOG have seen 67% of prisoners who complete their programme and received the service remain out of prison for six months and 53% for 12 months.

### Looking ahead

The new performance target for 2015/16 is outlined below;

Performance Measures	2015/16 Budget standard
<b>QUALITY</b>	
The number of prisoners who start reintegration services	4,300

## HOW MUCH DID IT COST?

	2013/14	2014/15			2015/16
	Actual \$000	Actual \$000	Budget (unaudited) \$000	Supp. estimates (unaudited) \$000	Forecast* (unaudited) \$000
<b>REVENUE</b>					
Crown	141,967	134,770	149,048	134,770	162,649
Departmental	72	40	–	56	–
Other	37,943	39,204	29,694	34,768	29,694
<b>Total revenue</b>	<b>179,982</b>	<b>174,014</b>	<b>178,742</b>	<b>169,594</b>	<b>192,343</b>
<b>Total expenses</b>	<b>161,937</b>	<b>169,122</b>	<b>178,742</b>	<b>169,594</b>	<b>192,343</b>
<b>Net surplus/(deficit)</b>	<b>18,045</b>	<b>4,892</b>	<b>–</b>	<b>–</b>	<b>–</b>

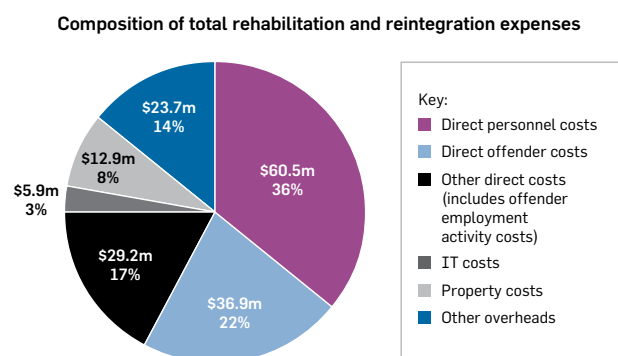
\* Forecast financial statements have been prepared using Budget Economic Fiscal Update (BEFU) 2015

+ This measure has been excluded from the 2015/16 budget and will not be reported in 2015/16.



The total expense for this appropriation was \$169.1 million. Direct expenses accounted for 75% of total expenses in 2014/15, which included approximately \$69 million on the provision of intervention programmes and case management, \$40 million on offender employment activities and \$18 million on psychological services.

Refer to the chart below for the composition of total expenditure by major category.

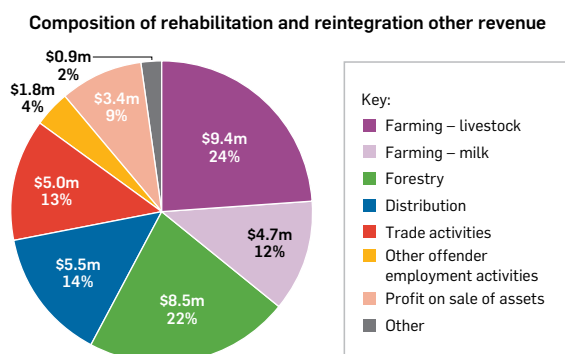


Actual expenditure was \$7.2 million more than 2013/14 actuals mainly due to:

- > an increase of \$2.3 million attributable to a full year of Out of Gate
- > an increase in logging volumes which resulted in additional costs of \$1.2 million (offset by increased sales)
- > an increase of \$0.9 million on reducing re-offending programmes
- > \$1.3 million livestock cost of sale as a result of de-stocking in preparation for the sale of the Tongariro/Rangipō land.

Other revenue mainly comprises sale of goods relating to offender employment activities, over half of which relates to farming and forestry.

Refer to the chart below for the composition of other revenue.



## Appropriation - Information and Administrative Services to the Judiciary and New Zealand Parole Board

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

### WHAT WE DO

This appropriation encompasses three outputs, information services to the Judiciary, information services to the NZPB and information and administrative services to victims.

Information services to the Judiciary focuses on the preparation of reports that provide sentencing Judges with information about offenders, to assist with the sentencing process. This service includes attendance at court, prosecutions, and attendance at sentencing resulting from probation initiated proceedings. This output ultimately supports the Judiciary to make informed decisions.

Information to the NZPB focuses on ensuring reports provide information to the NZPB to assist with decisions regarding a prisoner's release from prison. It also provides progress reports to the NZPB on offender compliance with the conditions of their parole orders. This output ultimately supports the NZPB to make informed decisions regarding a prisoner's release.

Information and administrative services focuses on the administration of victim notification services. Corrections has a responsibility to notify registered victims about specific events as detailed in the *Victims' Rights Act 2002*. The New Zealand Police refer details of registered victims to Corrections.

### OPERATING CONTEXT

Activity Information	Previous Years			Current Year			Next Year
	2011/12 Actual standard	2012/13 Actual standard	2013/14 Actual standard	2014/15 Actual standard	2014/15 Budget standard	2014/15 Variance	2015/16 Budget standard
<b>NUMBER OF REPORTS AND HOURS</b>							
The number of reports provided to court:	53,399	47,494	39,420	39,736	44,557	(4,821)	N/A*
– probation reports	53,286	47,310	39,266	39,545	44,332	(4,787)	N/A*
– psychological reports	113	184	154	191	225	(34)	N/A*
The number of court attendance hours	102,159	97,561	106,740	83,651	99,227	(15,576)	99,000 – 101,000
The number of Electronic Monitoring bail (EM bail) applications submitted to court	–	New for 2013/14	1,319	2,835	2,500	335	2,500
The number of reports provided to the NZPB:	8,352	8,249	8,210	7,932	6,868	1,064	N/A*
– parole assessment reports	6,725	6,772	6,622	6,417	5,369	1,048	N/A*
– parole progress reports	415	320	307	330	299	31	N/A*
– psychological reports	1,212	1,157	1,281	1,185	1,200	(15)	N/A*
<b>NUMBER OF VICTIM REFERRALS</b>							
The number of victim referrals received from the New Zealand Police	754	753	912	1,019	≥1,800	(781)	N/A*
<b>NUMBER OF HEARINGS</b>							
The number of NZPB hearings where administrative support was required	8,942	8,614	8,718	8,045	8,500	(455)	8,000 – 8,500

\* This measure has been excluded from the 2015/16 budget and will not be reported in 2015/16.

The number of reports provided to the courts is broadly the same as last year. This is in line with the overall community-based offender population.

Although the number of victim referrals received from New Zealand Police was 48% under the standard expected, it was still significantly higher than volumes experienced in the previous years. The large increase in the expected volume (2013/14:  $\geq 700$ , 2014/15:  $\geq 1,800$ ) was the estimated impact of proposed changes to the *Victims Reform Bill* at the time estimates were being prepared.

## HOW WE PERFORMED

### *Information Services to the Judiciary*

Performance Measures	Previous Years			Current Year			Next Year
	2011/12 Actual standard	2012/13 Actual standard	2013/14 Actual standard	2014/15 Actual standard	2014/15 Budget standard	2014/15 Variance	2015/16 Budget standard
<b>QUALITY</b>							
The percentage of probation reports provided to court that met quality standards <sup>9</sup>	97%	98%	98%	98%	$\geq 90\%$	8%	N/A*
<b>TIMELINESS</b>							
The percentage of reports provided to court, within agreed timeframes before sentencing: <sup>10</sup>							
- probation reports	95%	94%	94%	94%	$\geq 95\%$	(1%)	$\geq 95\%$
- psychological reports	98%	84%	94%	89%	$\geq 95\%$	(6%)	$\geq 95\%$

Although quality continues to exceed the performance standards, timeliness of the provision of reports, in particular psychological reports is below expectations. This will remain a focus for Corrections in 2015/16.

<sup>9</sup> Probation reports are completed to formal standards as set out in the Community Probation Supported Decision Framework.

<sup>10</sup> Probation reports are completed to timeframes as set out in the Integrated Practice Framework. Specific timeframes are provided in respect of each of the individual report types that are included under the heading of 'probation' reports. Psychological reports are provided to court at least two working days before sentencing where a request is received.

\* This measure has been excluded from the 2015/16 budget and will not be reported in 2015/16.

### Information Services to the New Zealand Parole Board (NZPB)

Performance Measures	Previous Years			Current Year			Next Year
	2011/12 Actual standard	2012/13 Actual standard	2013/14 Actual standard	2014/15 Actual standard	2014/15 Budget standard	2014/15 Variance	2015/16 Budget standard
<b>QUALITY</b>							
The percentage of parole progress reports provided to agreed quality standards pursuant to NZPB requirements	99%	97%	95%	98%	90%	8%	N/A*
<b>TIMELINESS</b>							
The percentage of reports provided to agreed timeframes pursuant to NZPB requirements: <sup>11</sup>							
- parole assessment reports	85%	88%	88%	90%	≥75%	15%	≥75%
- parole progress reports	97%	96%	93%	96%	≥95%	1%	≥95%
- psychological reports	95%	94%	94%	95%	≥90%	5%	≥90%

Corrections has continued to exceed the performance standard for the quality and timeliness of reports provided to the NZPB. There has been an increase in the performance across all measures from the 2013/14 performance results.

### Information and Administrative Services to Victims

Performance Measures	Previous Years			Current Year			Next Year
	2011/12 Actual standard	2012/13 Actual standard	2013/14 Actual standard	2014/15 Actual standard	2014/15 Budget standard	2014/15 Variance	2015/16 Budget standard
<b>QUALITY AND TIMELINESS</b>							
The number of justified complaints about notification services received from registered victims <sup>12</sup>	Nil	1	2	Nil	Nil	Nil	Nil

There were no justified complaints about notifications received from registered victims.

11 Parole assessment reports are provided to the NZPB at least 15 working days prior to the hearing date. Parole progress reports are provided to the NZPB at least 10 working days prior to the hearing date. Psychological reports are prepared for the NZPB at least five weeks prior to the hearing date.

12 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 the department is meeting its legislative requirements and providing victims with notification of events relating to those who offended against them.

\* This measure has been excluded from the 2015/16 budget and will not be reported in 2015/16.

## Administrative Services to the NZPB

Performance Measures	Previous Years			Current Year			Next Year
	2011/12 Actual standard	2012/13 Actual standard	2013/14 Actual standard	2014/15 Actual standard	2014/15 Budget standard	2014/15 Variance	2015/16 Budget standard
<b>QUALITY</b>							
The percentage of offenders who are notified as per NZPB requirement <sup>13</sup>	100%	100%	100%	100%	≥98%	2%	≥98%
The percentage of victims who are notified as per NZPB requirement	100%	100%	100%	100%	≥98%	2%	≥98%
<b>TIMELINESS</b>							
The percentage of all cases scheduled to be heard by the NZPB that are scheduled no later than 16 weeks from the date of the hearing	100%	100%	100%	100%	≥98%	2%	≥98%

Corrections continues to exceed the performance standard for administration services to the NZPB.

## HOW MUCH DID IT COST?

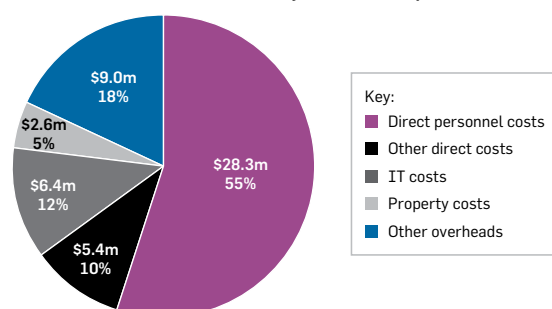
	2013/14	2014/15			2015/16
	Actual \$000	Actual \$000	Budget (unaudited) \$000	Supp. estimates (unaudited) \$000	Forecast* (unaudited) \$000
<b>REVENUE</b>					
Crown	54,193	51,687	53,277	51,687	50,768
Departmental	14	8	–	11	–
Other	–	–	–	–	–
<b>Total revenue</b>	<b>54,207</b>	<b>51,695</b>	<b>53,277</b>	<b>51,698</b>	<b>50,768</b>
<b>Total expenses</b>	<b>51,767</b>	<b>51,672</b>	<b>53,277</b>	<b>51,698</b>	<b>50,768</b>
<b>Net surplus/(deficit)</b>	<b>2,440</b>	<b>23</b>	<b>–</b>	<b>–</b>	<b>–</b>

\* Forecast financial statements have been prepared using Budget Economic Fiscal Update (BEFU) 2015

The total expense for this appropriation was \$51.7 million. Approximately half of the costs associated with this appropriation are staff related. Reports written by our staff are used to provide the Judiciary and NZPB with relevant offender information.

Refer to the chart below for the composition of total expenditure by major category.

Composition of total information and administrative services to the Judiciary and NZPB expenses



13 Offenders are notified of an impending hearing no later than 14 days from the date of the hearing. Offenders are notified of a Board decision no later than 14 days following receipt of the signed decision.

## Appropriation - Policy Advice and Ministerial Services (Multi Class Output Appropriation)

### APPROPRIATION – POLICY ADVICE

This output class 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

### WHAT WE DO

Providing advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters.

### OPERATING CONTEXT

Policy advice was provided across a number of issues including:

- > Sentencing (*Electronic Monitoring of Offenders*) Legislation Bill
- > Drug and Alcohol Testing of Community-based Offenders and Bailees Legislation Bill
- > Amendments to governing legislation
- > Child protection offender register
- > Ensuring that offenders deported from other countries are managed appropriately.

### HOW WE PERFORMED

Performance Measures	Previous Years			Current Year			Next Year
	2011/12 Actual standard	2012/13 Actual standard	2013/14 Actual standard	2014/15 Actual standard	2014/15 Budget standard	2014/15 Variance	2015/16 Budget standard
<b>POLICY ADVICE AND MINISTERIAL SERVICES</b>							
The office of the Minister of Corrections is satisfied with the level of quality of advice, and of draft ministerial correspondence, provided by the department (determined by an Annual Survey of Satisfaction)	-	-	New for 2014/15	91%	≥84%	7%	≥84%
<b>QUALITY</b>							
The technical quality of the department's policy advice will be externally assessed from a representative sample by a third party assessor (measured through an annual review) <sup>14</sup>	-	New for 2013/14	75%	75%	≥70%	5%	≥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) <sup>15</sup>	-	New for 2013/14	100%	83%	≥78%	5%	≥78%
<b>COST</b>							
Total cost per output hours of professional staff time devoted to policy advice and other policy functions <sup>16</sup>	-	New for 2013/14	\$98	\$92	≤\$126	\$34	≤\$105

Corrections met all the performance standards for this output with the quality of advice and ministerial satisfaction above the performance standard.

14 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.

15 This indicator is a quantitative representation of the Minister of Corrections' satisfaction with the policy advice provided by the department against the following standards: completeness/alignment, timeliness, robustness, value for money, likelihood to recommend, overall satisfaction and possible improvements in the delivery of policy advice.

16 This indicator provides the total costs of an hour of professional staff time devoted to both policy advice and other policy unit outputs. Total cost includes labour, overhead, support staff, direct costs, and outsourced work to support output production.

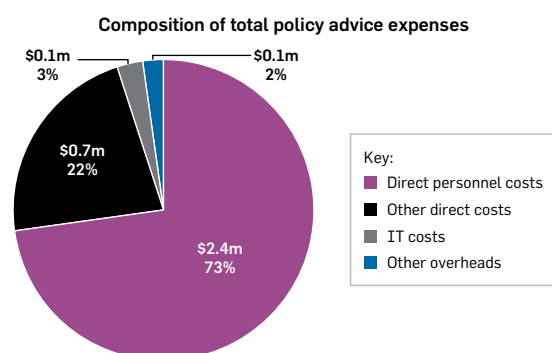
## HOW MUCH DID IT COST?

	2013/14	2014/15			2015/16
	Actual	Actual	Budget	Supp. estimates	Forecast*
	\$000	\$000	(unaudited) \$000	(unaudited) \$000	(unaudited) \$000
<b>REVENUE</b>					
Crown	4,216	3,836	4,135	3,836	3,331
Departmental	-	-	-	-	-
Other	-	-	-	-	-
<b>Total revenue</b>	<b>4,216</b>	<b>3,836</b>	<b>4,135</b>	<b>3,836</b>	<b>3,331</b>
<b>Total expenses</b>	<b>3,071</b>	<b>3,332</b>	<b>4,135</b>	<b>3,836</b>	<b>3,331</b>
<b>Net surplus/(deficit)</b>	<b>1,145</b>	<b>504</b>	-	-	-

\* Forecast financial statements have been prepared using Budget Economic Fiscal Update (BEFU) 2015

The total expense for this appropriation was \$3.3 million. Expenses within this output class are primarily staff related costs incurred in providing policy advice.

Refer to the chart below for the composition of total expenditure by major category.



## APPROPRIATION – MINISTERIAL SERVICES

This output is limited to the provision of responses to ministerial correspondence and parliamentary questions.

### WHAT WE DO

Providing responses to ministerial correspondence and parliamentary questions.

### OPERATING CONTENT

Corrections ensures that timely, accurate and relevant responses are provided to ministerial correspondence, parliamentary questions and requests for information made under the *Official Information Act*.

### HOW WE PERFORMED

Performance Measures	Previous Years			Current Year			Next Year
	2011/12 Actual standard	2012/13 Actual standard	2013/14 Actual standard	2014/15 Actual standard	2014/15 Budget standard	2014/15 Variance	2015/16 Budget standard
<b>QUALITY</b>							
The percentage of ministerial draft correspondence that is signed without changes	97%	96%	96%	98%	≥90%	8%	≥90%
<b>TIMELINESS</b>							
The percentage of all responses to parliamentary questions that are completed within five working days	100%	100%	99%	98%	≥98%	–	≥98%
The percentage of responses to ministerial draft correspondence that are completed within 20 working days	100%	100%	100%	100%	≥98%	2%	≥98%

The number of ministerial drafts increased for this financial year with 167 drafted (2013/14: 129). Of these 98% were completed without changes and all within the timeframe of 20 working days.

The number of parliamentary questions decreased to 259 (2013/14: 346) with 98% of the answers provided within the target of five working days.



## HOW MUCH DID IT COST?

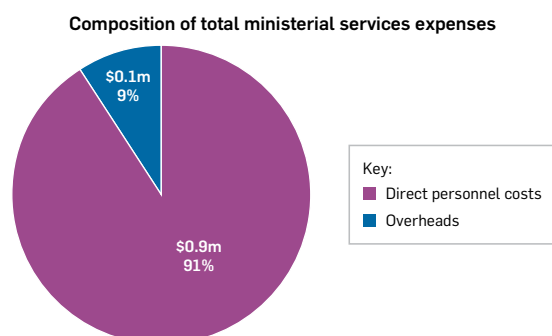
	2013/14	2014/15			2015/16
	Actual	Actual	Budget	Supp. estimates	Forecast*
	\$000	\$000	(unaudited) \$000	(unaudited) \$000	(unaudited) \$000
<b>REVENUE</b>					
Crown	1,486	976	1,474	976	1,040
Departmental	-	-	-	-	-
Other	-	-	-	-	-
<b>Total revenue</b>	<b>1,486</b>	<b>976</b>	<b>1,474</b>	<b>976</b>	<b>1,040</b>
<b>Total expenses</b>	<b>1,335</b>	<b>1,008</b>	<b>1,474</b>	<b>976</b>	<b>1,040</b>
<b>Net (deficit)/surplus</b>	<b>151</b>	<b>(32)</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* Forecast financial statements have been prepared using Budget Economic Fiscal Update (BEFU) 2015

The total expense for this appropriation was \$1 million. Expenses within this output class are primarily staff related costs incurred in providing responses to ministerial and parliamentary questions.

Ministerial Services is part of a multi-class output expense appropriation whereby a single appropriation covers more than one output class. As such, Corrections is permitted to reallocate resources between output classes within a multi-class appropriation without seeking further parliamentary approval. Despite this appropriation incurring a net deficit for the year, the multi-class appropriation was within approved levels.

Refer to the chart below for the composition of total expenditure by major category.



## Appropriation - Contract Management of Services Provided by Third Parties

This appropriation is limited to preparing for and managing contracts for the provision of services provided by third parties.

### WHAT WE DO

This output covers the contract management of services provided by third parties to Corrections.

### OPERATING CONTENT

It is important to ensure that Corrections is on track to obtain contractual outcomes by the end of a contract's life. Outsourced contracts deliver operational service improvements and support Corrections' strategic goals and direction. Monthly, quarterly and annual reviews/audits of contractors' performance are key ways of measuring whether the contractors are delivering the contract outcomes sought by Corrections.

Reviews or audits provide a view on contractors' performance against contract objectives, service outcomes and obligations or performance measures and key performance indicators.

### HOW DID WE PERFORM

Performance Measures	Previous Years			Current Year			Next Year
	2011/12 Actual standard	2012/13 Actual standard	2013/14 Actual standard	2014/15 Actual standard	2014/15 Budget standard	2014/15 Variance	2015/16 Budget standard
<b>QUALITY</b>							
Undertake audits of the contracts through the year and report on the audit	New for 2012/13	Achieved	Achieved	Achieved	Achieved	–	N/A*

Monthly contract reviews were completed on all major outsourced contracts and internal or external reviews/audits were completed on:

- > Serco (contract management of Mount Eden Corrections Facility)
- > Spotless (facilities management contract)
- > Optimisation, HCL and Resultex consortium and Gen-I (Information Technology contract)
- > First Security (prisoner escorting and court custodial service contract)
- > 3M.

\* This measure has been excluded from the 2015/16 budget and will not be reported in 2015/16.

## HOW MUCH DID IT COST?

	2013/14	2014/15			2015/16
	Actual	Actual	Budget	Supp. estimates	Forecast*
	\$000	\$000	(unaudited) \$000	(unaudited) \$000	(unaudited) \$000
<b>REVENUE</b>					
Crown	2,288	2,256	1,755	2,256	–
Departmental	–	–	–	–	–
Other	–	–	–	–	–
<b>Total revenue</b>	<b>2,288</b>	<b>2,256</b>	<b>1,755</b>	<b>2,256</b>	<b>–</b>
<b>Total expenses</b>	<b>1,489</b>	<b>2,005</b>	<b>1,755</b>	<b>2,256</b>	<b>–</b>
<b>Net surplus/(deficit)</b>	<b>799</b>	<b>251</b>	<b>–</b>	<b>–</b>	<b>–</b>

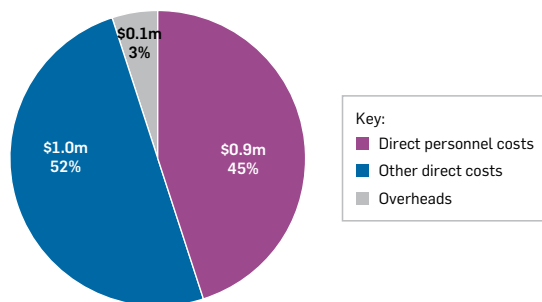
\* Forecast financial statements have been prepared using Budget Economic Fiscal Update (BEFU) 2015

Corrections delivered its contract management services broadly in line with supplementary estimates.

From 2015/16 the Contract Management of Services provided by Third Parties appropriation has been integrated into the Prison-based Custodial Services appropriation.

Refer to the chart below for the composition of total expenditure by major category.

Composition of total contract management of services provided by third parties expenses



## Glossary of Terms

<b>Appropriation</b>	An appropriation is a parliamentary authorisation for the Crown or an Office of Parliament to incur expenses or capital expenditure.
<b>Actual</b>	For an amount, the actual incorporates the actual amount spent for the financial year.
<b>Budget</b>	For an amount, the budget incorporates the amount set for spending at the start of the year.
<b>Supplementary estimates</b>	For an amount, the supplementary estimates incorporates all changes since the budget and becomes the final amount for spending for the financial year.
<b>Forecast</b>	For an amount, the forecast incorporates the amount that has been set for spending the coming year.
<b>Expenses</b>	Amounts consumed or losses of service potential or future economic benefits, other than those relating to capital withdrawals, in a financial year (an accrual concept measured in accordance with generally accepted accounting practice).
<b>Outputs</b>	Goods or services supplied by departments and other entities to external parties. Outputs are a variety of types, including policy advice, administration of contracts and grants, and the provision of specific services.
<b>Home detention</b>	Home detention (HD) is a sentence that requires an offender to remain at an approved residence at all times under Electronic Monitoring and close supervision by a probation officer. It can help offenders to maintain family relationships, keep working or actively seek work, attend training or rehabilitative programmes. Sentences may range in length from 14 days to 12 months.
<b>Supervision</b>	Supervision is a rehabilitative community-based sentence that requires offenders to address the causes of their offending. Offenders can be sentenced to supervision for between six months and one year.
<b>Extended supervision</b>	Extended supervision is aimed at managing long-term risks posed by sex offenders or violent offenders in the community. An extended supervision order, imposed by the Court, allows the department to monitor such offenders for up to ten years following their prison sentence.
<b>Intensive supervision</b>	Intensive supervision is a rehabilitative community-based sentence that requires offenders to address the causes of their offending with intensive oversight from a probation officer. Offenders can be sentenced to intensive supervision for between six months and two years.
<b>Community work</b>	The sentence of community work requires offenders to do unpaid work in the community for non-profit organisations as a way of making up for their offending.
<b>Community detention sentence</b>	Community detention (CD) is a community-based sentence that requires the offender to comply with an Electronically Monitored curfew imposed by the court. Offenders can be sentenced to CD for up to six months. Curfews can total up to 84 hours per week. The minimum curfew period is two hours.
<b>Post-release conditions</b>	When an offender is released from prison they are required to comply with their standard and/or special conditions of release. These conditions are imposed by the New Zealand Parole Board. The conditions can be for six months or more.
<b>Residential restrictions</b>	Under the <i>Parole Act 2002</i> , the New Zealand Parole Board can impose special release conditions on an offender's release. One of these conditions is residential restrictions requiring the offender to remain at a specified residence at all times or at times specified by the Board.
<b>National certificate</b>	Qualification listed on the National Qualifications Framework (NQF) administered by the New Zealand Qualification Authority (NZQA), composed of a prescribed number of unit standards and is a complete qualification.
<b>Limited Credit Programme (LCP)</b>	Qualification listed on the NQF administered by the NZQA, composed of a number of unit standards and is a pathway towards a National Certificate.
<b>Modularised Training Programme (MTP)</b>	Qualification not listed on the NQF administered by an Industry Training Organisation (ITO), composed of a number of unit standards and is a pathway towards a National Certificate.
<b>Trade Ticket</b>	Qualification underpinned by unit standards indicating trade currency and competency. Examples: 4711 Welding Ticket or Electrical Limited Regulation Ticket.
<b>Driver Licence</b>	Qualifications composed of unit standards authorising individuals to drive prescribed types of vehicles.
<b>Health and Safety</b>	Qualifications sanctioned by ITOs, underpinned by or containing unit standards. Examples are: First Aid, Grow Safe and Site Safe.
<b>Internal services employment activity</b>	Internal services activities include asset maintenance, catering, distribution of goods, grounds maintenance, laundry, manufacturing and sundry services.
<b>Primary employment activity</b>	Primary activities include farming, dairy and horticulture.
<b>Timber employment activity</b>	Timber activities include building refurbishment, forestry, joinery, milling, and timber processing.