ARA POUTAMA AOTEAROA



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CORRECTIONS

For the year ended 30 June 2021 and Report by the Minister of Corrections on Non-departmental Appropriations for the year ended 30 June 2021



## ARA POUTAMA AOTEAROA DEPARTMENT OF CORRECTIONS

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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.* 

Kotahi anō te kaupapa: ko te oranga o te iwi

There is only one purpose to our work: the wellness and wellbeing of people

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## Kupu Takamua

Neke atu i te 10,000 ā mātou kaimahi ka mahi i roto i ētahi o ngā taiao uaua, pakeke rawa hoki i Aotearoa, ki ngā tāngata tuatini hoki e whai ana i ngā hāmene taumaha, pēnei i te riri ā-tinana, ā-pāwhera hoki. He nui hoki ngā wā ka tae mai te hunga ki raro i ā mātou whakahaerenga me ngā matea akoranga, hauātanga, mate hinengaro, waranga nui hoki.

Kua roa mātou e ū ana ki te whakapau kaha ki te āwhina i te hunga ki te whakaea i ngā pānga o ā rātou mahi kino, te hiki i te oranga, me te uru haumaru anō ki ō rātou ake hapori. Engari he nui noa atu ngā mahi hei mahi tonu, tatū noa ki te whakaea i ngā tatauranga kino mō te Māori. Nā tēnei kawenga i ārahi atu ki te whanaketanga o Hōkai rangi, tā mātou rautaki ki te panoni i te pūnaha whakatika. I te tau 2020/21, i arotahi mātou ki te whakatakoto i te tūāpapa mō tēnei panoni mau roa, i te wā e ū tonu ana ki te whakaiti i ngā mahi hara me te hiki i te haumaru tūmatanui.

l whakahāngai anō mātou i tā mātou whakahaere, ā, i whakaanga anō i ngā rauemi ki te haumi pai ake ki te haumaru, te oranga me te raukaha o ā mātou kaimahi. He mahi nui tēnei mahi para huarahi ki te whakarite i te toitūtanga o ngā panoni, ā, kia nui tonu te tautokona o ā mātou kaimahi e eke ai tēnei panoni.

I tino eke tā mātou ahunga whakamua i ā mātou kaupapa matua. E pai ana te haere o te hoahoangātahi a Hikitia, tā mātou ratonga hauora hinengaro me te waranga hou i Te Whare Herehere o Waikēria, i whakarewaina hoki e mātou te Huarahi Mana Wāhine mā ngā wāhine i Waitaha, ā, i tīmata mātou ki te whakamātautau i ngā huarahi hou o te mahi i roto i tā mātou hōtaka Huarahi Māori i Te Tai Tokerau me Te Matau-a-Māui.

I whakauru mātou i ngā huarahi pai ake o te whakanoho kaimahi i ā mātou whare herehere mā te kaupapa o Making Shifts Work, i whakarewaina tētahi Rautaki Hauora, Haumaru me te Oranga, ā, i haere tonu ā mātou ahunga whakamua ki te whakaiti ā-haumaru nei i te taupori whare herehere. I te taha o tēnei, i tautoko mātou i te 1,259 tāngata ki ngā tūranga mahi mā roto i tā mātou hōtaka a This Way for Work, i tuku i ngā whakaurunga 3,687 ki ngā hōtaka whakamātūtū i te whare herehere, ā, me te 4,064 i te hapori, me te whakarato i te 1,200 neke atu o ngā wāhi noho ki te hunga kua tukuna i te herehere. Ko ēnei tauanga katoa e whakaahua ana i ngā tāngata kua rapu mahi, kua puta i te waranga, kua tūhono anō ki ō rātou whānau, ā, kua whai ara whakamua ki tētahi oranga hara kore.

E mōhio ana mātou kāore e taea e mātou anake tēnei mahi. la wiki, ka mahi tahi ā mātou kaimahi, hoa, kaitūao, kaiwhakarato, me ētahi atu tari kāwanatanga i roto i ngā whare herehere me ngā hapori. I haere tonu ā mātou mahi ki te hanga me te pupuri i ngā rangapūtanga ki ngā iwi, ngā hapū, ngā whānau hoki puta noa i te tau. He mahi nui tō ēnei kaupapa i roto i te āhua hoahoa me te tuku i ā mātou ratonga whakamātūtū, whakauruurunga hoki, kia rite ai te tukunga o ngā hōtaka tika ki te hunga tika i te huarahi tika.

Heoi anō tērā anō ngā wero nui o te tau nei. I rangona tonu te pēhanga o te KOWHEORI-19 ahakoa te roa o te noho i te Pae Mataara 1. Nā ngā akoako i hua ake i te rāhuitanga moata o te 2020 mātou i whakapakari, inarā ko ngā tukanga panoni wawe me ā mātou ritenga o ia rā, kia ū mātou ki ngā Pae Mataara rerekē.

I whakatau i a mātou tētahi hauata nui i Te Whare Herehere o Waikēria, ā, i whiwhi i te tautoko nui mai i te iwi me ngā kaumātua tae atu ki ā mātou hoa ūniana me ngā ratonga ohotata. I tau tēnei raru me te kore anō o te mate, wharanga nui rānei, ā, he tohu tērā i te māia, te ngaio me te manawanui i whakaatuna e te hunga katoa i whai wāhi atu.

E kore rawa au e whakaiti i taku kawenga ki te hiki i te oranga o te tangata me te tiaki i ō tātou hapori. Ia rā ka mahi mātou me ngā tāngata tērā pea ka whai pānga nui ā mātou hohenga katoa. I ā mātou e panoni haere ana i te pūnaha whakatika, me tīmata paku, me ako mai i ētahi atu, ā, me whakatau i ngā take i runga anō i ngā mahi whai hua.

Me haere tonu ngā mahi whakahaere, me te whakataurite i ngā mōrearea tūmatanui, whaiaro hoki i roto i ā mātou mahi katoa. Koirā ngā mahi a ā mātou kaimahi ia rā. Ka nui taku whakapehapeha ki ā rātou mahi i tēnei tau.

## Foreword

We have more than 10,000 staff who work in some of the most difficult and challenging environments in Aotearoa New Zealand, with complex people who have serious convictions, including for physical and sexual violence. People also often come into our management with significant learning, disability, mental health and addiction needs.

We have long committed to doing everything we can to help people address the causes of their offending, improve their wellbeing, and safely reintegrate back into their communities. But there is more to do, especially to address Māori overrepresentation.

This drive to do better led to the development of Hōkai Rangi, our strategy to transform the corrections system. In 2020/21, we focused on setting the foundations for this long-term change, while maintaining our commitment to reducing re-offending and improving public safety.

We realigned our organisation and redirected resources to better invest in the safety, wellbeing, and capability of our staff. This groundwork is critical to ensuring the changes we make are sustainable and that our staff are fully supported to achieve this change.

We made fantastic progress in our flagship projects. The co-design of Hikitia, our new mental health and addiction service at Waikeria Prison, is progressing well, we launched Te Mana Wāhine Pathway for women in Canterbury, and we started testing new ways of working through our Māori Pathways programme in Te Tai Tokerau and Hawke's Bay.

We introduced better ways of staffing our prisons through Making Shifts Work, launched the Health, Safety and Wellbeing Plan, and continued to make progress in safely reducing the prison population.

Alongside this, we've supported 1,259 people into work through our This Way for Work programme, delivered 3,687 rehabilitation programme placements in prison and a further 4,064 in the community, and provided more than 1,200 accommodation places to people released from prison. All these numbers represent real people who have found work, overcome addiction, reconnected with their family, and taken a step towards a life free from crime. We know we can't do this on our own. Every week, our staff, partners, volunteers, service providers, and other government agencies work together in prisons and communities. We continued to build and maintain partnerships with iwi, hapū, and whānau over the year. These are playing a critical role in how we design and deliver our rehabilitation and reintegration services to ensure the right programmes are delivered to the right people in the most appropriate way.

Of course, the year had its challenges. COVID-19 continued to loom large despite a long period of being in Alert Level 1. The lessons we learned during the early 2020 lockdown held us in good stead, especially in rapidly changing our processes and daily routines to comply with different Alert Levels.

We dealt with a serious riot incident at Waikeria Prison and received valuable support from local iwi and kaumātua as well as our union partners and emergency services. That this incident was resolved without any loss of life or serious injuries is a testament to the bravery, professionalism, and courage shown by all involved.

I never take for granted our responsibility to improve people's lives and keep our communities safe. Every day we work with people where every action can have a very real consequence. As we continue to transform the corrections system, we have to start out small, learn from others, and make decisions based on what works.

We must also continue to manage and balance public and personal safety risks in everything we do. That's what our staff do every day. I could not be prouder of them and what they've achieved this year.



Jeremy Lightfoot Secretary for Corrections and Chief Executive Te Tumu Whakarae mō Ara Poutama Aotearoa

## **Corrections by the numbers** 2020/21



# Corrections' role in the justice system

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## The justice system applies and upholds the law

The justice system includes many different organisations and individuals who apply and uphold the law.

The Executive branch of government (made up of Ministers) is responsible for determining overall policy direction, including drafting laws that are passed through Parliament. Courts and judges – together known as the Judiciary – interpret Aotearoa 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 organisation has an important responsibility within the sector:

- > Ministry of Justice Tāhū o te Ture: administers courts, the Public Defence Service, legal aid, the enforcement of monetary penalties, and provides advice on criminal justice policy
- > New Zealand Police Ngā Pirihimana o Aotearoa: maintains public safety, law enforcement, crime prevention and community support
- > Department of Corrections Ara Poutama Aotearoa: administers prison and community sentences and orders, and assists in people's rehabilitation and reintegration into the community
- > Oranga Tamariki Ministry for Children: administers youth justice services
- > Serious Fraud Office Te Tari Hara Taware: the lead law enforcement agency for investigating and prosecuting serious or complex financial crime, including bribery and corruption
- > 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.

Chief Executives of all six justice sector organisations work together as the Justice Sector Leadership Board. The Board is an important mechanism to assist Ministers to achieve individual portfolio goals, as well as wider collective justice sector goals.

## We work together to keep communities safe and enhance wellbeing

Corrections works with these other agencies at many different levels.

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, 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 organised crime.

We work with Oranga Tamariki to protect the safety and welfare of children and young people serving sentences, as well as young people in the lives of the people we manage.

We also work with the Ministry of Justice regarding the use of court cells and future prison capacity planning, and with the Crown Law Office on legal, litigation, and prosecution matters.

In addition, the New Zealand Parole Board makes decisions and sets conditions for the release of people in prison. Parole aids reintegration by permitting eligible people to be released from prison to finish their sentence in the community. Compliance is closely monitored by probation officers from Community Corrections.

We also recognise the criminal justice system is intrinsically linked to the wider social sector. As such, we have close relationships with Te Puni Kōkiri, Kāinga Ora, the Ministry of Social Development, the Ministry of Health, District Health Boards, and other social sector agencies.

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. Collaboration across the justice, social, and health sectors is necessary to find the best cross-sector solutions for our communities.

## Corrections helps people make positive changes and keeps New Zealanders safe

Corrections' core responsibilities include maintaining safe custodial facilities, managing people's compliance with community-based sentences and orders, providing support and information to registered victims, providing information and administrative services to the Courts and the New Zealand Parole Board, and delivering rehabilitative and reintegrative interventions.

#### We manage New Zealand's prisons

We are responsible for 18 prisons across Aotearoa New Zealand, one of which, Auckland South Corrections Facility, is privately operated.

Our prisons vary in size and specification, with some specialising in the management of certain populations. For example, Auckland Region Women's Corrections Facility, Christchurch Women's Prison, and Arohata Prison accommodate women, while the remaining 15 manage men. Auckland Prison has the country's only maximum-security facility, Mt Eden Corrections Facility is specifically designed to manage people on remand, and Rimutaka Prison has a high-dependency unit for men with complex health-related needs.

People are managed in accordance with their specific needs as well as their sentence/remand status and security classification. Security classifications include minimum, low, low-medium, high, and maximum, reflecting the safety restrictions of the individual and the need to manage the prison population safely.

As at 30 June 2021, the total prison population was 8,397 people [2020: 9,469].<sup>1</sup>

## We manage people on community-based sentences and orders

We manage approximately three times as many people in the community as we do in prison, with more than 100 Community Corrections sites nationwide.

There are a number of community-based sentences used in Aotearoa New Zealand, from community work to supervision to home detention. People released from prison may also be managed on release conditions or parole. The Courts can impose other orders to keep the community safe, including extended supervision orders and public protection orders.

Public safety is a top priority and we take all instances of non-compliance seriously. Probation officers actively manage the compliance of people on communitybased sentences and orders with their conditions by removing barriers and holding them to account if they breach. Potential responses to non-compliance range in seriousness depending on the type of breach and can include formal prosecution, referrals to rehabilitation programmes, and increased monitoring. Other agencies, including Police, are also involved in monitoring and mitigating risk.

As at 30 June 2021, there were 29,243 people on community-based sentences and orders [2020: 27,346].

### We provide information and support to the Courts, the New Zealand Parole Board, and registered victims

The New Zealand Parole Board is an independent statutory body, separate from Corrections. Corrections administers the *Parole Act 2002*, which requires us to provide administrative and training support to the Parole Board.

Information and advice are provided to both the Courts and the Parole Board to help in their decision-making. This includes providing pre-sentence reports to Courts prior to sentencing and providing reports to the Parole Board in advance of parole hearings. Corrections' role in these processes helps ensure well informed sentencing and parole decisions.

The Victims' Rights Act 2002 sets out obligations of Corrections to provide information to victims of offences, including notification of specific events relating to those who offended against them. Victims are notified of an impending hearing and of Parole Board decisions within an agreed set of timeframes.

## We assist people throughout their rehabilitative and reintegrative pathway

Each person's rehabilitative and reintegrative pathway is unique, and based on several considerations such as the nature of their offending, their risk of re-offending, their motivation to change, their physical and mental wellbeing, and the support they have around them.

In prisons, case managers work with people one-on-one to identify their rehabilitation needs and match these with available programmes to be completed throughout their sentence. In the community, this responsibility sits with each person's probation officer. Psychologists, programme facilitators, education tutors, industry instructors, reintegration service providers, whānau, iwi partners and many other staff and external partners also play an important role in this process.

We provide health services, mental health and addiction programmes, cultural support services, educational opportunities, vocational training, motivational sessions, offence-focused programmes, wrap-around whānau support, reintegration services, intensive residential programmes, and transitional accommodation support.

Our interventions are increasingly offered in partnership with iwi and Māori service providers who specialise in kaupapa Māori-based service delivery.

For more information, see Part A of this report.

## Our strategic direction

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## We have made significant progress since our formation

Corrections was established in 1995 on the principles of public safety and rehabilitation. These principles still underpin our work, but over time our understanding of public safety has evolved. We know we cannot simply imprison people until they have finished their sentence. We have to give them the tools they need to address the causes of their offending and change their lives for the better.

This has seen our rehabilitation and reintegration services change significantly since our formation – from the introduction of employment and industry training in prisons to the expansion of mental health and addiction services and increased investment in accommodation support.

Alongside this, we have invested in tools such as body worn cameras to keep our staff safe, redeveloped Auckland Prison's maximum-security facility to better respond to people with mental health needs, and carried out a strategic assessment of the entire prison network, which provided important context for our organisational strategy *Hōkai Rangi 2019-2024*.

#### Hōkai Rangi was developed with Māori to deliver major change

In 2017, the Waitangi Tribunal released  $T\bar{u}$  Mai Te Rangi! The report drew attention to our success in reducing re-offending overall, but concluded we were in breach of the treaty principles of active protection and equity for our lack of strategic focus on Māori.

We stepped up to the call to do better, launching Hōkai Rangi in August 2019.

Hōkai Rangi outlines our commitment to improve outcomes with, and for, Māori. It was developed with Māori and incorporates a Te Ao Māori worldview. Through Hōkai Rangi, we are building on the good work we have done while recognising the need to find new ways of achieving better outcomes for those we manage, especially Māori.

## By improving people's wellbeing, we make whānau and communities safer

At the heart of Hōkai Rangi is the concept of wellbeing for all people, including our staff, people serving sentences and orders, their whānau, victims, and our communities. By improving the wellbeing of those we manage, we help break the cycle of re-offending and ultimately make our communities safer for all New Zealanders.

Our work to ensure the wellbeing and safety of people is focused on six outcome areas: partnership and leadership; humanising and healing; whānau; incorporating a Te Ao Māori worldview; whakapapa; and setting the foundations for participation. These outcomes help us deliver on our inter-connected strategic goals.

**Public safety is improved:** We improve public safety through the management of safe and secure custodial facilities, liaison with Police, comprehensive risk assessment tools, electronic monitoring and, where necessary, civil detention.

**Re-offending is reduced:** We provide rehabilitation and reintegration services to help people address the causes of their offending and build positive relationships with their whānau at every step of their sentence or order. By helping people break the cycle of re-offending we also improve the safety of our communities.

**Māori overrepresentation is reduced:** We, along with our partners, aim to reduce the overrepresentation of Māori in the corrections system. We cannot do this alone, and a joined-up approach with justice sector, community and Te Tiriti o Waitangi partners is critical to addressing this disparity.

## We are transforming the Corrections system

We have come a long way since our formation, with insights from past efforts informing our thinking about the future.

## The foundations have been set to transform the corrections system

Since the introduction of Hōkai Rangi, we have set the foundations for long-term transformation of the corrections system.

We have embedded our leadership commitment to change by establishing a Deputy Chief Executive Māori position, re-aligning our organisational, governance and assurance structures, and redirecting resources to better invest in the safety, wellbeing, and capability of our people.

This work is critical to ensuring the changes we make are sustainable and that our staff are supported to achieve this change.

## We are continuing to build and deepen critical partnerships

Authentic partnership with Māori is a priority, and Hōkai Rangi underscores our commitment to working with Māori. Corrections is deepening its relationships with Te Tiriti o Waitangi partners, Māori organisations and post-treaty settlement entities. Partnering with Māori is integral to delivering the most effective and efficient outcomes for Māori and the wider justice system.

New ways of partnering with Māori are being tested at key pilot sites. These include our Māori Pathways and Te Mana Wāhine Pathways programmes, Te Mauri Paihere ki Mangakootukutuku accommodation for women and children, and Hikitia – Waikeria Mental Health and Addiction Service. The lessons from these pilots will inform changes to how we work elsewhere.

We also work with many other organisations and individuals in the public sector, private sector, and our wider communities.

## Change is happening at all levels right across the organisation

Change is happening right across Corrections to meet our long-term strategic goals. We are lifting the cultural capability of our staff, strengthening our health, disability, mental health and addiction services and our rehabilitation and reintegration services, while also establishing partnerships with mana whenua at prison sites.

Alongside this, we are re-designing the women's prison network to be more responsive to the specific needs of women. We have also started a longterm programme to improve our physical prison environments and introduce new operating approaches that are focused on tailored pathways, greater family connectedness and wellbeing.

We have substantively delivered on 20 short-term actions in Hōkai Rangi despite the impact of COVID-19. We must ensure that what we are doing works, which is why we are also developing a new framework to help track our progress.

More information about these initiatives are referenced throughout Part A of this report.

## *We are contributing to justice sector priorities through Hōkai Rangi*

Corrections, with the other agencies in the justice sector, is addressing long-term, systemic challenges.

In early 2020, the Justice Sector Leadership Board agreed in principle to a shared vision, purpose and principles to guide sector change. The principles describe a justice system, founded on the rule of law, that treats all people with humanity, dignity, respect, and compassion.

The Justice Sector Leadership Board's Strategic Plan identifies three areas for the sector to work together:

- Strengthening Māori Crown relationships During 2019 and 2020, the Ināia Tonu Nei kaitiaki worked together with the Justice Sector Leadership Board to develop a Mana Örite agreement. The agreement, signed between Ināia Tonu Nei and the Justice Sector Leadership Board in April 2021, aligns well with our vision in Hōkai Rangi and having Māori at key levels of decision making.
- > Transforming the Criminal Justice System The sector is focusing on improving the experience of all people who have contact with the justice system. To do this, the Justice Sector Leadership Board is engaging with the judiciary, partnering with Māori and communities, and strengthening workforce culture and capability. Work being undertaken by other agencies, with sector support, includes Police's Reframe Strategy and Te Pae Oranga lwi Community Panels, and supporting the development of the Te Ao Mārama District Court model.
- > Improving system performance Sector agencies are developing initiatives to improve and strengthen system performance. This includes the Joint Venture on Family Violence and Sexual Violence, a National Strategy related to family and sexual violence that aims to improve safety, expand services, and change longstanding behaviours and attitudes.



The whakataetae kapa haka brings participants closer to their culture, identity, and language.

## Whakataetae kapa haka competition reconnecting people to culture

In 2020, the first inter-site whakataetae kapa haka (competition) was launched, with nine prisons taking part. The competition grew in 2021 with 16 sites across the country participating.

The whakataetae kapa haka brings participants closer to their culture, identity and language, and is part of our ongoing work to improve people's wellbeing, connect them with hapū and iwi, and create a positive rehabilitative environment.

The competition also teaches participants about the importance of belonging, discipline, and dedication, and sees staff and participants working together to ensure performances are a success.

The theme this year was whānau, and in nearly all the performances, whānau were invited to come into the prisons to see their family members participate.

Kapa haka tutors from the community, iwi, and mana whenua supported the participants in their learning and preparation. The performances were judged with taonga awarded to the winners.

# Our people and capability

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## We are professionalising our workforce

We have a team of more than 10,000 people who work hard every day to serve the people of Aotearoa New Zealand. Eighty-five percent of our staff are employed in frontline roles, interacting with people in prisons or on community-based sentences and orders. That our staff have the greatest opportunity to help people improve their wellbeing is integral to our success in achieving our goals.

We are investing in the safety, capability and wellbeing of our workforce to ensure they have the skills and resources they need to lead our implementation of Hōkai Rangi. To strengthen our workforce, we have made changes to our organisational structure, redirected resources, and increased our efforts to improve staff wellbeing and cultural capability. This included realigning our Executive Leadership Team and establishing a new People and Capability group in 2020.

#### We are a values-led organisation

Our five shared values guide our work. 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

These values underpin Hōkai Rangi, and how we 'do' change with our staff, the people we manage, and our partners.

#### Integrity underscores everything we do

Working with people who have committed crimes and harmed communities means we must meet the highest standards of integrity. Our Code of Conduct describes the principles we operate by and the standard of behaviour expected of all staff, contractors, consultants, and volunteers. Our Integrity Assurance Team provides high quality specialist investigation services and advice, alongside delivering an integrity awareness programme focused on raising awareness of and preventing fraud, corruption, dishonesty and other criminal risks, giving staff the skills and tools they need to avoid manipulation.

We expect our staff to act with integrity, honesty and professionalism, and have clear Speak Up policies encouraging staff to speak up if they see, hear or experience something that concerns them. This includes an 0800 phone number for our staff 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 recruited the right people and built cultural capability

Our recruitment processes reflect our values and are designed to ensure we recruit staff with the right capabilities and attributes needed to be successful in each of our working environments. These processes ensure the quality and integrity of new recruits and, depending on the role applied for, include selection processes covering pre-employment drug testing, fitness testing, Police vetting, and role-playing exercises. Recruitment for key roles now also focuses on competency in working with and for Māori. Our centralised team of recruitment advisors work closely with applicants to make the process as simple as possible.

In 2020/21, we recruited 915 people to frontline roles in prisons and the community, and a further 345 people to other areas of Corrections.

Building our cultural capability is an essential part of our Māori Pathways programme (refer to page 40). We are rolling out a cultural capability programme for staff in Hawke's Bay and Northland to enable us to provide more whānau-centred and kaupapa Māori approaches at these sites.

We are also finalising a te reo Māori language strategy to ensure Māori language is valued, visible, and prioritised in our practices and embedded in our policies. This work meets the Maihi Karauna (Crown's Strategy for Māori Language Revitalisation) requirement that all public service departments develop a te reo Māori language plan by 30 June 2021.



A ceremony was held under the flagpole for the signing of the charter and attended by Chief Executive Jeremy Lightfoot and DCE Māori Topia Rameka.

#### Cultural capability uplift at Whanganui Prison

Starting in June 2020, the Whanganui Prison leadership team stepped up to the challenge of uplifting their cultural understanding through our E Toru Nga Mea programme. E Toru Nga Mea helps staff better engage with the people we manage and more proactively respond to Hōkai Rangi.

The team met fortnightly, with Neil Campbell, our General Manager of Cultural Capability, facilitating the kōrero structured around our five values. A pledge was developed to form the team's Charter, which guides their ongoing practice.

Prison Director Reti Pearse says the team looked forward to the fortnightly workshops with Neil.

"Not only is he a skilled presenter, orator and storyteller, but Neil has deep and relevant knowledge about culture and our history, and about how cultural uplift can be achieved.

"It was important for us to start the journey with the leadership team so that we could confidently set the course," says Reti.

The team is now working on rolling this out to the rest of the site staff, as well as the men at the prison.

#### We supported our staff to develop and grow

Learning and development at Corrections begins on day one. Most employees participate in Ara Tika, an induction programme that covers the obligations of working in public service, integrity, cultural capability, privacy and safety, before they move through their own unique learning pathways.

Our frontline pathways combine online modules, classroom-based activities and on-the-job coaching tailored to the person's specific role. This includes Pou Hapori Iho, a learning pathway for probation officers, and Pou Arahi Iho, a pathway for prison-based case managers. For all other roles, induction is more specifically tailored.

We also operate an online Safety Conversations hub, which supports frontline managers to have regular, brief and effective discussions about safety with their teams.

#### We celebrated and rewarded success

Our staff achieve some incredible things in their work, and we are proud to celebrate their success.

For each new intake of frontline staff, we recognise the best performing recruit with a Minister's Excellence Award. We have Tātou Awards at a regional and national level to celebrate groups or individuals who exemplify our values and have gone above and beyond to improve wellbeing, and keep our communities safe. Our Whanonga Pono Awards recognise people who champion one or more of our values and can be awarded to teams, individuals, providers, partners, volunteers, and members of the community we work with.

We also present long service and good conduct awards, as well as one-off awards to recognise specific achievements such as the Chief Executive's Special Commendation Award, which recognises outstanding employee contributions.

## We promote inclusion and diversity

Corrections encourages a diverse and inclusive environment that supports a range of experiences and views.

## *Our Inclusion and Diversity Council helped people feel safe and valued*

Our Inclusion and Diversity Council leads the work on our Inclusion and Diversity Strategy, monitors and raises awareness of progress across Corrections, and ensures our work in this area aligns with the *Public Service Act 2020* and Hōkai Rangi.

The Council has representatives from across Corrections and is led by the National Commissioner. In 2020/21, regional and National Office staff were invited to be part of Inclusion and Diversity Champion Groups. These Champion Groups help bring more perspectives into the Council's work.

## *Our staff were supported to champion and celebrate diversity*

Staff have a range of networks where they can come together to celebrate diversity, support each other, and develop professionally and personally. These include our Rainbow, Māori, Pasifika, and women's staff networks. The first public service Veteran's Network was also established within Corrections in the last 12 months.

A searchable database of networks is now available on our intranet, providing an easy way for people to connect and find information or support.

## *Our gender pay gap remains among the lowest in the public service*

As at 30 June 2021, the average gender pay gap at Corrections was 0.3%. This compares favourably to the public service average of 9.6% [30 June 2020].

In August 2020, we published our Gender Pay Gap Action Plan. This forms part of our commitment to creating a fair, diverse and inclusive workplace, and has four areas of focus: equal pay, flexible working by default, reducing bias, and leadership diversity.

For further detail, please see the Gender Pay Gap Action Plan: <u>https://www.corrections.govt.nz/</u> <u>resources/strategic\_reports/gender\_pay\_gap\_action\_</u> <u>plan</u>

#### Our work is becoming flexible by default

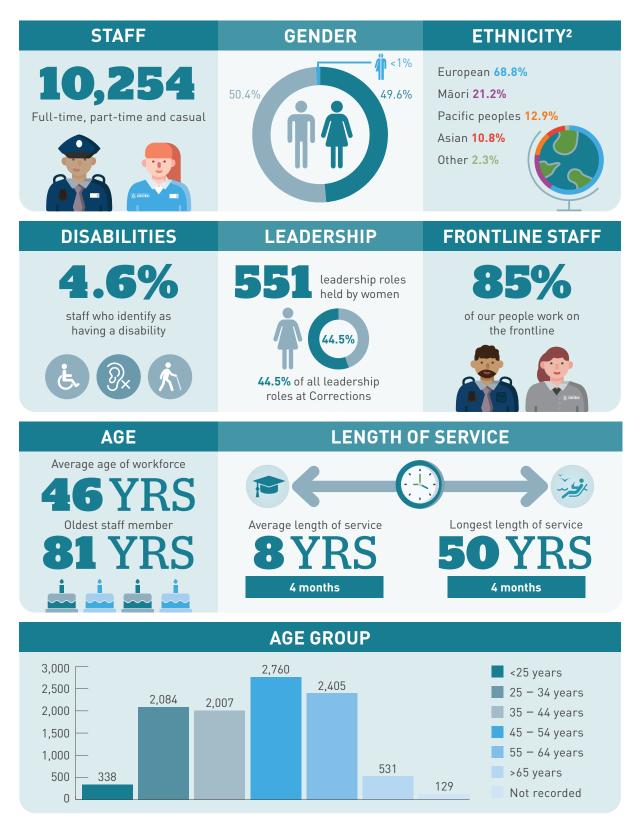
We continue to support our people to work in a way that best suits their needs where safe and appropriate to do so.

Our environment is unique, with the largest portion of our workforce in frontline roles. We have progressed key projects to improve flexibility across all our roles, including Making Shifts Work (refer to page 47), the roll out of new technology in the Probation Mobility Project, and the Case Management Flexibility framework and trials.

We continue to contribute to the cross-agency Flexibility by Default programme, and work with our union partners on how we implement flexible working.

## Profile of our people

Corrections has more than 10,000 staff across the county who show up every day to improve people's wellbeing and make Aotearoa New Zealand safer. For historical data, please see Corrections' previous Annual Reports: <a href="https://www.corrections.govt.nz/resources/strategic\_reports/annual-reports">https://www.corrections.govt.nz/resources/strategic\_reports/annual-reports</a>



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

## We are managing critical risks to health, safety, and wellbeing

The health, safety, and wellbeing of our staff, the people we manage, our partners, and visitors is paramount.

We operate 24 hours a day, seven days a week managing some of Aotearoa New Zealand's most challenging people in a complex environment. Our staff regularly work with a range of risks. Eleven of these have been identified as critical health and safety risks, meaning they have the potential to cause serious harm or death.

We have approximately 450 Health and Safety Representatives advocating for good health and safety practices in our workplace.

During 2020/21, we effectively managed the risk of COVID-19 to prevent it from entering our prisons. We were shortlisted finalists for 'Best initiative to address a work-related health risk' in the Safeguard National Health and Safety Awards for our approach.

For more information about initiatives to improve health, safety and wellbeing in prisons and the community please refer to Part A.

#### We launched our new Health, Safety, and Wellbeing Plan

Our four-year Health, Safety, and Wellbeing Plan was adopted in September 2020 and is based around four key areas: Risks, Resources, Relationships and Resilience. It was developed to ensure our work on health, safety, and wellbeing supports our Hōkai Rangi goals.

In the first year of this plan, we developed critical control protocols for violence and aggression, and hazardous substances – two of our critical health and safety risks.

We have continued to strengthen our health, safety and wellbeing governance structure, improved the management of health and safety inductions and incidents, made our assets safer, extended our Health and Safety Representative training, delivered activities which improve the wellbeing of our people, and re-designed the custodial peer support programme and enhanced our safety learning tools. We have also continued to improve the health and safety support to those working with our partners and suppliers, with 96 of our contract managers completing our contractor management health and safety training.

## We were responsive to health and safety incidents

In 2020/21, we notified WorkSafe of 10 notifiable incidents [2019/20: 19] that were serious enough to require reporting. There were also an additional nine incidents identified as having a credible potential for a serious injury outcome [2019/20: 29].

Corrections' partners and contractors reported a further 11 notifiable incidents [2019/20: 8] and six incidents with a credible potential for serious harm [2019/20: 39].

Our senior leaders increased the number of critical risk observations they complete with our staff to 218, up from 25 when they were introduced in September 2019. These observations enable our leaders to have critical risk discussions with our staff and to assess against competence, controls, and guidance.

We track progress against other key performance indicators and have introduced reporting against strategic indicators aligned with our new Health, Safety and Wellbeing Plan. Building on work completed in 2020/21, new assurance measures will be introduced next year that focus specifically on our critical risk controls.

## We actively supported the mental health and wellbeing of our staff

Protecting, maintaining and supporting the wellbeing of our staff has been a priority, especially throughout our response to COVID-19. We have introduced more national, regional, site and team specific initiatives to support staff wellbeing. In 2020/21, this included:

- Running a one-day mental health essentials training workshop for more than 500 operational managers.
- > Implementing fatigue risk management plans for prison sites to coincide with new shift rosters of Making Shifts Work.

- Redesigning the custodial Post Incident Response Team process to improve mental health support for staff following exposure to distressing and traumatic incidents.
- Promoting wellbeing resources and tools on a range of topics including oranga (wellbeing) groups and resilience.

We aim to introduce free, confidential health checks for staff, expand our Staff Welfare Support team, explore other evidence-based interventions to support staff involved in potentially traumatic incidents, and provide advanced psychological resilience training in 2021/22.



### **OUR CRITICAL HEALTH AND SAFETY RISKS**

## **Our assets and finances**



## We are embedding our strategic asset management capability

Corrections has focused on uplifting our strategic asset management capability to provide a platform for investment in our physical and digital infrastructure. Our long-term investment planning and execution is an essential enabler of our Hōkai Rangi strategy.

We manage over \$4.5 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 agency, our assets range in condition from excellent to approaching end-of-life.

Our physical and digital assets are critical to the safety and effectiveness of the corrections system. These assets must be flexible and responsive to fluctuations in the prison population and equipped to deliver modern, tailored services and operations that support people's rehabilitative pathways. They must also uphold the health, safety and wellbeing of our staff, the people we manage, visitors, and partners.

## We made improvements to our physical infrastructure

We have seven significant physical infrastructure programmes underway. These recognise the age and condition of our community and custodial facilities and supporting infrastructure, and that some older designs no longer support modern practice.

The reduction in the prison population since March 2018 has allowed us to review the quality of prison environments and accommodation. With demand easing and new capacity coming on-line, lower quality environments will be retired or improved during the next two-to-three years. This process is underway with the closure of 1,010 beds (refer to page 46).

#### We invested in our digital assets

In 2020/21, we launched an innovative COVID-19 proximity tracing system, brought in new technology to support our Making Shifts Work programme, implemented the first phase of the digital infrastructure Network Modernisation project, and continued our Probation Mobility project.

Further initiatives for frontline staff include full body scanning technology for better contraband detection, upgrades to CCTV and security to improve the safety of our Community Corrections sites, and ongoing upgrades to master control software for improved security in prisons. Refer to Part A for more detail on these projects.

We made significant upgrades to our underlying digital infrastructure to enable new user-friendly technology to be introduced. In 2020 we completed our Cloud First programme which aligned our digital infrastructure to Government Chief Digital Officer requirements. This also reduced costs by moving our digital infrastructure to the Cloud.

Our Microsoft and Citrix desktops have been upgraded so staff can access tools that support secure remote working and flexible working practices. We replaced our digital security boundary products and implemented new security platforms (SIEM) to ensure our data stays secure as more staff work remotely.





#### Kea Project connects children with parents in prison

The Kea Project is a new visits experience, centred around the needs of children. It aims to strengthen connections between children and parents in prison, and begin to breakdown cycles of re-offending and generational youth offending.

The project is redesigning spaces in prisons that children see so they feel safe and less anxious. This includes painting visits spaces with visual stories involving a kaitiaki character. The kaitiaki is chosen in a co-design process that includes people in prison, staff and mana whenua and is based on what best represents that area. Hawkes Bay has chosen a Kāhu (Hawk), Whanganui has chosen a Ruru (Morepork), and Otago has chosen a Hoiho (Yellow Eyed Penguin).

The kaitiaki is a 'friend' to children while they visit prison and also appears in a toolkit they take home. The toolkit contains a storybook, where the kaitiaki tells a story of what a child might experience when they visit a prison. The pack also includes things that help familiarise children with physical space they see and experience when at a prison. Familiarity reduces a child's anxiety before visits.

Whānau are also given access to kits with games, books, activities and toys during visits. These give whānau the tools to have a quality visit and help children learn through play. Feedback so far from tamariki and whānau has been incredibly positive.

The Kea Project is currently implemented or being implemented at: Hawkes Bay Regional Prison, Whanganui Prison, Manawatu Prison, Otago Corrections Facility and Christchurch Women's Prison.

The original concept was developed by Kelsey Gee (Lead Designer, High Impact Innovation Programme) during her honours year in the Bachelor of Design course at the College of Creative Arts, Massey University.

## We are committed to environmental sustainability

#### Our environmental commitment

We are committed to the Carbon Neutral Government Programme that seeks to deliver a carbon neutral public sector by 2025.

In 2020/21, we expanded the greenhouse gas emission measures we report across agriculture, materials, waste, travel, freight, accommodation, fuel, and prison water consumption.

This year our emissions total 46,188 tCO<sub>2</sub>-e. While there has been a 30% reduction in business international air travel this year, due to ongoing COVID-19 related travel restrictions, energy continues to be our largest source of our total emissions (49%), followed by agriculture (33%).

Our expanded measures have resulted in Corrections reporting an additional 17,672 tonnes of CO<sub>2</sub> emissions in 2020/21 (that equates to 38% of our total 2020/21 CO<sub>2</sub> emissions). Due to these expanded measures there is no comparable figure for last year, with the reported 2019/20 total of 27,908 tCO<sub>2</sub>-e being only a portion of this years reporting.



## *We worked to reduce our emissions and minimise waste*

We are working towards a safer, greener, and more efficient vehicle fleet, including the Government target for light vehicle fleets being emission-free where practicable by 2025/26. Our total fleet ranges from light commercial vehicles through to specialist prison escort vehicles, trucks, tractors, and agricultural mobile plants.

Through our fleet replacement programme in 2020/21 we replaced 23 fossil fuelled vehicles with 23 fully electric vehicles, and installed charging infrastructure for 39 vehicles across eight sites. We now have 34 battery electric vehicles and 101 petrol hybrids in our light commercial fleet. We will replace a further 43 fossil fuel vehicles with electric vehicles over the next three years.

We are focused on minimising our waste with established prison recycling programmes at numerous prison sites. Rubbish is sorted for compost, worm farms, recycling and upcycling, and we work with suppliers to identify sustainable product options. During 2020/21, we diverted 9.1% (413 tonnes) of waste away from landfill.

## We will measure progress against our emission targets

In 2021/22, we will continue to develop our environmental strategy and build a full emissions inventory. On establishment of our baseline year, we will set emission reduction targets, aligned to prioritised decarbonisation initiatives, as we work towards a low emissions future. Corrections acknowledges our kaitiakitanga (guardianship) responsibility for the protection and sustainability of our natural resources. By managing our carbon footprint and improving energy efficiency, our goal is to minimise the impact of our operations on the environment.

#### Our tapuwae<sup>3</sup>



<sup>3.</sup> Footprint.

- 4. Air travel booked through the Corrections air travel systems and chartered prisoner transfer flights. There has been a minor restatement to the 2019/20 year for prisoner transfer flights due to a corrected 2019 Ministry for the Environment (MfE) emission factor (2019/20: 9.3m km, 2,688 tCO<sub>2</sub>-e).
- 5. There has been a scope expansion to include rental car (200 tCO<sub>2</sub>-e) and prison transfer emissions (232 tCO<sub>2</sub>-e) in addition to the existing measures for light commercial fleet of prison escort vans and motorcycles owned by Corrections (2,979 tCO<sub>2</sub>-e) for the 2020/21 year. The reporting unit of measure has been restated from kms in 2019/20 to litres of fuel consumed. Prior year emissions exclude rental cars and third party prisoner transfers (2019/20: 2,710 tCO<sub>2</sub>-e).
- 6. There has been a scope expansion to include wood (9 tCO<sub>2</sub>-e) for the 2020/21 year in addition to the existing measures for diesel, gas, coal, LPG, and purchased energy (22,588 tCO<sub>2</sub>-e) (2019/20: 21,761 tCO<sub>2</sub>-e). Prior year emissions exclude wood. There has been a minor restatement of the 2019/20 coal and diesel emissions due to a corrected 2019 MfE emission factor. Excludes bulk fuel. Our purchased energy provider generates 100% of their electricity from renewable sources (wind, water and sun).
- 7. Prison, Community Corrections sites and National Office paper consumption. 100% of secure paper destruction is recycled. Carbon neutral paper represents 98.9% of total paper consumed, (2019/20: 76.9k reams).

### Greenhouse gas emissions - tonnes CO2-e

Scope <sup>12</sup>	Emissions Source	2019/20	2020/21
Scope 1 - Fuel	Stationary combustion <sup>13</sup>	15,865	16,593
	Fleet vehicles <sup>14</sup>	2,710	2,979
Scope 1 - Agriculture	Enteric fermentation	10,478	10,960
	Manure management	1,615	1,755
	Agricultural soils	2,816	2,387
Scope 1 Total		33,484	34,674
Scope 2 - Purchased electricity		5,896	6,004
Scope 2 Total		5,896	6,004
Scope 3 - Transmission and distribution losses <sup>15</sup>		1,526	1,081
Scope 3 - Prisoner transfer	Third party vehicles <sup>16</sup>		232
	Aircraft	578	405
Scope 3 - Business travel	Rental vehicles <sup>16</sup>		200
	Air travel	2,110	1,488
	Hotel stay <sup>16</sup>		304
Scope 3 - Upstream and downstream distribution of goods <sup>16</sup>			42
Scope 3 - Water supply and wastewater <sup>16</sup>	Water supply		42
	Wastewater treatment		617
Scope 3 - Materials and waste <sup>16</sup>	Construction Materials		34
	Landfill waste	1,069	1,065
Scope 3 Total		5,283	5,510
Total emissions		44,663	46,188
% change from 2019/20			3.4%

(Footnotes on page 28 continued)

8. New reporting measure. Calculated from livestock data at 30 June 2021. Swine emissions for the 2019/20 year have been calculated using the 2020 MfE emission factor. Excludes fertiliser. (2019/20: 14,909 tC02-e).

9. There has been a scope expansion for the 2020/21 year to include steel at Christchurch Men's Prison and Waikeria Prison (34 tC02-e), and National Office waste (9 tC02-e) in addition to the existing waste measures across our prison and CCS network (1,056 tC02-e). Prior year emissions exclude steel materials and National Office waste (2019/20: 4.4m kgs, 1,069 tC02-e).

10. New reporting measure. Prison water supply and wastewater treatment emissions have been calculated using estimated baseline average water demand per person. Excludes data associated with diary processing. No prior year comparative.

11. New reporting measure. Includes transmission and distribution losses associated with electricity and gas (1,081 tC02-e), freight (42 tC02-e) and accommodation (304 tC02-e), (2019/20: 1,526 tC02-e for transmission and distribution losses only). No prior year comparative for freight and accommodation.

12. The Greenhouse Gas Protocol (GHG) places emission sources into three activity types: Scope 1 (direct GHG emissions from sources owned or controlled by Corrections), Scope 2 (indirect GHG emissions from the generation of purchased energy), and Scope 3 (other indirect GHG emissions occurring due to our activities, but generated from sources that Corrections does not own or control).

13. Stationary combustion includes natural gas, LPG, diesel, wood, and coal.

15. The decrease in transmission and distribution losses (29.1% from 2019/20) is due to a reduction in the 2020 MfE Natural Gas emission factor.

16. The scope of emissions has been expanded for 2020/21. Note expanded emissions are limited to the 2020/21 year only and are not included in the 2019/20 year comparative data.

<sup>14.</sup> Light commercial fleet including prison escort vans and motorcycles owned by Corrections.

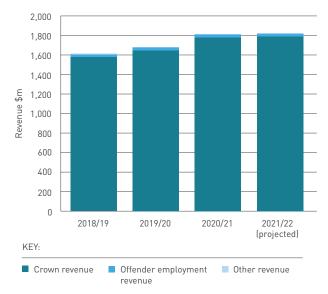
## Our financial overview

Our total operating expenditure for 2020/21 was \$1.8 billion, which was \$74.7 million higher than 2019/20, but 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 nearly 2%) and the impact of frontline collective salary increases. Costs associated with the Waikeria riot also contributed.

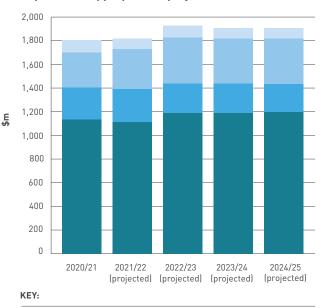
While our revenue is predominantly funded by the Crown, we also generate a small revenue stream from our offender employment activities such as farming, distribution, and other industries. In 2020/21 we also recognised \$16.2 million of one-off other revenue from insurance proceeds received due to the Waikeria riot.

The graph below illustrates the sources of Corrections' revenue.



#### **Revenue trends**

#### Expenditure appropriation projections to 2024/25



- Custodial services
- Community services
- Rehabilitation and reintegration
- Servicing the Judiciary and the New Zealand Parole Board, providing policy advice and ministerial services

#### Operating expenditure by category

Almost 80% of our \$1.8 billion spend in 2020/21 related to personnel and asset ownership costs. We employ more than 10,000 people. Personnel costs were \$847.1 million in 2020/21, 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.

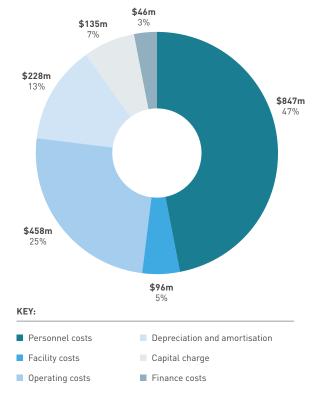
In 2020/21, we recognised costs of \$46.6 million due to the Waikeria riot, most of which related to asset write-off and site demolition costs as a result of the irreparable damage caused.

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

#### Operating expenditure by output

The following graph shows our funded Departmental operating expenditure to 2024/25.

We remain committed to reducing re-offending. During 2020/21, we increased our spend in this area by \$30.5 million to \$296.8 million. We will continue to increase our investment in strengthening rehabilitation and reintegration services.



#### Total Departmental operating expenditure by major expense category

#### Asset base

We own \$4.5 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:

- > \$4.4 billion of property, plant and equipment
- \$13.6 million of assets related to offender employment activities, including farming
- > \$76.8 million of intangibles (software) including offender management systems.

Depreciation and amortisation, capital charge, and finance costs represent 23% of our 2020/21 operating expenses.

Corrections' asset base, which includes 17 public prisons and one private prison, must be fit-forpurpose, 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 \$503.4 million of capital spend in 2020/21. This comprised \$197.7 million for property assets, \$252.0 million on the Waikeria Prison Public Private Partnership (PPP) development, \$38.8 million on information technology, and \$14.9 million on other items such as fleet and plant replacements.

Property expenditure included \$110.5 million on the prison capacity programme, \$58.3 million for property and prison development projects, \$13.4 million for electronic security, \$11.3 million for minor works and asset replacements, and \$4.2 million for Community Corrections site developments.

Information technology expenditure included the Making Shifts Work Project (refer to page 47), offender management system/technology, and deploying Windows 10 computers in response to COVID-19 to support more flexible ways of working.

#### Non-departmental appropriation

We received an appropriation of \$22.9 million (excluding GST) for this financial year to facilitate infrastructure improvements relating to the development of Waikeria Prison. Actual expenditure for 2020/21 was \$14.5 million, with the underspend attributable to a change in scope relating to the State Highway 3 overpass.

#### **Justice Cluster**

The Justice Cluster is part of wider government work to modernise the public finance system and consists of Corrections, Ministry of Justice, New Zealand Police, Crown Law Office, and the Serious Fraud Office.

The Cluster allows agencies to work together on priority-setting, planning and reporting, and funding decisions to support the justice sectors' overall strategic priorities and achieve common outcomes. It also allows us to think about our strong links with the social and health sectors.

We are working in close collaboration with Treasury and the Justice Cluster Secretariat on the upcoming Budget process.

# Our governance, assurance, and oversight

## We aligned our governance, assurance and oversight structures to achieve our Hōkai Rangi goals

Corrections has robust governance, assurance, and oversight arrangements. These arrangements ensure the people we manage are treated fairly, the corrections system is operating effectively and we use public funds appropriately, we are on track to progress Hōkai Rangi, and we are honouring our Te Tiriti o Waitangi and stewardship obligations.

Following the introduction of Hōkai Rangi, we strengthened these functions by re-aligning our executive leadership roles, organisational functions, and governance and assurance structures.

In 2019/20, we created new Deputy Chief Executive Māori and Health roles. In 2020/21, we continued this work by creating new Deputy Chief Executive People and Capability, Deputy Chief Executive Infrastructure and Digital Assets, and Deputy Chief Executive Finance, Planning and Assurance roles, and simplifying and strengthening their functions.

Our Executive Leadership Team meets regularly to discuss strategic performance and operational challenges and opportunities. Governance structures at every level of Corrections provide clear escalation channels to ensure critical issues are visible at the highest levels of the organisation.

Key governance groups are outlined below. Many other advisory groups and boards meet regularly to oversee specific areas of our operations.

#### Key executive governance groups

- > The Executive Leadership Team Strategy Committee sets and executes our long-term strategic direction in line with Hōkai Rangi and the wider justice sector, and Government's strategic priorities.
- > The Investment Committee directs investment and resources to carry out Corrections' and the Government's strategic objectives.

- > The Organisational Performance Committee provides organisation-wide oversight and governance of the integrated performance of Corrections in line with its strategic priorities, and governance over assurance activities. This includes improving our process to ensure better executive governance oversight of monitoring entity reports and the organisational response to them.
- We have targeted portfolio committees 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.

## *Key operational and policy-based governance groups*

- > Te Poari Hautū Rautaki Māori (the Māori Leadership Board) provides strategic leadership on policy and initiatives to improve outcomes for and reduce re-offending by Māori. Te Poari includes iwi representatives and has a critical role in advancing Hōkai Rangi.
- > The Health, Safety and Wellbeing Risk Governance Group focuses on serious risks to health and safety, notably effective hazard identification and risk management.
- > The Wellness and Wellbeing Insights & Advisory Group for People in the Care of Ara Poutama Aotearoa includes seven independent members and offers advice on areas where improvements to welfare and wellbeing can be considered and achieved. It also considers how to address issues raised through inspections undertaken by the Office of the Ombudsman and Inspectorate.
- > The Security Reference Group is a cross-functional group supporting the Chief Security Officer to coordinate security controls, review security incidents, and recommend appropriate process improvements.

## The Inspectorate provides independent assurance

The Office of the Inspectorate – Te Tari Tirohia provides assurance that people in the Corrections system are treated in a fair, safe, secure, and humane way. Its functions include the investigation of complaints from people in the corrections system and their whānau, prison inspections, the investigation of all deaths in custody, and special investigations.

While part of Corrections, the Inspectorate is independent from operational activities and management, which is necessary to ensure objectivity and integrity.

The Office of the Inspectorate has been strengthened, restructured, and professionalised since 2017. This has included investment in new roles and capability, including independent legal, clinical, and communications capability. There has also been a deliberate shift from a complaints-focus to a broader focus on independent oversight and systemic assurance.

The Chief Inspector reports directly to the Chief Executive to ensure operational independence. The Office also now develops thematic reviews, focused on lived experience and understanding root causes of issues, to enable strategically planned investment and system-level responses.

In 2020/21 the Inspectorate dealt with 6,616 cases overall.

#### The complaints system is being reimagined in line with Hōkai Rangi

The complaints system was enhanced in December 2020 with the creation of the Early Resolution Team in the Inspectorate. This team resolves lower level complaints and frees up regional inspectors to investigate more complex issues. Complaints that are urgent or relate to safety can come directly to the Inspectorate without being handled in the prison first.

The Inspectorate dealt with 5,555 complaints in 2020/21. This is an increase of 41% from the previous year, which can largely be attributed to the establishment of the Early Resolution Team. Ninetyeight percent related to people in prisons. The most frequent complaint categories were prison property, the complaints process, prison health services, and staff conduct and attitude.

In March 2021, the Chief Inspector was tasked by the Minister of Corrections to lead a review of Corrections' complaints systems. The complaints review will reimagine the complaints system through the lens of Hōkai Rangi and identify achievable changes.

## Prison and thematic inspections promoted continuous improvement

In 2020/21, inspections have been carried out at Arohata Prison, Auckland Region Women's Corrections Facility, Christchurch Women's Prison, Auckland South Corrections Facility, and Invercargill Prison. The Inspectorate is also conducting a number of thematic inspections. A first thematic report about older people in prison was published in August 2020. A second thematic inspection relates to inter-prison transfers, and a third to the lived experience of women in prison.

These inspections promote a culture of continuous improvement and are being used to enhance our management of people in the corrections system, and our practice, procedures, and policies.

### Death in custody investigations are informing a thematic review of suicides and self-harm in prison

All deaths in Aotearoa New Zealand prisons are investigated by the Inspectorate. The reports contain findings and recommendations for improvements to Corrections' policies and procedures. The reports are provided to Corrections' senior leaders, the Coroner, and the Office of the Ombudsman.

In 2020/21, there were 24 deaths in custody, a decrease of three from 2019/20. The number of apparent unnatural deaths in custody increased from nine in 2019/20 to 11 in 2020/21.

Corrections' Chief Executive has commissioned the Chief Inspector to undertake a thematic review of apparent suicides and incidents of self-harm threat to life in prisons from 1 July 2016 to 30 June 2021. This review will support our ongoing efforts to strengthen health services for people in prison.

## *Special investigations are informing wider systemic change*

In 2020/21, the Chief Inspector undertook an investigation into the management of three maximum security prisoners at Auckland Region Women's Corrections Facility. The investigation was prompted by complaints made by the women. After initial inquiries, the Chief Inspector broadened the investigation to cover their custodial and health management for a 12-month period.

The investigation found that initially the women were managed appropriately, but later management departed significantly from the requirements of the Prison Operations Manual and there was a systemic failure of oversight.

The findings from this investigation have informed improvements at the site, and are contributing to wider systemic change through the Women's Network Improvement Programme for all three women's prisons and other initiatives. The Chief Inspector has also been tasked with leading an assurance programme and providing oversight of the women's network improvement plan.

In addition to the above, the Chief Inspector has been directed by Corrections' Chief Executive to investigate and report on the circumstances surrounding the riot at Waikeria Prison between 29 December 2020 and 3 January 2021. The Inquiry will investigate what was known prior to the riot, review the response as the incident unfolded, and consider the preparedness of Corrections for a major incident at this site and across the entire prison network.

## We work closely with external oversight entities

We work closely with external oversight entities to ensure we meet our stewardship obligations, our accountabilities to the people of Aotearoa New Zealand, and our obligations to people we manage. Key external oversight entities are:

- > The Office of the Ombudsman is the 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. The Ombudsman also manages complaints about government agency responses under the Official Information Act 1982.
- > The Children's Commissioner is the National Preventative Mechanism which undertakes inspections of Mothers with Babies units.
- > The Human Rights Commission is the Central National Preventative Mechanism for Aotearoa New Zealand. It oversees Corrections' treatment of people, follow up complaints, and offer advocacy and mediation services to the public.
- > The Privacy Commissioner oversees privacy issues. Its role is set out in the *Privacy Act 2020.*
- > The 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 Mental Health and Wellbeing Commission provides system-level oversight of mental health and wellbeing in Aotearoa New Zealand. Its role is set out in the Mental Health and Wellbeing Commission Act 2020.

The external oversight entities' recommendations promote a culture of continuous improvement and directly contribute to our initiatives and strategic goals. For example, we analysed over 100 reports from internal groups and external entities such as the Office of the Ombudsman and the Health and Disability Commission to inform the development of our new Health Services function, established in 2019. The Ombudsman's recommendations about unlock hours and mealtimes informed the initiation of the Making Shifts Work project (refer to page 47). Most recently, we analysed themes from Ombudsman and Children's Commissioner reports to inform the Women's Network Improvement Programme (refer to page 60).

In December 2020, the *Privacy Act 2020* also come into force. It includes new offences relating to the handling of personal information, new requirements to notify the Commissioner of privacy breaches and new powers for the Commissioner such as the ability to issue compliance notices and make binding decisions. Corrections has responded by updating guidance and support for staff to implement the new legislation. In 2020/21, we reported three privacy breaches to the Privacy Commissioner.

In May 2021, the Chief Ombudsman announced a self-initiated investigation into Corrections, which is expected to run to the end of 2022. The investigation will focus on the treatment and conditions of people in corrections facilities, opportunities for constructive activity, and performance monitoring and review processes. The Chief Ombudsman will consider these issues through the lens of our Te Tiriti o Waitangi and stewardship obligations. This independent oversight encourages us to continually improve our organisation. There are strong links between the Chief Ombudsman's areas of focus, and the areas we have identified for change in Hōkai Rangi. We welcome the opportunity this investigation presents to make improvements to our system to help us achieve our vision.

### We are accountable to the people of Aotearoa New Zealand

Corrections is committed to the principles of transparency and openness as a vital aspect of being accountable to the people of Aotearoa New Zealand. *The Official Information Act 1982* (OIA) is a key mechanism to promote these principles.

The OIA aims to increase the availability of official information to the public to enable their participation in the making and administration of laws and policies. It also aims to promote the accountability of Ministers of the Crown and officials, thereby enhancing respect for the law and promoting the good government of Aotearoa New Zealand. Our positive record of meeting our OIA obligations highlights our commitment to these important principles. In 2020/21, we received and responded to 7,491 OIA requests into our National Office from people we are managing, members of the public, media, members of Parliament and many others [2019/20: 6,392]. Of those sent, 97% were responded to within legislated timeframes. We also developed a new Official Information policy. Refer to our website for information on our Official Information policy and practices: <u>https://www.corrections.govt.nz/</u> <u>resources/official\_information\_act</u>

# **Part A:** Contributions to priorities and delivery of outcomes

### We will track progress against Hōkai Rangi goals

Hōkai Rangi recognises the importance of measurement to track our progress against our outcomes and strategic goals. The work we are doing is complex, and in many respects new, so it is critical we learn what is most appropriate, and what builds our evidence base.

We continue to develop a Hōkai Rangi Measurement Framework to help us track our progress. This was co-designed with Māori. The framework has seven indicators of change, that work together, reflecting the holistic and interconnected nature of Hōkai Rangi's six outcome domains: partnership and leadership; humanising and healing; whānau; incorporating a Te Ao Māori worldview; whakapapa; and setting the foundations for participation.

The seven indicators are:

- > Relationships with Māori are authentic and effective
- > Mātauranga Māori is elevated and embedded in what we do
- > Services are with whānau, for whānau
- Interactions promote positive relationships, manaaki, and safety
- > Mana and wellbeing are enhanced through honouring whakapapa and identity
- > Self-determination, healing, and resilience are central to our approach
- > People gain the skills, tools, and knowledge to thrive in their communities.

A first wave of prioritised measures and insights will soon be piloted at a small number of prison and Community Corrections sites. The pilot will gather experience, evidence, and insight data from people in our management, whānau, Māori partners and our staff. This approach reflects Hōkai Rangi's focus on wellbeing.

While we continue to test and refine the measurement framework, we are tracking progress through existing measures such as the Recidivism Index and Rehabilitation Quotient. When tracking our progress, it is important to note that results are impacted by factors both within, and outside of, Corrections' influence.

#### **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 re-conviction and re-imprisonment (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 2020/21, see pages 162–166.

#### **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 re-conviction and re-imprisonment of people who participated in certain programmes with the rates of similar people who did not participate in that programme.

Modest reductions in re-imprisonment and re-sentencing rates were recorded across most of the interventions evaluated. This is a positive outcome, although most results do not reach statistical significance. The general direction of results indicates the likely positive impacts of our wider rehabilitative and reintegrative efforts.

For the full Rehabilitation Quotient for 2020/21, see pages 167–169.

#### 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 2020/21, re-offending by people on a communitybased sentence or order had an average seriousness score of 178.5 [2019/20: 154.6] while re-offending by people released from prison had an average seriousness score of 316.1 [2019/20: 304]. The results shown here for 2019/20 differ from those in the 2019/20 Annual Report due to the use of an improved method of calculation.

### We are helping whānau through Māori Pathways

Every person's rehabilitation pathway is unique and based on the nature of their offending, their risk of re-offending, their motivation to change, their cultural identity, personal relationships, and their overall wellbeing.

Case managers in prison and probation officers in the community support people in the corrections system to plan their rehabilitative pathway – this includes identifying their needs and matching them to suitable interventions. Psychologists, programme facilitators, education tutors, industry instructors, reintegration service providers, whānau, iwi, and many other staff and external partners also play an important role in this process.

Māori Pathways is a four-year programme that includes a range of initiatives to lower the proportion of Māori in the corrections system in alignment with Hōkai Rangi. It is focused in three locations – Te Tai Tokerau, Hawke's Bay and Canterbury.

Māori Pathways was part of the 2019 Wellbeing Budget, a \$98 million investment over four years. An additional \$10.1 million over four years was invested in the Te Mana Wāhine Māori Pathways in the 2021 Budget.

We are partnering with Te Puni Kōkiri and the Ministry of Social Development to support the delivery of this work. Over time, lessons from these sites will inform pathways for people in all our locations.

Work through this programme includes:

- Increasing the number of people who can access successful initiatives that already exist in parts of Corrections and extending those programmes to other regions.
- Incorporating kaupapa Māori and whānau-centric approaches into existing programmes so they are more effective for Māori.
- Introducing new initiatives that draw on kaupapa Māori research, expertise, and experiences.

> Initial programmes are being co-designed and trialled mostly in Te Tai Tokerau, Hawke's Bay and Canterbury, but lessons will be used to inform new ways of working in other regions.

Projects are being co-designed with whānau, iwi, and hapū Māori as well as other organisations and individuals independent of Corrections, including people with lived experience.

In 2020/21, the Māori Pathways programme demonstrated a new way of working in partnership, with iwi, hapū, and whānau Māori playing a key role in the initial co-design of these pathways. This involvement is ongoing.

In all three regions, changes to existing operating models have been developed to introduce new staff positions, including cultural advisers. For existing roles, such as corrections officers, case managers, and probation officers, our recruitment has focused on attracting people who are committed to integrating a tikanga and kaupapa Māori approach into their work.

Across the three key areas, more than 100 prototypes have been prioritised and will be trialled, tested, assessed, and evaluated over the next two years. For example, work is taking place at Christchurch Women's Prison to improve the visits experience for whānau and women's access to cultural programmes.

With Māori Pathways now entering its third year, the focus has turned to piloting, prototyping and refining the new approaches within Corrections, and with iwi, hapū and partner agencies.



Whānau manaaki plans are developed with a tikanga Māori approach

### Whānau manaaki plans at the heart of the Hawke's Bay Māori Pathways

In Hawke's Bay, whānau manaaki plans are a key tool in the Māori Pathways programme.

Men work with their case manager and others to develop a plan that helps identify specific goals and support to achieve these goals. The plans inform pre-advice to Courts reports, help prepare for Parole Board hearings, identify suitable programmes for participants, and involve whānau in their rehabilitation and reintegration.

Māori Pathways Case Manager Dean Dawson has seen the difference these plans make.

"We worked with one man to create his whānau manaaki plan. He told us remaining drug free, further developing his knowledge of tikanga and te reo Māori, and finding employment to support his four children were his priorities on release," Dean says.

"Before his Parole Board hearing, we had a whānau hui and his probation officer also attended.

"That helped the whānau understand what support they could offer in relation to any release plan, and the kind of help that his probation officer could give."

The man was granted parole, is drug free, started an apprenticeship, and is supervising staff in his new role.

In 2020/21, around 100 men involved in Māori Pathways completed a whānau manaaki plan.



offender plans **reviewed** by probation officers for people in the community

offender plans **prepared** for people in the community

of offender plans **completed** within recommended timeframes

# The prison population is reducing without compromising safety

One of the most significant changes in recent years is the reduction of the prison population. We are working with our justice sector partners to support the Government's 2017 target to safely reduce the prison population by 30% over 15 years, with a particular focus on reducing the Māori prison population. There are a range of dynamic factors that influence the prison population, including arrests, court decisions, releases, and seasonal trends.

## *The prison population has reduced since its peak in 2018*

Aotearoa New Zealand's imprisonment rate is decreasing. In March 2018, the rate of imprisonment was 216 per 100,000. In 2021, the rate of imprisonment was 169 per 100,000. For Māori, the imprisonment rate in March 2018 was 651 per 100,000. As at 30 June 2021 it was 503 per 100,000. This is a 22.7% reduction over 39 months.

While Aotearoa New Zealand previously had the sixth highest imprisonment rate in the OECD, our most recent rate would place us twelfth in the same table.

#### **Prison population**

	Remand	Sen- tenced	Total onsite	Total offsite*	Total Popula- tion
30 June 2021	3,048	5,228	8,276	121	8,397
30 June 2020	3,408	5,977	9,385	84	9,469
26 March 2018**	3,315	7,355	10,670	150	10,820

\* People in offsite locations such as mental health facilities and police custody.
\*\* 26 March 2018 represents the peak prison population.

### Changes from the peak onsite population at 26 March 2018 to 30 June 2021

	Number	Reduction	
Prison population	2,394	22%	
Māori	950	18%	
Men	2102	21%	
Women	292	37%	

## *The percentage of people on remand has continued to grow since 2013*

Despite the prison population declining overall in the past year, the remand population has grown as a percentage against the total population.

The growth in the percentage of people on remand is attributed to a number of factors including people taking longer to progress from their first court appearance to sentencing, an increased use of restorative justice, and changes in the *Bail Amendment Act 2013.* 

We acknowledge that time spent on remand can affect a person's wellbeing through losing employment, housing, and relationships with whānau and children. There are challenges to delivering interventions to people on remand. These include the need to accommodate people in high security settings, ambiguity regarding the length of time they will spend in prison, and their lack of access to offence-related programmes until they are convicted. Nevertheless, we understand the importance of ensuring these people have their needs met.

People on remand are assigned a case manager. They receive a range of support, including programmes to increase their ability to navigate prison life and learn core life skills, physical and mental health services, alcohol and other drug programmes, problem gambling interventions, jobs training, cultural engagement, parenting courses, and educational opportunities. Work is underway to further enhance these opportunities, particularly for women and young adults.

We continue to work toward long-term reductions in the remand population alongside our justice and social sector partners.

#### People are being supported by cross-sector agencies to be safely managed in their communities

As part of our efforts to reduce the remand population, we are working with other agencies to support people to remain in their communities where safe and appropriate. This supports people's wellbeing, maintains whānau connections, and contributes to a safer and more effective justice system.

The High Impact Innovation Programme (HIIP) is a cross-sector programme which designs and delivers improvements across the criminal justice system. While the programme was established in 2018 to reduce the remand prison population through safe community alternatives, the focus has expanded to improve the system more broadly.

HIIP now aims to improve experiences at multiple points across the system with an emphasis on safer, less harmful, and more effective pathways for defendants, people in prison, whānau and victims of crime. Initiatives are generally piloted, and then measured, evaluated, and expanded if effective.

In 2020/21, the HIIP delivered a number of initiatives, including:

**High Security Parole Ready:** this project designed a new operating model at Rimutaka and Manawatū prisons for young people managed in high security. It used a multi-disciplinary approach, which placed the men and their whānau at the centre of the effort and helped them prepare for their transition back to the community. From 1 July 2020 to 30 April 2021, the rate at which people were granted parole was 42% in the Manawatū Tu Mai unit, compared with the national rate of 17% for men under 25.

**Sentencing Ready:** this initiative continues to reduce the number of people on remand awaiting sentencing. Administrators act as a centralised point of contact between Community Corrections, Ministry of Justice court staff, defence counsel and Police Prosecutors to ensure all parties have required information for sentencing. In 2020/21, the initiative was expanded through the Ministry of Justice Criminal Process Improvement Programme.

#### Literacy and Numeracy through Virtual Technology:

this pilot in Hawke's Bay, using a flexible, partnershipbased approach, to deliver both virtual reality and tablet-based learning to improve educational and social outcomes. In 2020/21, there were 57 referrals for the pilot.

### *People on bail will be supported by a new service across the country*

In 2020/21, after a successful pilot, we began implementing Bail Support Services, a nationwide service to support people on bail. The service supports people who are remanded in custody or are at risk of being remanded, to apply for bail through robust and timely applications.

If bail or electronically monitored bail is granted, the service supports people to ensure bail is sustained. This includes helping people understand the conditions of their bail, connecting them to services to address unmet social needs, and providing guidance to help them on a trajectory out of the justice system. The service is delivered in collaboration with our justice sector partners, including Police, Courts, the Ministry of Social Development, and Ministry of Justice.

Services went live on 1 July 2021. Te Tai Tokerau, East Coast, and Waikato Bail Support Services will be implemented in 2021/22 and each service will be designed to ensure it meets the needs of the local communities. At least half of people remanded in custody or are at risk of being so are expected to be supported by the new service each year (about 6,000 people).

## Agencies are working together to improve access to justice

Through HIIP, we are working alongside our sector partners to make significant improvements to Aotearoa New Zealand's criminal district court system. The Criminal Process Improvement Programme is a crosssector initiative to reduce the backlog of court cases by making changes across all stages of the court system.



People receive good nealth care in prison, but once they are released, there are barriers to them accessing that same level of care in the community.

### Partnership supporting health and wellbeing after release

The Wellbeing Continuity on Release Pilots are run in partnership with the Ministry of Social Development (MSD). This service ensures people have financial support, are enrolled with a GP, and connected to health and wellbeing services in their community prior to leaving prison. Poor health and wellbeing are significant risk factors for recidivism in the 12-months after release. It also seeks to identify and address long-standing issues in the courts that cause delays.

Justice sector agencies will work more closely together, with enhanced information sharing so that judges have all the information they need. This will ensure each court event is a meaningful step towards a conclusion for everyone involved. The initiative will also look at the reasons why people do not turn up to court.

The service is being piloted at Rimutaka and Arohata prisons, alongside Hawke's Bay Regional Prison, where it has been co-designed with Ngāti Kahungunu lwi Incorporated.

"People in Aotearoa New Zealand prisons can receive a good level of health and wellbeing care in custody, and we want to make sure this continues when they transition back into the community," says Hayden Gray, Wellbeing Continuity on Release Project Manager.

An MSD case manager works with people to identify and address needs up to 12 weeks prior to release, and provides ongoing support up to eight weeks post-release.

High Impact Innovation Programme Director Dan Giles credits the success of the programme to agencies' willingness to work together.

"We see better outcomes for the people we manage when staff from different agencies put their heads together."

Work is progressing to expand the service to other sites around the country.

# We are managing people in environments that support their rehabilitation and reintegration

People need to be managed in the right environments to support their pathways and achieve their potential. In 2020/21, we continued to enhance our infrastructure, facilities and digitally enabled environments as a central means of placing safety and wellbeing at the centre of our efforts.

### *New prison builds delivered humane and secure environments*

A reduction in the prison population, alongside the addition of new prison capacity, has allowed us to review the status of existing beds across our prison network. As a result, 1,010 beds have been closed. This has included decommissioning beds approaching their operational end of life and temporary bed closures.

In 2020/21, we added 69 new beds to women's prisons with the completion of the Āhuru Mōwai unit at Arohata Prison. The modular programme will introduce another 976 new beds across men's and women's prisons. The opening of beds provides more opportunities for people in prison to be managed in their home region, to be closer to their whānau and outside support systems, and improve people's access to employment, education, and rehabilitation programmes.

Also underway is the construction of a new 600-bed facility at Waikeria Prison, which includes Hikitia – Waikeria Mental Health and Addiction Service. Refer to page 64 for more information about Hikitia.

### Staff were provided with safe workplaces in the community

Ensuring a safe and welcoming working environment for staff and visitors at our Community Corrections sites is a priority. We have a multi-year project underway to enhance the physical safety of our Community Corrections sites.

This year, refurbishment work was completed at two Community Corrections sites in Wellington (Adelaide Road) and South Otago. At 30 June 2021, work was nearing completion on new premises in Waihi. This has since been completed. We also have planned enhanced security features in reception areas at 19 sites, 10 of which have been completed. Future work will include installing deterrents or delay mechanisms, and ensuring each site has safer egress points or safe zones as well as enhancing security between community work and office areas.

### We are developing increasingly digitally-enabled environments

The importance of digital innovation to support rehabilitation and reintegration outcomes was underscored by COVID-19.

We are modernising our digital network to support connections with whānau, assist rehabilitation, and prepare people for their release from prison. Staff will benefit from new technologies that digitise manual processes and allow more time to directly interact with the people we manage.

In 2020/21, we better enabled our probation officers to work effectively with those we manage in the community, by delivering mobile computing, cellphones, automated workflow, and safety upgrades to our probation app. New hard wearing mobile devices have also been implemented into our custodial environment. These replace manual processes, improving the quality and efficiency of day-to-day recordkeeping.

We implemented a COVID-19 proximity tracking system and infrastructure, which is delivered through smart card holders, to assist with contact tracing within prison sites across the country for staff, contractors, and visitors.

We also undertook the first phases of our Network Modernisation project in 2021 to expand capacity of the digital networks into prisons and Community Corrections sites. This project will increase access to internet-based services for our frontline staff in prisons and at our Community Corrections sites, including upgrading our desktop services. This will make work for our staff more efficient, and allow the people we manage to have better connections to whānau, improved access to programmes and learning, and improved rehabilitation opportunities. This will have its first major impact at the new Waikeria Prison development.

## Making Shifts Work is the biggest change to prison operations in 20 years

People in prison and our staff are being supported through a new operating model focused on tailored pathways and enhanced wellbeing. Making Shifts Work is the largest change in the way the prison network operates over the last two decades. It is a change to how we roster custodial staff to better meet the needs of operational delivery while ensuring our staff have higher levels of work-life balance. There is also a focus on staff safety by avoiding fatigue.

People in prison benefit from improved meal and medication times, and more whānau-friendly visiting times. The changes also enable longer unlock in high security units and greater access to rehabilitation programmes.

In 2020/21, nine prisons moved to the new rostering system, including Otago, Manawatū, Whanganui, Invercargill, Tongariro, Hawke's Bay, Rolleston, Christchurch Women's, and Christchurch Men's.

The project is a partnership with the Corrections Association of New Zealand and the Public Service Association.



One of the women involved in the trial showing Regional Commissioner Ben Clark the Chromebook content during COVID-19 Alert Level 2.

## In-cell internet connected devices for women in prison

In 2020/21, we trialled an internet connected in-cell device in a unit at Christchurch Women's Prison. Over 11 days, 11 women were provided with a Chromebook to use during locked times in their cell. The device was configured with the appropriate security controls, and monitoring was in place to ensure safe access to permitted websites and applications. The Chromebook hosted several applications including Māori language learning, literacy and numeracy puzzles, brain training and websites that support education, rehabilitation, and wellbeing.

Feedback on the trial was positive. These devices are beneficial to women in prison as a relief from boredom which can help maintain order, a means for education, linking to services, and a valuable resource to achieving rehabilitation and preparing for reintegration.

One woman says, "It made me feel like a human again. Having the device gave me the feeling of independence. Being denied from websites brought me back to reality. I am in prison."

### We are improving safety in prisons

## The Waikeria riot was resolved without significant injury or loss of life

On 29 December 2020, a group of 17 men based in the top jail at Waikeria Prison initiated a riot in the facility. Due to concerns for the safety of people in the top jail, Corrections staff evacuated approximately 200 men, with many moved to other prison sites, resulting in only the 17 men remaining in the top jail by the morning of 30 December 2020. The incident was resolved on 3 January 2021 without any major injury to Corrections' staff, people in prison, or emergency services.

We were proud of the actions and bravery undertaken by our staff in responding to this incident. This was a dangerous and volatile situation, and staff were faced with significant risk from numerous fires, makeshift weapons, projectiles and other items. The actions by the men involved exposed them, other people in prison, our staff, and emergency services to significant danger.

This incident fully demonstrated our commitment to partnerships under Hōkai Rangi. Not only were staff from across Aotearoa New Zealand involved in safely resolving the situation, but we had the support and assistance from our union partners as well as emergency services including Police, Fire and Emergency New Zealand, and St John Ambulance. We are also extremely grateful for our strong relationship with Ngāti Maniapoto and Raukawa who supported us to bring this incident to a safe resolution.

We have worked hard to ensure the men who were evacuated at the outset of the incident and the more than 400 remaining men at Waikeria Prison have access to the support needed to process what was a traumatic time for many of them.

Corrections commissioned two reviews into the incident. The Chief Custodial Officer has completed an operational review into the events leading up to the riot and the effectiveness of our response. The Chief Inspector is undertaking a broader inquiry into the causes of the riot, wider agency response involvement, operational practice, results of reviews of facilities, and the impact of the events. This inquiry is on track for completion in late 2021. Police have since laid charges against the 17 perpetrators.

As a direct result of this incident, 844 people in prison and up to 190 staff lost personal property that was stored in the top jail. This personal property was either destroyed in the fires or could not be recovered safely. Cabinet subsequently agreed that it was appropriate for Corrections to make an ex gratia payment to those who lost personal property.

## We maintained zero tolerance for violence in prisons

Corrections manages some of Aotearoa New Zealand's most complex people in an environment that can be challenging. Over 80% of the prison population have convictions for violence in their offending histories. Thirty-five percent have a gang affiliation which is a known predictor of violence. The reality is the threat of violence is something we cannot eliminate entirely, but we do everything possible to provide the safest environment possible for staff and people in prison.

During 2020/21, there were 26 incidents of serious<sup>18</sup> prisoner-on-staff assaults [2019/20: 14], resulting in harm to 28 staff members [2019/20: 18]. In the same period, there were 38 incidents of serious prisoneron-prisoner assault [2019/20: 41], in which 38 people were harmed [2019/20: 41]. These violent incidents are unacceptable. We are doing everything possible to keep staff and people in prison safe.

Staff anticipate and attempt to resolve issues by actively engaging people in prison to reinforce positive behaviour, and are trained in de-escalation techniques, and interpersonal and tactical communication skills. People in prison who pose a risk of violence to or from others can be segregated for their own safety and security. People in prison can also ask to be placed on voluntary segregation if they feel they are at risk from others. The goal is always to manage a potentially volatile situation in a manner that minimises the likelihood of violent behaviour.

18. Serious assaults are acts of violence that include one or more of the following: bodily harm requiring medical intervention by medical staff followed by overnight hospitalisation (beyond initial assessment or medical observation) in a medical facility; bodily harm requiring extended periods of ongoing medical intervention; or sexual assault of any form and degree where Police charges have been laid. 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.

Staff have tools to ensure their safety and to respond to serious incidents quickly and appropriately, including stab resistant vests, body worn cameras and pepper spray.

We have significantly invested in initiatives to support staff wellbeing such as an Employee Assistance Programme, critical incident support after a high intensity event or series of events, staff welfare coordinators, and Post Incident Response Teams.

In 2020/21, we implemented further initiatives to improve safety in prisons. These include reinforcing the use of tactical communications, implementing rostering guidelines to ensure an appropriate mix of staff experience during shifts, improving how training data is recorded, and establishing staff safety plans.

We have worked with the Corrections Association of New Zealand and the Public Service Association to produce a Violence and Aggression Joint Action Plan, and will be:

- looking at our internal disciplinary process to ensure people are held to account;
- ensuring that training for staff is delivered in a way that is appropriate and engaging;
- considering our current range of personal protective equipment (PPE) for staff;
- > reviewing staffing levels at sites, and freeing up time from transactional tasks to enable staff to build rapport with people in prison; and
- ensuring that staff wellbeing is appropriately supported to enable our workforce to be physically and mentally healthy.

We will continue to work closely with our union partners throughout the implementation of the Action Plan.



New body worn cameras are being implemented at all prisons.

#### Rollout of body worn cameras begins

All corrections officers are trained to use a body worn camera when managing potentially hostile or violent incidents. Cameras are a tool that can help de-escalate a situation in the first instance, and reduce the need to use force. They also capture events or incidents for evidence and review.

We are upgrading our cameras to a new model that features a stable lens, has better video quality, is easier to operate, and allows for the safe sharing of evidence.

Most importantly the battery will last an entire shift, and takes less than four hours to fully charge, a major improvement on the 8-9 hours of current cameras.

The cameras were trialled at Hawke's Bay Regional Prison in early 2021.

"The footage quality is far superior to the cameras in use, with prisoners and staff easily identifiable and the recordings produced very good audio quality," says Lance Jefferys, a Principal Corrections Officer who was involved in the trial at Hawke's Bay Regional Prison.

The cameras have been introduced at Rimutaka Prison, and will be rolled out to other prisons over the next two years.

## Alternatives to gang affiliation were promoted

Gangs in various forms have existed in Aotearoa New Zealand communities and prisons for several generations. As within the community, the proportion of people in prison identified as gang members has been steadily increasing over the last thirty years. This is an ongoing problem recognised by both Corrections and Police. We are also part of a wider government response to organised crime – Resilience to Organised Crime in Communities.

Details of a person's gang affiliation are recorded when they are received into prison. We work closely with the Gang Intelligence Centre, Police (for example, the National Organised Crime Group) and others to identify gangs, gang members, and their impact.

As at 30 June 2021, there were 2,938 people in prison with a gang affiliation. This is approximately 35% of the prison population, a small increase on last year [2019/20: 34%].

We actively work to contain the negative influence of gang members in prisons, disrupt the efforts and capabilities of gang members to organise and commit crime, and reduce the re-offending rates and harm caused by gangs.

We take all reasonable steps to discourage people from gang membership by providing programmes and opportunities to support them to disassociate themselves from gangs and related activities. This can involve moving to new areas, building alternative support networks, or accessing services such as tattoo removal. Pathways to exit gangs can also form part of a broader suite of rehabilitation programmes which support people to build sustainable and lawabiding lifestyles. It can also include engaging support from community, cultural and religious leaders, or other supports such as family members, assessment and treatment from a Corrections psychologist, and engagement in rehabilitation programmes.

All 15 men's prisons have a Gang Management Plan, which sets out actions to mitigate the risks at each unique site.

Work to prevent illicit tattoos in prisons continues. A tattoo education programme was piloted with young men at Rimutaka Prison in May 2021. This seven-week course covered subjects including tattoo hygiene and removal, issues around hepatitis C, and the implications of tattoos when trying to gain housing and employment. We are also increasing education for staff, improving incident reporting, and further reducing people's ability to construct contraband tattoo equipment.

## *No breakout escapes from prison have occurred for seven years in a row*

We establish and maintain a secure environment at prisons through a combination of management practices, and physical security features and systems. As a result, there have been no breakout escapes, where a person in prison has breached security measures and has physically left the area contained by the outermost perimeter security fence or the prison building in seven consecutive years.

Any time a person is required to be escorted outside of a prison, our focus is on safety, security and minimising risk to the public, our staff, and the person being escorted. Each year we carry out tens of thousands of escorts between prisons, courts, specialist medical facilities, and rehabilitation providers.

In 2020/21, there were six escapes from escort, and no breakout, abscond or breach of temporary release escapes.

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. A person can also breach their temporary release conditions resulting in an internal or external charge of escaping. Examples include failing to return within a reasonable time without a reasonable cause.

#### 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
2020/21	0	0	6	0

## We kept our people and prisons safe from contraband

Our efforts to protect the safety of our staff and the people we manage is essential to achieving our long-term wellbeing outcomes. We place significant emphasis on preventing and detecting contraband in prisons. Contraband includes alcohol, communication devices, drugs, drug paraphernalia, tattoo equipment, tobacco, tobacco paraphernalia, weapons, and other miscellaneous items that people in prison could use in inappropriate ways to jeopardise the safety of prisons.

In 2020/21, we started trialling full body scanners as an alternative to strip searching for suspected concealed items. Strip searches are currently conducted as a safety and prevention tool, both when people first enter prison, and at other times when there is due cause to believe they are carrying illegal or potentially dangerous items.

A three-month trial of a full body scanner in the Receiving Office at Rimutaka Prison has been completed. The trial allowed staff to use x-ray technology to search for internally and externally concealed items without the need to carry out a strip search. Feedback indicated this method was more efficient, safer, and helped maintain people's dignity. The use of full body scanning was implemented at Rimutaka Prison in March 2021.

Other methods we use to detect contraband include searches of vehicles and people entering prisons, scanners and x-ray machines at entry points, extensive prison perimeter security, camera surveillance, mail and telephone monitoring, and banning visitors who attempt to bring contraband into prisons.

We also have 21 operational drug detector dog teams and a further nine dogs trained to detect mobile phones, SIM cards, tobacco, psychoactive substances, and illicitly brewed alcohol. We were the first agency in Aotearoa New Zealand to train our detector dogs to detect new psychoactive substances, including synthetic cannabis.

In 2020/21, more than 6,782 incidents involving contraband were reported [2019/20: 7,302]. There were also 3,522 general random drug tests undertaken in prisons to detect the use of contraband in 2020/21. Of these tests, 96.2% returned a negative result [2019/20: 95.6%].

### Persons of extreme risk received specialist oversight

Violent extremism remains a persistent threat to Corrections and Aotearoa New Zealand. We manage a small number of people identified as holding extremist views or displaying risk factors and indicators specific to radicalisation or violent extremism. In 2019, we established the Persons of Extreme Risk Directorate as this group required a tailored approach to be managed safely. The Directorate brings together staff with the right skills, capability, and experience.

The Directorate manages a specialist Prisoners of Extreme Risk Unit. People held in this unit present an extreme risk to the safety of the public, our staff, other people in prison, or who are at risk from others. All staff in this unit receive comprehensive induction training and ongoing training to enhance their skills and knowledge for working with this group. Regular professional supervision is provided for the team to improve practice and maintain staff wellbeing. In 2020/21, the Prisoners of Extreme Risk Unit expanded. As at 30 June 2021, nine men were managed in the unit.

The Directorate also provides oversight and support to manage a small number of extreme risk people in other prisons and in the community. This could be due to their ongoing risk of serious violence, which requires additional management, or their capability to influence others to engage in serious violence or threats to others, including staff. While these risks may include violent extremism, this is not always the case. They may present safety and security challenges that cannot be mitigated with a mainstream management approach.

Additional measures may be required to safely manage individuals connected to sophisticated organised criminal networks, with the capability to seriously threaten the safety and security of a prison. This is accomplished by the Directorate taking an intelligencebased, consistent and planned approach to manage people who present a long-term chronic level of risk.

# **Prison network**

As at **30 June 2021** 





### We are improving safety in the community

#### We worked closely with the New Zealand Parole Board to keep communities safe

When a person is due to appear before the New Zealand Parole Board, we prepare information that 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.

In 2020/21, we prepared over 5,600 parole assessment reports, 1,500 psychological reports, and 400 parole progress reports for the Parole Board.

During this period, we also enhanced the information we provide to the Parole Board, and strengthened our assessment and overview of proposed release plans. We introduced release feasibility meetings so prison-based case managers and probation officers could discuss and agree potential release risks prior to a person's parole application being heard. We also implemented technology changes to better support remote case hearings as people become eligible for parole.

As one of our short-term actions under Hōkai Rangi, we worked with the Parole Board to develop and provide guidance for whānau regarding hearings.

#### We monitored more people electronically

Corrections operates an electronic monitoring programme for some people on community-based sentences. Electronic monitoring is used as a condition of bail, as part of a community or stand-alone sentence, or as a condition for those released from prison. It is forecasted that the electronically monitored population will continue to grow over time.

In 2020/21, we electronically monitored around 4,000 sentences or orders in the community, at any one time. During this same period, we received and responded to more than 1.9 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.

#### Returning offenders were managed through quarantine

The Returning Offenders (Management and Information) Act 2015 enables Corrections to manage and monitor certain people convicted of an offence overseas and returning to Aotearoa New Zealand. The supervision regime applies to eligible people who have served a term or terms of imprisonment of more than one year in another country. The law applies regardless of whether the individual is deported, removed, or returns voluntarily. We work alongside Customs, Police, MSD, Health and reintegration support providers to ensure that those people returning to Aotearoa New Zealand, and subject to a Returning Offenders Order, understand what is required of them to comply with their conditions and how they can access resettlement support. This support can include accommodation, employment support, case management, clothing, food, and public transport cards, dependent on the person's needs.

Probation officers work with people on these orders in the community to support them to live crime-free, and comply with the conditions of their sentences or orders. Their work often involves assisting with practical support around employment, life skills, and accommodation.

Throughout Aotearoa New Zealand's response to COVID-19 in 2020, we worked closely with Police, other agencies, and service providers to plan for how people subject to a Returning Offenders Order would be managed. Like all arrivals from overseas, people subject to a Returning Offender Order were required to stay in managed isolation at an approved facility for a minimum of 14 days. The facility was used exclusively as a managed isolation facility for deportees.

Around 1,600 people have been subject to a Returning Offenders Order under the *Returning Offenders* (*Management and Information*) Act 2015, since it came into force in November 2015, following changes to the Australian Migration Act in 2014.

In 2020/21, 255 people completed a Returning Offender Order. Of these people, 108 participated in our intensive reintegration services, and 89% did not breach the conditions of their order.

## High-risk people were carefully monitored on Extended Supervision Orders

Extended Supervision Orders (ESO) are a post-sentence community-based order that are imposed by the Courts on application from Corrections. These orders are used to both monitor and manage the longer-term risks posed by people assessed to be at high risk of sexual offending, or very high risk of violent offending. The orders can be imposed for up to 10 years at a time.

As at 30 June 2021, 211 people were subject to an ESO [30 June 2020: 227].

When subject to an ESO, people are required to comply with an extensive number of standard conditions. Corrections can also apply to the New Zealand Parole Board for special conditions to be imposed. Special conditions can include 24/7 intensive monitoring for the first year of the order, electronic monitoring, restricting a person's whereabouts, curfews, alcohol and drug testing, as well as relevant treatment and counselling.

Probation officers actively monitor a person's compliance with these conditions to reduce their likelihood of re-offending and keep the public safe. They provide ongoing assistance with additional needs, including ongoing treatment, employment, and finding accommodation.

Finding stable accommodation for people subject to an ESO is one of our biggest challenges. We acknowledge the location of these people can be a concern for communities, particularly if they have convictions for sexual offending against children. We work hard to balance this concern with our obligation to safely manage people who can no longer lawfully be detained in prison.

We carry out an extensive and robust process to assess the suitability of every address proposed, and a range of factors are considered. This includes the location of victims, proximity to places designed for children, physical factors such as shared access, location of support services, and the ability to ensure a clear GPS signal at all times. We carry out community notification on the placement of people subject to an ESO on a case-by-case basis depending on their specific risk. When making these decisions, victims are a key consideration. In many cases, sexual offending has occurred in the family setting or smaller communities in Aotearoa New Zealand. Care needs to be taken that any notification does not inadvertently lead to the identification of victims and cause further distress. In making all notification decisions, we balance this risk with the benefit of providing communities with information.

Our Community Corrections staff who manage notifications have strong relationships with the Ministry of Education, early learning centres, schools, boards of trustees, mayors, local MPs, community groups, local residents, and others.

### Public Protection Orders protected the public from very high-risk people

Public protection orders are the most serious post-sentence civil detention order in Aotearoa New Zealand, and are imposed by the High Court. The orders provide Corrections with the ability to manage people who pose a very high risk of imminent and serious sexual or violent offending who cannot be safely managed in the community on an existing sentence or order at Matawhāiti, our civil detention facility.

The assessment and application process for a public protection order is extensive. People are subject to thorough psychological assessment processes which include review of their developmental history and a risk assessment, undertaken based on international best practice. The order protects the public while ensuring the people detained have as much autonomy and quality of life as possible. In 2020/21, four people were detained at the Matawhāiti residence.

#### We held people to account

We manage people on sentences and orders at the direction of the Courts and the New Zealand Parole Board, and do not determine who is in prison and who is in the community. People in the community must comply with any conditions imposed on them by the Courts or the New Zealand Parole Board.

We take all instances of non-compliance with community-based sentences and orders extremely seriously. We actively manage a person's compliance with their conditions and hold them to account if they breach. Potential penalties can include breach action, increased reporting to Community Corrections, or formal prosecution potentially resulting in imprisonment.

In 2020/21, in 97% of cases where an act of non-compliance was noted, the person was held to account [2019/20: 97%]. In total 17,723 prosecutions for breaches were closed, resulting in 12,647 convictions. 76% of people successfully completed their community-based sentence or order [2019/20: 74%].

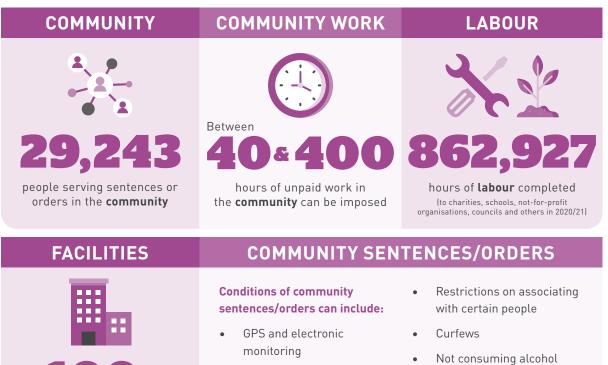
### Community-based sentences and orders

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**Community Corrections** 

sites nationwide

As at 30 June 2021



Restrictions on living and

working arrangements

- Reporting regularly to
   Community Corrections
  - Participation in reintegration/rehabilitation programmes.

### We played our part in the response to COVID-19

Corrections delivers an essential public service in prisons and communities and has remained focused on keeping Aotearoa New Zealand safe throughout the country's ongoing response to COVID-19.

Our staff did an outstanding job ensuring our prisons remained COVID-19 free in 2020/21. We continue to have robust plans and procedures in place to minimise the risk of any infectious illness from entering prisons, and our operations are now prepared to adapt to any future changes in Alert Levels.

The pandemic highlighted early opportunities to trial innovations and initiatives as part of the implementation of Hōkai Rangi. It allowed us to start using technology to support rehabilitation and maintain contact with whānau, families and friends, further invest in education to support effective reintegration, strengthen our capabilities in mental health and addictions, rethink how people on remand are managed, and design a prison network that enables wellbeing.

Careful planning was undertaken, alongside justice sector partners and on the advice of the Ministry of Health, to determine what operations could be safely resumed with each Alert Level.

### Vaccines are protecting staff and people in prison

While vaccinations are not compulsory, we have taken a proactive approach to encouraging staff and people in prison to be vaccinated against COVID-19, and have provided them with information from the Ministry of Health. For people in prison, we have provided information about vaccine safety and effectiveness via conversations with health staff, through prisoner kiosks, Prison TV, posters, pamphlets, and other materials. We are also exploring the use of cultural leaders to encourage vaccination uptake, identification of 'vaccine champions' amongst people in prison, considering how we can offer a more tikanga-centric approach to vaccination clinics, and speeding up the vaccination process for newly arrived people to prison.

## COVID-19 risks were safely managed in the community

Our Community Corrections sites adapted well to ongoing changes in Alert Levels. Where Community Corrections sites were required to close, people serving community-based sentences and orders reported to probation staff by phone. Staff continued to assist people to source accommodation and provide other practical support as they could. Home visits continued where required, and where they could be carried out safely with the use of health screening, physical distancing, and personal protective equipment.

Community work was unable to take place at Alert Level 3 in Auckland in August 2020. Limited community work activity resumed under Alert Level 2 with strict physical distancing and sanitation protocols in place. When Aotearoa New Zealand moved to Alert Level 1, community work was able to start returning to normal operations.

All electronic monitoring of people on sentences or orders in the community continued as usual, including the installation or removal of monitoring equipment. Reports for the New Zealand Parole Board and Courts also continued to be completed, with interviews completed by phone or AVL.



### A new approach for women and youth is underway

#### We are meeting the needs of women

Our corrections system has largely been designed and developed to provide for men, however women have specific needs that require a unique approach.

Women in prison are more likely to be affected by trauma and victimisation, mental health issues, unhealthy relationships, parenting difficulty and stress, and financial pressures. On top of this, many women who offend are primary caregivers. If they receive the support they need to turn their own lives around, this has a positive impact on their children, whānau, and our wider communities.

Research shows that tailoring services to be responsive to the needs of women achieves better outcomes. We are committed to providing an environment that is both gender and culturally responsive to reduce the overrepresentation of Māori women in prison.

As at 30 June 2021, 520 women were in our three women's prisons with nearly half (239) on remand.

#### We launched Te Mana Wāhine Pathway

Te Mana Wāhine Pathway is a series of initiatives designed in partnership with Māori to achieve better outcomes for women being managed by Corrections in the Canterbury region.

In Budget 2021, \$10.1 million was allocated over four years for Te Mana Wāhine Pathway. It will provide a seamless end-to-end kaupapa Māori pathway that is responsive to the specific needs of women in the criminal justice system.

Te Mana Wāhine Pathway includes:

- a new kaupapa Māori whānau-centred operating model across prison and community
- culturally appropriate space for women and their families
- wrap-around support delivering whānau-centred services to women and their whānau
- increased cultural practice for frontline staff working in prisons and the community
- kaupapa Māori programmes that are whakapapa and whānau-centred for women
- > kaupapa Māori accommodation services.

Te Mana Wāhine Pathway has been designed with input from mana whenua Te Taumutu Rūnanga and Te Ruahikihiki ki Taumutu, kaupapa Māori providers He Waka Tapu and Te Rūnanga o Ngā Maata Waka, Te Pūtahitanga Whānau Ora Commissioning Agency Southern Region, and people with lived experience of the corrections system.

This service will lay the foundation for longer-term system changes that can be implemented across the prison network to achieve better outcomes for Māori women in the corrections system.

### We are making major improvements to all our women's prisons

In April 2021, we established a Women's Network Improvement Programme to ensure a trauma informed and culturally informed response to our management of and rehabilitation for women. This builds on existing work to improve the lives of women in prison, their whānau, and our staff. The programme will see the three women's prisons operate as a cohesive prison network, underpinned by a new way of working that better recognises and responds to the specific needs of women in prison.

Early actions from the programme include training that will focus on effectively managing and supporting traumatised women, run by experts in the field. We have also established wāhine panels at Christchurch Women's Prison as part of our Te Mana Wāhine Pathway. This provides women with an additional channel to share their views and feedback and suggest changes. These panels will be set up at Arohata Prison and Auckland Region Women's Corrections Facility.

Every year, approximately a dozen babies are born to women who are in prison and we continue to ensure that mothers and babies can establish safe connections. Each women's prison has a Mothers with Babies unit. These units allow babies to bond with their mothers in a safe and supportive environment during the child's critical development period of the first two years of life.

In 2020/21, we focused on ensuring that women are able to have positive birth experiences that maintain the wellbeing of them and their baby, while also balancing the need to consider any risk to safety or security. We updated our policy regarding the use of mechanical restraints with pregnant women and no longer use handcuffs on women who are 30 weeks or more pregnant.



Our commitment to the wellbeing of women in custody ensures their babies have the best start possible.

### Supporting expectant women in prison

Sometimes policy needs to change, and sometimes that change must happen very quickly. In May 2021, after consultation with the Office of the Children's Commissioner and the New Zealand College of Midwives, Corrections changed its policy to ensure handcuffs would no longer be used on women who were 30 weeks or more pregnant.

The previous policy was not fit for purpose, and did not consider the added stress that could be caused for expectant mothers.

"While we have a wider programme of work being developed for the women's prison network, we are showing, in a small way, a big shift in our approach," says Chief Executive Jeremy Lightfoot.

"This doesn't remove our responsibility for staff or public safety, or ignore the victim in our approach. Instead it allows us to consider alternate ways to achieve our outcomes.

"We've shown our commitment to the wellbeing of women in custody by ensuring their babies have the best start possible."

### Women in prison - key facts<sup>19</sup>



## We are meeting the needs of youth in prison

We have two specialist youth units for males in prison aged 20 years and younger. As at 30 June 2021, we managed 768 young people under 25 years old in prison [30 June 2020: 1,155] and 4,162 in the community [30 June 2020: 4,669].

Amendments to the Oranga Tamariki Act in 2019 mean that people under the age of 18 cannot be imprisoned unless there are exceptional circumstances and the placement is agreed between Corrections and Oranga Tamariki. Since this change, there have been no more than five under 18-year-olds in prison at any one time. There were no under 18-year-olds in prison between 12 January and 30 June 2021.

There are more than 300 youth champions at Corrections who help young people in the corrections system turn their lives around. They support youth to achieve their goals from gaining employment skills and educational qualifications to 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 Young Enterprise Scheme.

We have designed a framework for the management and wellbeing of people under 25-years-old in the corrections system. The framework is directly aligned to both the Child and Youth Wellbeing Strategy and Hōkai Rangi.

We continue to work with Oranga Tamariki to increase access to the Transition Support Service, which supports young people in the justice system, and in statutory care, to aid their successful transition to adulthood.

Our Māori Pathways programmes at Northland Region Corrections Facility and Hawke's Bay Regional Prison also have an initial focus on young men under the age of 30. For more information on the Māori Pathways programme, see page 40.



Young men in the Te Ara Tauwhaiti unit with guests

### *Te Ara Tauwhaiti helping young men gain skills to remain crime-free*

Te Ara Tauwhaiti is a unit for high security men under 30 at Rimutaka Prison that helps them prepare for their transition back to the community.

It uses a multi-disciplinary approach, which places the men and their whānau at the centre of the effort.

Corrections officers, case managers, psychologists, nurses, mental health workers, activities officers, and reintegration coordinators are among the wider team of professionals who work with the men.

The reintegration co-ordinators provide an initial outreach service for six weeks following release.

"This is often the most vulnerable time for people released from prison, so this service helps keep them on the right track before they transition into the care of appropriate community agencies," says Prison Director, Vivien Whelan.

# We strengthened health, mental health, and addictions services

Corrections manages some of the most complex and vulnerable people within our society. People in prison are known to have limited access to health care in their communities prior to entering prison and are therefore likely to have unmet health needs. We are legislatively required to provide people in prison with health care reasonably equivalent to primary-level care in the community.

Our research has shown that 91% of the people we manage will meet the criteria for a mental health and/or addiction diagnosis at some point in their lifetime. Providing quality physical, mental, addiction and disability-related health services is critical to achieving Hōkai Rangi's wellbeing outcomes.

In mid-2019, we created the role of Deputy Chief Executive Health to improve the delivery of health services. We have since strengthened this capability by establishing Chief Medical Officer, Chief Māori Health Officer, Chief Nurse, Director Mental Health and Addictions, National Operations Manager Mental Health, and Regional Operations Director Health roles. These roles support frontline staff to deliver integrated health services that connect with the wider health sector.

A total of \$128.3 million over four years has been invested through Budget 2019 to continue and expand mental health and alcohol and other drug services for the people we manage.

#### We are improving the quality of primarylevel health care

We employ 249 nurses to provide primary-level services across our 17 Corrections managed prisons. Health centres contract in pharmacy services, doctors, dentists, and other primary health clinicians. We partner and collaborate with District Health Boards and health service providers to deliver services in prison. We have a strong relationship with the Ministry of Health, and will work closely with the new Health NZ and the Māori Health Authority. In 2020/21, all our health centres were Cornerstone Accredited, which demonstrates their commitment to quality improvement in health care.<sup>20</sup>

In 2020/21, we increased the delivery of telehealth services, which means fewer people were transported out of prison to receive care. We developed a new assessment to better understand people's health needs, and established safer prescribing guidelines for medical officers and nurse practitioners.

A project to implement electronic medication was established to ensure standardised, safe medication management in prisons. We also held a national forum bringing all medical officers together for training for the first time and established professional support and guidance for medical officers to improve safety and quality through the Chief Medical Officer role.

During 2021, we worked with the Health Quality & Safety Commission and the Ministry of Health to draft an Oranga Governance framework for our health services, which is near completion. We also began developing a quarterly Health Outcomes and Equity Report to provide insights to help reduce health inequity for Māori, which is expected to be completed in late 2021.

We are now focusing on co-designing a kaupapa Māori Health Service and establishing a framework for resourcing Rongoā Māori practitioners. We will use the Ministry of Health's Whakamaua - Māori Health Action Plan 2020-2025 to align our vision.

This plan focuses on the vision of the Ministry of Health's He Korowai Oranga Māori Health Strategy 2014 and gives practical areas of focus to establish a clear and measurable health outcomes framework. Te Tiriti o Waitangi lays the foundations to meet the aspirations that lay within He Korowai Oranga 2014. With the focus being on Māori health development, this is ideal to help shape how we move forward in the co-design of our kaupapa Māori health services.

20. Cornerstone Accreditation is a quality assurance programme delivered by the Royal New Zealand College of General Practitioners, which represents a collection of legislative, regulatory, and clinical requirements for all general practices across Aotearoa New Zealand. It represents a nationally consistent benchmark by which a practice can measure its current quality of care, and progress towards health equity outcomes.

#### We are working in partnership to deliver Hikitia – Waikeria Mental Health and Addiction Service

Hikitia – Waikeria Mental Health and Addiction Service – is being developed for men in custody in the Central Region prisons who have complex mental health and addiction needs.

The 100-bed unit, Te Wai o Pure, at Waikeria is central to the service with outreach services to be established at both Tongariro Prison and Spring Hill Corrections Facility. Te Wai o Pure and the wider Hikitia service are being developed as part of the new Waikeria Prison build.

Together with our mana whenua partners and Waikato District Health Board we have designed a mana whenua ahi kā model of care which is described in the Mana Whenua Ahi Kā Foundation Document and is the foundation for this service.

The model of care, finalised in early 2021, will ensure a holistic and integrated mental health and addiction service based on mana whenua ahi kā tikanga and kawa. It is expected approximately 2,000 men will benefit from this service annually with an outreach function across the three Central Region prison sites ensuring the service is accessible and equitable.

It marks a significant investment that strengthens mental health services and provides more rehabilitation, education and training opportunities for people in prison.

#### People with mild-to-moderate mental health needs were supported by Improving Mental Health Services

The Improving Mental Health Service is a contracted primary care mental health service at each prison. These services provide brief interventions for people with mild-to-moderate mental distress. Alongside this, wrap-around whānau services in four regions connect whānau of people who are accessing primary mental health services with community services to improve their social, health, and education outcomes.

During 2020/21, 3,741 referrals were received by the Improving Mental Health Services. These referrals resulted in 13,489 hours of face-to-face clinical contacts with people we are managing.

Mental Health 101 training is also being provided to help staff support people with mental health needs. A national rollout began in late May 2021, and will be completed over the next three years.

We are reviewing the Improving Mental Health Service to ensure the service effectively meets the needs of Māori, allows earlier identification of people with more serious mental distress, and improves people's general wellbeing. The review is expected to take 18 months and will involve extensive consultation and co-design. Additional services will be introduced by the end of 2022 in response to the review's findings.

#### People with moderate-to-severe mental health needs were supported by Intervention, Support, and Practice teams

Intervention, Support, and Practice teams consist of specialist clinicians who deliver treatment for people with moderate to severe mental distress. These multi-disciplinary teams were initially established at three pilot prison sites from 2019: Christchurch Men's Prison, Auckland Region Women's Corrections Facility, and Auckland Prison.

In 2020/21, we began expanding this service to three additional sites: Rimutaka Prison, Spring Hill Corrections Facility. and Mt Eden Corrections Facility. New clinical managers at each site have started to recruit new teams which will consist of specialist clinicians and Māori mental health practitioners. These new teams will incorporate mātauranga Māori into their approaches to better meet the needs of Māori.

In 2020/21, we also established nine new mental health-focused clinical nurse specialist roles at sites that do not have the Intervention, Support, and Practice teams. They triage people to appropriate services, provide clinical expertise, and support training on site. They refer people experiencing mild-to-moderate distress to the Improving Mental Health Service, carry a caseload of people with moderate-to-severe mental distress at their site, and refer people experiencing serious and enduring mental distress to forensic services.

Custodial staff also received additional training on working with the most complex people, with a specific focus on staff working in the Intervention and Support Units. This training has been delivered to Rimutaka Prison and Northland Region Corrections Facility, with Christchurch Men's Prison planned for September 2021. Following the trial, we will consider options to deliver this training to all prisons with an Intervention and Support Unit by 2023.

In 2020/21, we also implemented monthly professional supervision for custodial staff working in Intervention and Support Units. Supervision provides an opportunity for staff to reflect on their practice and to build resilience given the challenging nature of their roles. The supervision has been established at eight of the country's 18 prison sites.

## We are committed to protecting people in prison from self-harm and suicide

Suicide is recognised as a serious international health issue in prisons and communities worldwide. Corrections is committed to reducing the impact of suicide and self-harm on people in prison, their whānau, families, friends, and our staff.

Sadly, in some cases our staff cannot – despite their best efforts – save the life of someone who is determined to seriously harm themselves.

In 2020/21, there were 11 unnatural deaths in prisons [2019/20: 9] believed to be a result of self-harm. During this same period there were 59 suicidal self-injury incidents that were so serious they posed a threat to the person's life [2019/20: 83]. In recognition of a strong focus on protecting people from self-harm and suicides in prison, in July 2021, the Chief Executive commissioned the Chief Inspector to undertake a thematic review of apparent suicides and serious self-harm in prisons over the past five years.

In 2020/21, we also undertook significant work to reduce the risk of self-harm and suicide.

In July 2020, we completed an internal review of apparent suicides in 2019/20. In response, we took action including establishing a Suicide Prevention Advisory Group, strengthening our ability to capture and analyse relevant data, and ensuring prison sites link in with District Health Boards following a suspected suicide event to support staff, people we manage and whānau.

We also introduced suicide prevention training for custodial staff. This training was completed at nine sites from February to 30 June 2021. Training will be delivered to all sites with an Intervention and Support Unit by the middle of 2022.

## We provided programmes to address alcohol and other drug issues

Alcohol and other drug (AOD) issues are common among the people we manage. Sixty percent of people on community-based sentence or orders and 87% of people in prison have identified alcohol or other drug issues. Alcohol and other drugs are often factors in people's offending, and can inhibit their success in offence-focused rehabilitation programmes and other wellbeing interventions, which is why we provide a number of services in both the community and prison.

Our AOD 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 in the units for up to 12 months while they address their substance use issues. These programmes are complemented by other activities such as education and rehabilitative courses.

In 2020/21, 1,180 people in prison and 197 people in the community started a core alcohol or other drug programme. More than 800 calls or emails were received by our alcohol and other drug free phone helpline, and 237 people accessed our aftercare services.

Work is underway to establish five new high intensity drug treatment programmes. The first two will be an Intensive Treatment Programme (ITP) at Invercargill Prison and a Drug Treatment Programme at Tongariro Prison. To support the long-term goal of reducing re-offending among people who have completed AOD treatment in prison, we will also be expanding the number of aftercare workers, with 15 new aftercare workers beginning over the next 18 months. Aftercare workers work with graduates of our drug treatment programmes for up to 12 months to help them maintain their goals.

### We are tailoring support for people with disabilities

Corrections is increasing our ability to respond to the unique needs of people with disabilities. Alongside initial screening questions asked when a person arrives in prison, in 2020/21 we integrated the Washington Group Short Set of Questions on Disability into our Initial Health Assessment that is completed within the first 30 days. This is a tool that helps us understand needs at the population-based level rather than an assessment of individual need.

This assessment includes questions about a person's functional capability in relation to mobility, cognition, vision, hearing, language and communication, and the support required for activities of daily living. The information captured by these questions will develop our understanding of the health needs of disabled people in prison. This strengthens our ability to support people with functional capability needs and provides critical population-based information to help support the development of the kaupapa Māori model of care.

We are also in the final stages of developing our Health Services Disability Action Plan 2021-2023. This plan aligns with Hōkai Rangi and embeds our obligations to the United Nations Convention of the Rights of Persons with Disabilities, the New Zealand Disability Strategy 2016-2026, the New Zealand Disability Action Plan 2019-2023, Te Tiriti o Waitangi, and Whakamaua: Māori health action plan 2020-2025.

This plan sets the direction for achieving wellbeing for disabled people in prison, and provides guidance on how we can best support their health goals and aspirations.

# Through education, industries and employment, we gave people the foundation to take part in our communities

We know that giving people support and assistance with education, training, and life skills means they leave our management with a strong foundation to participate in our communities. Having a job not only helps people become financially independent, but also gives them a sense of purpose and pride which can be a big motivator in staying away from crime.

Every year, people in prison complete millions of hours of industry, treatment, and learning activities.

In prisons, 68 education tutors work one-on-one with people to learn 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 on release. In 2020/21, our education tutors prepared more than 5,700 unique learning pathways conversations [2019/20: 5,702].

Most people in prison have low levels of literacy and numeracy, no formal qualifications, and limited education or work experience prior to coming to prison. We partner with government entities and community partners to provide people in prison with a wide range of educational and training opportunities. Expanding provision for mātauranga Māori subjects is a focus area for us to ensure people have access to culture, language, and identity.

## People with literacy and numeracy challenges received intensive support

People in prison assessed at Steps 1, 2 and 3 on the Tertiary Education Commission literary scale receive intensive support in prison.

Te Wānanga o Aotearoa provides a national intensive literacy and numeracy programme, and a network of volunteers also support people to improve their literacy in prison, including the New Zealand Howard League for Penal Reform.

In 2020/21, 1,182 people received intensive literacy and numeracy support in prison [2019/20: 1,301].



The Howard League driver licence programme helps people serving sentences in the community to overcome barriers to getting their licence.

### Howard League driver licence programme reaches major milestone

A partnership with the Howard League has resulted in 10,000 driver licences being achieved, with the majority of these due to referrals from our probation officers.

Getting a licence might seem straightforward, but there are often barriers for some people. This can include not being able to read the road code, not having the money to sit a test, or not having a birth certificate to apply.

Not having a licence can prevent people from reporting to Community Corrections or travelling for rehabilitation, work, and education. This can affect their ability to successfully reintegrate into the community.

The Howard League set up their driver licence programme in 2014 to help people serving sentences in the community overcome these barriers.

"By helping people get their licence, we increase their chances of getting a job. That gives them a much better opportunity to turn their life around and stay on the right track," says Howard League's CEO, Mike Williams.

The Howard League is now looking to expand their driver licence programme into prisons.

#### People in prison were upskilled through education, training, and prison-based employment opportunities

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

Many people also undertake employment within prisons. There are over 140 business-like industries operating in prisons across the country, ranging from laundry to kitchen work to dairy farming. They aim to provide work environments that match, as closely as possible, industry environments.

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

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 can also sit learner driver's licence tests, learn budgeting skills and build a curriculum vitae.

Our Release to Work programme assists people classified as minimum security, and assessed as suitable, to engage in paid employment in the community. Participants have previously taken part in prison-based activities and education to ensure they are well-prepared for community-based employment, and that the public are safe.

## *People in the community were supported into suitable job placements*

Our This Way for Work employment service helps people with an offending history find and maintain employment, alongside supporting the employers who hire them.

In the last year, This Way for Work helped 1,259 people [2019/20: 1,174]. Since its inception in November 2016, the service has assisted over 5,500 people into employment.

We also have 71 memoranda of understanding with private employers in the community, which secured 1,149 job opportunities for people we manage during the year. We work informally with over 2,400 small, medium, and large employers, helping people into 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 which help them give back to their communities and enhance their work habits. People on community work completed 862,927 hours of labour in 2020/21 [2019/20: 943,439 hours].



Jake Barbarich and Logan Kahui from KiwiRail acknowledging the men involved in the Release to Work programme.

## Corrections and KiwiRail Release to Work programme supporting people into work

In September 2020, \$640,000 funding was announced for KiwiRail's Second-Steppers programme in Northland. The programme enables five men from Northland Region Corrections Facility to work with KiwiRail for six months, and helps up-skill each person, with the intention to offer them full-time work at the end of the six months. We work with KiwiRail to select people in prison for the programme. There is a thorough pre-approval process. Each participant is supervised and subject to electronic monitoring while on site, and during travel to and from the prison each day.

KiwiRail delivers an induction programme, specific for the activities the men will do, such as tunnel work. Within these programmes, they have embedded their own cultural values in the form of ToiToi – KiwiRail's leadership programme to help develop future leaders for KiwiRail. The men taking part are supported in their work by kaumātua.

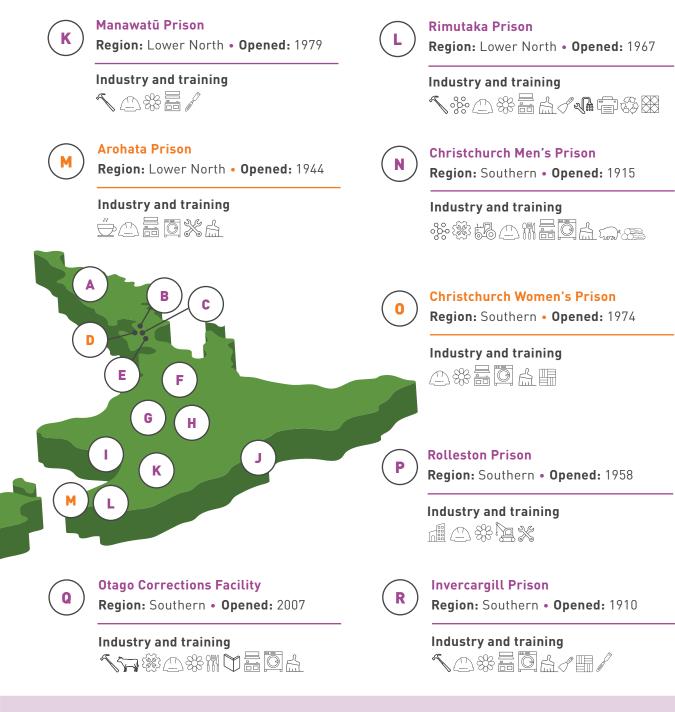
The programme aims to help people in prison successfully reintegrate into the community by building their skills and confidence through rail work. More importantly, it is the men they work with day-to-day who guide them back into making good decisions.

Of the five men who took part in the programme during 2020/21, and have since been released, four have successfully trained and gained full-time employment at KiwiRail.

### Prison industries and vocational education

As at **30 June 2021** 





#### Key:

#### Prison industry and training activities



# People's offending behaviour is being addressed through psychological and kaupapa Māori approaches

Offence-focused interventions have traditionally focused on motivation to change, cognitive-behavioural interventions and general skills such as problem solving, communication, and self-regulation.

We employ more than 200 registered psychologists who work directly with people in our management, either in group programmes or one-on-one.

People at high risk of serious re-offending generally engage in psychologist-led group and one-on-one treatment. Individual one-on-one treatment is often helpful in instances where a person may not be ready to benefit from group-based programmes or when they cannot participate in these.

People at medium risk of serious re-offending engage in programme facilitator-led group-based treatment. People at low risk of serious re-offending generally do not engage in offence-focused treatment as evidence suggests it can be counter-productive. These people can still engage in a wide range of other interventions to support their wellbeing and reintegration back into the community.

In 2020/21, we delivered 3,687 rehabilitation programme placements in prison [2019/20: 3,738] and a further 4,064 places in the community [2019/20: 3,199]. 88% of participants successfully completed their prison-based programme [2019/20: 85%], while 68% of participants in the community successfully completed their programme [2019/20: 63%].

In 2020/21, 633 people in prison [2019/20: 534] and 460 people in the community [2019/20: 391] received oneon-one treatment from a Corrections psychologist.

Since the introduction of Hōkai Rangi, we have elevated Te Ao Māori approaches, and are designing more programmes based on kaupapa Māori values. A new organisational structure has helped uplift cultural capability and strengthen programme design, policies and practice. In 2020/21, a new Manager Kaupapa Māori Practice was established, and Kaupapa Māori Supervisors now report to this role.

#### *We are reviewing our suite of offence-focused interventions in line with Hōkai Rangi*

In 2020/21, we undertook a review of our suite of programmes, notably for people with a history of sexual offending and people at medium risk of seriously re-offending. We began developing a framework to promote equity and elevate mātauranga Māori and kaupapa Māori theories and practices to the same level as psychological theories and practices. This approach will help uphold our Te Tiriti obligations and align with Hōkai Rangi outcomes.

To support the needs of young adults, we moved from delivering location-based youth programmes to a flexible model that enables them to engage in psychological support close to their whānau. To support the needs of women, we began re-designing the Kimihia Women's Violence Prevention Programme. The programme has undergone a collaborative design process that included the women we manage, their whānau and tangata whenua.

# *People were supported to reconnect with their culture, and strengthen their mana and dignity*

We have established programmes that reconnect people with their culture to strengthen their mana and dignity and support their motivation to change.

The Tikanga Māori Motivational Programme is delivered across all prisons and Community Corrections sites. The programme aims to motivate people to change their antisocial behaviour by helping them to understand their cultural identity, and encouraging and challenging them to understand and embody the kaupapa and tikanga of their tīpuna (ancestors). More than 2,000 people take part in the programme each year. In 2020/21, we began working with providers and partners to strengthen the programme and explore new models of procuring tikanga experiences to achieve the best outcomes for the people we manage and their whānau.

We operate five Te Tirohanga focus units to provide kaupapa Māori therapeutic environments in prisons across Aotearoa New Zealand. The units include a range of interventions such as the Mauri Tū Pae groupbased, offence-focused programme delivered by Māori service providers. In October 2020, we implemented a new Mauri Tū Pae maintenance programme so people can access additional support in prisons and in the community after they complete the programme.

We also operate the Vaka Fa'aola Pacific Focus Unit at Spring Hill Corrections Facility delivering the Saili Matagi programme for people of Pacific descent. This programme is run by Pasifika facilitators who are bilingual, and can support those for whom the English language is a barrier to rehabilitation.

### High-risk people were supported in Special Treatment Units and other programmes

People at a high-risk of serious re-offending may be eligible to engage in treatment in one of our Special Treatment Units. These are therapeutic, residential environments that accommodate our most intensive psychologist-led programmes for people with a history of serious violent or sexual offending. People at highrisk for serious re-offending can also be placed on a wide range of other programmes targeted at specific offence types or particular groups.

In 2020/21, 233 people started a programme in one of six prison-based Special Treatment Units around the country [2019/20: 206 people]. In coming years, we will expand our prison-based Special Treatment Units to include a unit for women and a programme for youth. In 2020/21, 27 people started our community-based Tai Aroha Special Treatment Unit. This service provides treatment and support to people at high risk of violence on Home Detention sentences. We have begun work to expand this type of intervention in the Canterbury region.

Men in prison serving short sentences, but with a history of serious or repeated violence, can access a Short Violence Prevention Programme (SVPP). This programme integrates well-established theoretical and therapeutic approaches used by other intensive departmental programmes targeted at high risk people. In 2020/21, 41 people started treatment and 32 completed treatment. As with other interventions, these figures reflect a reduction from the previous year due to the impact of COVID-19.



Te Whare Hāpai Tangata is a strengths-based programme specifically for young men.

### Te Whare Hāpai Tangata

From January 2021, a new medium-intensity rehabilitation and reintegration programme for young men aged 18 to 24 was made available at specific prison sites and in the community. Te Whare Hāpai Tangata is a strengths-based programme specifically for young men.

It uses group-based and one-on-one discussions, video clips, and activities, and weaves in Māori tools, frameworks, and concepts. The rehabilitation part of the programme has six modules built around the Te Whare Tapa Whā model of holistic wellbeing. It supports young men to explore their identity and develop the capacities to live a good life and desist from offending.

"The team worked hard to develop a programme that improves the way we draw on mātauranga Māori within our rehabilitation approach," says General Manager Psychology and Programmes Jessica Borg.

As part of the programme, a mentor works intensively with each person to ensure needs such as accommodation, whānau support, and employment are identified and worked on while the participants are on the programme. This service runs throughout the programme and continues post-programme.

# We help people transition back into their communities

Reintegration planning begins from the moment a person first starts their sentence or order. Our reintegration services address the wellbeing and core needs of a person preparing to transition back into their community. This can include support to build or maintain positive relationships, help to obtain financial assistance, support to gain practical skills for life and transitional and emergency accommodation options.

We work closely with social sector agencies, such as the Ministry of Social Development and Kāinga Ora, to help people with their reintegration. We also have relationships with a wide range of Māori and non-Māori providers to deliver reintegration assistance.

In 2020/21, Corrections made 7,363 referrals to reintegration service providers (2019/20: 5,149]. Of these, 4,398 referrals resulted in a programme start [2019/20: 2,719].

# People were supported to build and maintain positive relationships

From the start of a person's sentence or order, we support them to maintain and build positive relationships with their support networks to aid their eventual release back into their communities. This support includes facilitating prison visits, telephone and audio-visual calls, pen-pals, and connections through the prison mail system. Research also suggests support targeted at cultural identity can help people better engage in a holistic level of care, which further supports rehabilitation and reintegration.

Kaiwhakamana have a particularly important role in working with Māori in prison to provide cultural support and to build and maintain positive relationships. We acknowledge the specialist mātauranga and skills that Kaiwhakamana bring to supporting Māori to return to their whānau, hapū, iwi, and communities. We also support the strengthening of Pasifika communities to promote the wellbeing of Pasifika people. Fautua Pasefika provide spiritual, cultural and personal support for Pacific peoples to assist in their safe return to their communities. In 2020/21, more than 50 Kaiwhakamana and Fautua Pasefika volunteers made more than 500 visits to prisons across the country.

Volunteers also work face-to-face with people in the corrections system to help them learn new skills, find new hobbies, and build pro-social support networks that help with their reintegration. This can include teaching te reo Māori or other languages, teaching parenting courses, and holding whakairo (carving), raranga (weaving) or other art and crafts workshops.

In 2020/21, approximately 1,300 volunteers made more than 13,000 visits to our prisons. We also have volunteers at our Community Corrections sites, helping people to complete community-based sentences and orders.

### People on short prison sentences and remand were supported to build a healthy and sustainable life

Our Out of Gate reintegration service helps people on short sentences and remand find employment and accommodation, alongside supporting them to enrol in training programmes and courses, maintain their personal and spiritual wellbeing, open a bank account, budget, and connect with whānau and community support. In 2020/21, 3,220 people were assessed for Out of Gate services, including 1,136 people who were in prison on remand [2019/20: 2,073].

In 2020/21, we introduced additional reintegration support specifically for people on remand through the Reintegration Support Programme and Te Pikinga. The Reintegration Support Programme helps participants develop practical solutions to meet their reintegration needs. Te Pikinga is a group-based behavioural skills programme that helps people set goals and manage their thoughts, emotions and interactions with others. In 2020/21, 1,223 people attended the Reintegration Support Programme. From February to June 2021, 212 people participated in Te Pikinga.

# Long-serving people were supported through guided release

People serving long-term prison sentences of more than two years require dedicated support to carefully manage their transition back into the community. This can involve pre-release planning with case managers, probation officers and many other partners. It can also include placement in internal or external self-care units, to provide people with an intermediate step between prison and life in the community. The self-care environment teaches people independent living skills by enabling them to take control of their day-to day needs.

People serving a long prison sentence who are nearing their release date can also apply to leave prison for short periods to access guided release reintegration activities. These activities include participating in pre-release meetings, registering with a local doctor, visiting potential accommodation providers, and meeting with future employers. Every person is strictly vetted and equipped with an electronic monitoring anklet.

In 2020/21, 1,239 people temporarily left prison on Guided Release to participate in reintegration activities [2019/20: 989].

In 2020/21, we began developing Te Ao Māori-based guided release outings. Tongariro Prison will pilot this approach through staff with cultural experience attending guided release panels, and changes to allow case managers to attend to support their specific cases.



Manuhiri (visitors) are welcomed with a pōwhiri.

### Whare Oranga Ake celebrates 10 years

In July 2021, Corrections, iwi service provider Kahungunu Health Services and the men at Whare Oranga Ake celebrated 10 years of the service at Hawke's Bay Regional Prison.

Whare Oranga Ake uses a kaupapa Māori environment to help men train for employment, find work and accommodation on release, and form supportive networks with iwi, hapū, and community organisations while strengthening their cultural identity.

"We are proud of our involvement with Whare Oranga Ake. We've seen tāne progress through the specialist units Te Tirohanga, Drug Treatment Unit, Self-Care, Whare Oranga Ake, and ultimately home to whānau," says Kahungunu Health Services Chief Executive Jean Te Huia.

"Acknowledgement should be given to the hundreds of tāne who have been through the Whare Oranga Ake in those 10 years. Without their hard work and dedication toward their own rehabilitation and reintegration, we wouldn't have seen such positive outcomes and success."

Whare Oranga Ake is based at Hawke's Bay Regional Prison and Spring Hill Corrections Facility.

### People released from prison or on community-based sentences were helped into safe accommodation

Having a safe, healthy home is an important foundation for people released from prison and those on community-based sentences. Not every person we manage requires accommodation and support services, but where this is needed, we help people find an address that sets them up to safely and successfully reintegrate back into the community.

In recent years, in response to an increasing shortage of options in the housing market, particularly for those with complex needs, we have increased our investment in accommodation and support services.

As at 30 June 2021, we provided more than 1,200 accommodation places to people released from prison. This included placements in emergency accommodation, transitional accommodation, community residential rehabilitation and reintegration programmes, and intensive accommodation services for those with complex needs.

In addition, our Housing and Support Services programme, started under Budget 2018, will provide 207 beds to help people with stable accommodation and access to wrap-around services. This support is available for people on bail, serving a communitybased sentence or order, or released from prison.

As at 30 June 2021, 97 beds had been delivered through this programme. We also added 15 new community accommodation places in Auckland, Hamilton, Palmerston North, and Dunedin in 2020/21. Our ongoing partnerships with iwi, Kāinga Ora – Homes and Communities, Ministry of Social Development, and social service agencies such as the Salvation Army, PARS Incorporated and others play an important role in delivering accommodation services around the country.

We have contracts with experienced providers to provide transitional accommodation for 3-12 months to those who do not have accommodation or whose risk profile makes it difficult to find suitable options.

In 2018, Housing and Urban Development began trialling a Creating Positive Pathways programme that has been co-designed with Corrections. This initiative will place 230 people with a Corrections history into long-term accommodation over the four-year trial period. As at June 2021, the Creating Positive Pathways programme has placed 149 people into long term accommodation in total.

Our efforts are contributing to a wider cross-agency Aotearoa Homelessness Action Plan 2020-2023. We recognise that accommodation shortages are a pressing national concern for all New Zealanders.

Providing the people we manage with safe accommodation is vitally important. The alternative is that these people would often otherwise be homeless, which would present an unacceptable safety risk to the community.





Providing quality homes in a supportive community will help women build better, safer lives for themselves and their whānau.

### Te Mauri Paihere Ki Mangakootukutuku

Te Mauri Paihere ki Mangakootukutuku (previously known as Collins Road) is looking to accommodate women who have recently completed a prison sentence.

The wider housing and community hub proposal is being led by Kāinga Ora – Homes and Communities who intend to provide 31 homes to individuals and families on the Housing Register. This is a unique kawenata relationship, with Te Kiingitanga, Waikato-Tainui, Kāinga Ora and Corrections working in partnership to provide 16 additional homes for women and their children in Hamilton.

Women will receive onsite support from a service provider, who will assist them with employment and training opportunities, and to develop life skills in areas like budgeting and parenting.

By providing quality homes in a supportive community, and access to services and reintegration support, this service will help women build better, safer lives for themselves and their whānau.

# 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 annual report fairly reflects the operations, progress, and the organisational health and capability of the Department;
- > the financial statements fairly reflect the financial position of Corrections as at 30 June 2021 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 2022 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: 29 September 2021

# **Independent Auditor's Report**

## AUDIT NEW ZEALAND

# **Independent Auditor's Report**

### Mana Arotake Aotearoa

### To the readers of the Department of Corrections annual report for the year ended 30 June 2021

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 106 to 149, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2021, 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 2021 on pages 40 to 51, 54 to 60, 62 to 69, 72 to 76 and 86 to 104;
- > the statements of expenses and capital expenditure of the Department for the year ended 30 June 2021 on pages 157 and 158;
- > the schedules of non-departmental activities which are managed by the Department on behalf of the Crown on pages 151 to 156 that comprise:
  - the schedules of assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2021;
  - the schedules of expenses for the year ended 30 June 2021; 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 106 to 149:
  - presents fairly, in all material respects:
    - its financial position as at 30 June 2021; 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 40 to 51, 54 to 60, 62 to 69, 72 to 76 and 86 to 104;
  - presents fairly, in all material respects, for the year ended 30 June 2021:
    - 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 151 to 156 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 2021; and
  - expenses for the year ended 30 June 2021.

Our audit was completed on 30 September 2021. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. 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.

### **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 2020 for Vote Corrections, and the 2020/21 forecast financial figures included in the Department's 2019/20 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 205, 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

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 2020/21

### For the year ended 30 June 2021

### **Performance framework**

This section describes what we were funded to deliver in 2020/21. The information on pages 86 - 104 and 204 - 205 reports on what we achieved with each appropriation against the expectations set out in the Estimates of Appropriations 2020/21 for Vote Corrections.

Appropriation/Outcome	Output/Category	Performance Measures Achieved
1. Public Safety is Improved (MCA) <sup>21</sup> (\$1,508.3 million expenditure)	1.1 Prison-based Custodial Services	6/10 Achieved
	1.2 Sentences and Orders Served in the Community	2/2 Achieved
	1.3 Information and Administrative Services to the Judiciary and New Zealand Parole Board	2/6 Achieved
2. Re-offending is Reduced (\$296.8 million expenditure)		6/7 Achieved
3. Policy Advice and Ministerial Services (MCA)	3.1 Policy Advice	
(\$5.3 million expenditure)	3.2 Ministerial Services	6/6 Achieved
4. Department of Corrections Capital E (\$503.4 million expenditure)	Expenditure (PLA) <sup>22</sup>	1/2 Achieved
5. Waikeria Corrections and Treatmen (\$14.5 million expenditure)	t Facility <sup>23</sup>	1/1 Achieved

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

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

# 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 wellbeing 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.

In order to keep the public, our staff and people in prison safe, we are lawfully required to accommodate and manage different groups within the prison environment separately and in a range of accommodation types, including remand and sentenced prisoners, prisoners of differing security classifications, segregated and mainstream prisoners and youth prisoners. In prisons we manage a dynamic range of issues daily that can impact on prisoner accommodation placements, including gang tension and the association of co-offenders, which makes the placement of prisoners a very complex task.

Since its peak of 10,820 in March 2018, the total prison population has decreased by over 20% to 30 June 2021. Over the same period of time the number of Māori in prison decreased by 17%. As at 30 June 2021, the total prison population<sup>24</sup> was 8,397.

As illustrated in the following graph, the proportion of people who are in prison on remand has been consistently increasing, with remand accounting for, on average, 36% of the prison population in 2020/21. The remand population peaked at 39% in March 2020.

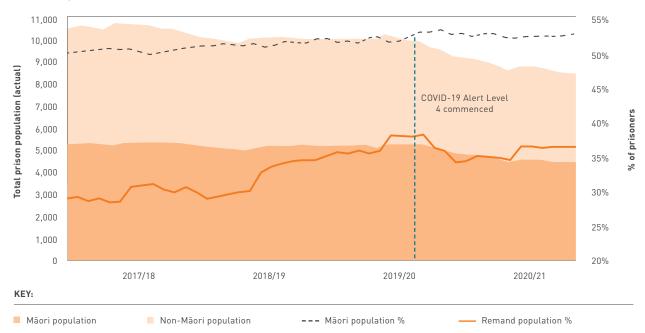
While prison remand numbers have increased in recent years, Corrections has sufficient capacity across the prison network to manage this rise.

The increase in the remand population is the result of a number of factors such as court practices around granting bail and bail enforcement, and longer stays on remand due to cases taking longer in the courts. There has also been an increase in more serious offending leading to higher prosecution rates.

While we do not have the ability to directly impact the number of people entering prison, we are working to safely reduce the remand population and manage it more effectively. This is being done through several initiatives with our sector partners, and by supporting the judiciary-led Criminal Process Improvement Plan.

These initiatives have helped to decrease pressure across the criminal justice system, including on the prison network. We are looking to increase these services where they have proven to be effective such as the funding and roll out of the Pre-Trial Services programme.

While operations were not notably impacted by COVID-19 during 2020/21, we remain focused on pandemic resurgence planning and our operations are prepared to adapt to any future changes in COVID-19 Alert Levels.



### **Prison Population Trend**

### 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.

	2018	2019	2020	2021	2021	2022
Assessment of performance	Actual	Actual	Actual	Actual	Budget	Forecast
					(unaudited)	(unaudited)
The number of breakout	New					
escapes <sup>25</sup>	measure for					
	2019	Nil	Nil	Nil	Nil	Nil
The number of non-	New				Less than	Less than
breakout escapes <sup>26</sup>	measure for				or equal	or equal
	2019	4	8	6	to 5	to 5
The proportion of general						
random drug tests						
undertaken by prisoners that					Less than	Less than
have a positive result	3.6%	3.6%	4.4%	3.8%	5%	5%
The number of unnatural						
deaths	7	1	9	11	Nil	Nil
The percentage of Death						
in Custody reports for						
unnatural deaths, that are						
completed by the Office						
of the Inspectorate within	New					
six months of the death	measure for	4000/	1000/	<b>BF0</b> (	Greater	Greater
occurring	2019	100%	100%	75%	than 80%	than 80%
The rate of prisoner on	New				Less than	Less than
prisoner assaults that are	measure for				or equal to	or equal to
serious, per 100 prisoners <sup>27</sup>	2019	0.46	0.41	0.43	0.50	0.50
The rate of prisoner on staff	New				Less than	Less than
assaults that are serious,	measure for	0.00	0.40	0.00	or equal to	or equal to
per 100 prisoners <sup>27</sup>	2019	0.29	0.18	0.32	0.20	0.20
The proportion of all						
complaints received to the						
Office of the Inspectorate	News					
that are acknowledged	New					
within 10 working days of receipt	measure for 2019	100%	100%	100%	100%	100%
•	2017	100 /0	10070	10070	100 /0	10070
The proportion of all complaint investigations						
completed by the Office of	New					
the Inspectorate within three	measure for				Greater	Greater
months of being received	2019	100%	99%	99%	than 80%	than 80%
The percentage of Health	2017	10070	, , , , , , , , , , , , , , , , , , , ,	,,,0		
Centres in prisons that						
retained their Cornerstone						
accreditation status						
following completion of an						
annual review	94%	83%	94%	100%	100%	100%

25. 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.

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

27. Serious assaults are acts of violence that include one or more of the following: bodily harm requiring medical intervention by medical staff followed by overnight hospitalisation (beyond initial assessment or medical observation) in a medical facility; bodily harm requiring extended periods of ongoing medical intervention; or sexual assault of any form and degree where Police charges have been laid. 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.

### Non-breakout escapes

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

In 2020/21 there were six non-breakout escapes from custody, all from escort. An escape from escort is considered to have occurred when a person in prison escapes from supervision while on escorted outings (such as a medical appointment) or escorted court appearances.

Custodial staff completed more than 14,000 medical escorts during the year. We remain focused on increasing the delivery of health services for planned and unplanned care using 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 person's opportunity to escape.

Through the monitoring of medical escorts at a national level we have greater visibility as to what is happening at each site and where we can target improvements. We have also developed a clinical assessment resource for our nursing staff to guide decision-making around emergency admission to hospital.

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**

For 2020/21 there were 11 unnatural deaths in our prisons. These deaths related to apparent suicide, which is the most common cause of unnatural death in prisons.

The Inspectorate is investigating a twelfth death, of a person who died in hospital soon after receiving bail. This death is linked to an incident in prison that is being treated as a homicide.

Our role has expanded in recent years as we find ourselves managing people with significant mental health issues. We make every effort to ensure their mental wellbeing and physical safety during their time in custody. This can be very challenging for our frontline staff who do a great job working with often complex, volatile people. We are committed to preventing deaths and life-threatening incidents of self-harm in prisons.

Addressing mental health issues is a critical part of Hōkai Rangi and Corrections' focus on humanising and healing. By addressing mental health and addiction issues, people are better able to engage in rehabilitation and support their pathway to an offence-free life. We have a range of work underway through our <u>mental health strategy</u>, which includes:

- > The establishment of 11 new mental health focused Clinical Nurse Specialist roles
- > Expanding our multidisciplinary mental health teams at three additional sites
- > Initiating a review of primary care mental health services, and
- > Rolling out Mental Health 101 training to all prison staff over the next three years.

For more information on specific actions taken in 2020/21, see pages 63-65.

### Death in Custody reports for unnatural deaths, that are completed by the Office of the Inspectorate

All deaths in custody are reported to the Police and are subject to a coronial inquest and investigation by the independent Corrections Inspectorate, which look at the custodial and health practice that was provided. Any recommendations arising from the review are actioned appropriately. The Coroner ultimately determines the cause of a person in prison's death. Where a death in custody is suspicious, Police can make the decision to investigate.

Two Death in Custody reports relating to unnatural deaths that occurred during March and April 2020 respectively, did not meet the timeliness criteria this financial year. Delays in completing these reports were caused by an inability of Inspectors to access the sites (due to COVID-19 restrictions) and delays resulting from the Police investigation linked to the unnatural death of a prisoner as a result of a homicide.

For further information on work undertaken by the Office of the Inspectorate in 2020/21, see pages 178 – 180.

### Prisoner on staff assaults

There were 879 non-serious/no injury assaults on staff recorded across the prison network this financial year [2019/20: 871]. On occasion, incidents can result in a serious injury and this financial year there were 28 victims of serious prisoner on staff assaults (0.32 victims per 100 prisoners), compared to 18 victims (0.18 victims per 100 prisoners) in 2019/20.

Corrections manages some of our most difficult and challenging people, many of whom have long histories of violence and anti-social behaviour. With over 80% of our prison population having a current or prior conviction for violence there is a risk that individuals will resort to violent behaviour as a means of resolving issues and expressing themselves.

We are deeply concerned about all assault on staff incidents. A joint action plan to reduce violence and aggression in prisons has been agreed between Corrections and our Union partners. There are five key areas in the plan:

- our internal disciplinary process;
- staff training;
- personal protective equipment (PPE) used by staff;
- a review of staffing levels and;
- staff wellbeing.

Some of the initiatives under these key areas can be implemented quickly, while others require further planning and potentially legislative changes. We will continue working closely with our Union partners throughout the implementation of the plan.

In all instances of violence in prisons, we take strong action to ensure that those responsible are held to account for their behaviour. We also provide practical support to any staff and prisoners who have been the victims of an assault. This includes assistance in reporting such incidents to the New Zealand Police, who will then determine whether to lay criminal charges. Prisoners who use violence can also be charged through the internal misconduct system and their security classification may be subject to review.

# 1.2 Sentences and Orders Served in the Community

### **Operating context**

Approximately three-quarters of the people who we manage, are in the community. As at 30 June 2021, we were managing around 29,000 people serving just under 35,000 sentences and orders in the community (one person may be serving multiple sentences and orders in the community at the same time). We employ approximately 1,350 probation officers and community work staff who operate in more than 100 Community Corrections sites across New Zealand.

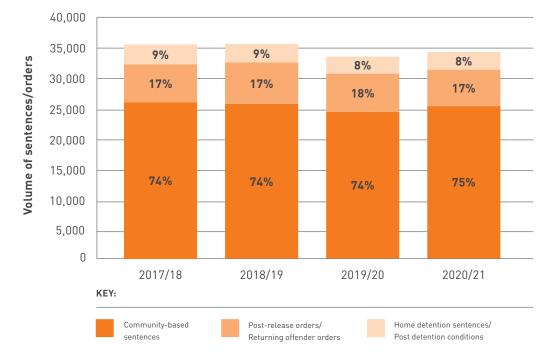
The use of community-based sentences and orders allows us to hold people to account, while helping them address their rehabilitation needs, maintain employment, and support pro-social relationships.

People serving community-based sentences and orders have access to rehabilitation programmes like those offered in prison. Additionally, some people serving community-based sentences and orders need to be monitored 24/7. This is usually undertaken electronically, but very occasionally may include in-person around-the-clock monitoring.

As courts continue to maximise the safe and appropriate use of non-custodial options, we expect to manage more people in the community. We are preparing for this by improving the capacity and effectiveness of our community-based operations. This includes, for example, increasing the capacity of electronic monitoring services to ensure that when this is an option for sentencing, it can be provided in a safe and effective way.

Despite the number of Electronically Monitored Bail (EM Bail) applications submitted to court having remained relatively consistent over the past two financial years (at around 7,500 per annum), the number of people on EM Bail increased by around 5% compared to 2019/20. Further growth is expected in 2021/22, while we continue to expand the use of electronic monitoring as an alternative to being remanded in custody.

As illustrated in the chart below, the average number of sentences and orders being served in the community in 2020/21 was slightly higher than 2019/20, 34,331 and 33,517 respectively. While the increase reflects, in part, a return to pre COVID-19 judicial operations (as sentencing hearings for people on bail, that were rescheduled in 2019/20 during Alert Levels 4 and 3, were progressed), the overall trend is slightly downwards. Police early interventions (not sending people to court) and court alternatives (restorative justice and marae sentencing) are a significant factor in terms of this number.



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

### How Corrections performed

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

	2018	2019	2020	2021	2021	2022
Assessment of performance	Actual	Actual	Actual	Actual	Budget	Forecast
					(unaudited)	(unaudited)
The proportion of community-						
based offenders who						
successfully complete their					Greater	Greater
sentence or order	76%	75%	74%	76%	than 75%	than 75%
The proportion of community-						
based offenders being held to						
account by probation staff for						
non-compliance	96%	97%	97%	97%	90%	90%

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

### **Operating context**

Corrections administers the *Parole Act 2002*, which requires us to provide the NZPB with administration and training support. The information we provide to the Parole Board is critical to enable them to make informed decisions about the safety of the community. During the year, our probation, case management, and psychologist staff provided more than 7,500 parole reports to the Parole Board.

We provide courts with reports which assist the Judiciary to make fully informed and appropriate decisions about which sentence a person should receive and what support should be provided to them. As part of the information and administrative services we provide, our probation staff are often required to attend court. The number of court attendance hours in 2020/21 was just under 110,000 hours. During the year, our probation and psychologist staff provided more than 27,000 pre-sentence reports to the courts.

### 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.

	2018	2019	2020	2021	2021	2022
Assessment of performance	Actual	Actual	Actual	Actual	Budget	Forecast
					(unaudited)	(unaudited)
The percentage of all						
pre-sentence reports						
provided to court within		New				
agreed timeframes before	n	neasure for				
sentencing <sup>28</sup>	-	2020	96%	97%	95%	95%
The percentage of all parole						
reports provided to agreed						
timeframes pursuant to		New				
New Zealand Parole Board	n	neasure for				
requirements <sup>29</sup>	-	2020	79%	66%	95%	95%
The percentage of offenders						
who are notified as per						
New Zealand Parole Board						
requirements <sup>30</sup>	100%	100%	100%	87% <sup>31</sup>	98%	98%
The percentage of victims						
who are notified as per						
New Zealand Parole Board						
requirements <sup>30</sup>	100%	100%	100%	87% <sup>31</sup>	98%	98%

28. Pre-sentence reports are provided to court within an agreed set of timeframes. Probation reports are completed to timeframes as set out in the Integrated Practice Framework, and psychological reports are due at least two working days before sentencing. Where necessary revised timeframes are agreed with the court.

29. Parole reports are provided to the NZPB within an agreed set of timeframes - parole progress reports are due at least 14 days prior to the hearing date; and psychological reports are due at least 21 days prior to the hearing date. During 2020/21 three reporting timeframes were applicable for parole assessment reports – July to October 2020 – 21 days prior to the hearing; November 2020 to April 2021 – between 14-21 days before the hearing date; and May to June 2021 - between 18-24 days prior to the hearing date. For 2021/22 the timeframe will be between 18-24 days prior to the hearing date. Where necessary revised timeframes are agreed with the Parole Board.

30. Offenders and active registered victims are notified of an impending Parole Board hearing and of a Parole Board outcome decision within agreed timeframes.

31. The calculation methodology has been refined for the 2020/21 financial year. Performance was previously based on the percentage of notifications to offenders and active registered victims that had been made as per Parole Board requirements, whereas for this financial year, performance is based on the percentage of offenders and active registered victims who received notifications as per Parole Board requirements. Prior year actuals have not been restated.

	2018	2019	2020	2021	2021	2022
Assessment of performance	Actual	Actual	Actual	Actual	Budget	Forecast
					(unaudited)	(unaudited)
The percentage of all						
cases heard by the New						
Zealand Parole Board that						
are scheduled within the						
timeframes specified by						
the Parole Act 2002 <sup>32</sup>	100%	100%	100%	100%	98%	98%
The number of justified						
complaints about notification						
services received from						
registered victims <sup>33</sup>	3	6	2	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.

Our reports are based on the institutional knowledge that we hold about offending behaviour, and on our individual assessments of individuals that we have worked with through our case managers, probation officers and psychologists.

This year, we have worked with the Parole Board to agree a revised set of reporting timeframes for parole reports. Following on from the work started last year, we have continued to enhance the information we provide to the Parole Board and strengthen our assessment and overview of proposed release plans. Notably:

- > release feasibility meetings for case managers and probation officers are taking place to discuss and agree potential release risks prior to a person's parole application being heard;
- > case managers are now attending Parole Board hearings;
- > psychologists and treatment providers for high risk individuals have been embedded into practice and;
- > case managers now have greater visibility of tentative treatment start dates for people scheduled to attend psychology programmes.

In 2020/21, 66% of the reports we prepared for the Parole Board were provided within agreed timeframes. Timeliness of reporting was impacted during the year as the new improvement initiatives were being fully embedded, and as practice adapted to changes in the agreed reporting timeframes.

### New Zealand Parole Board notifications provided to offenders and registered victims

Under the *Parole Act 2002*, eligible offenders and active registered victims are required to be notified of an impending hearing and of a Parole Board decision within agreed timeframes.

In 2020/21, 87% of offenders, and 87% of active registered victims were notified as per the agreed timeframes.

A new, technology-enabled operating model for the Parole Board administration is currently being developed. The new operating model will significantly enhance workflow, document management and offender and victim notification processes. In addition, the Board's administrative team is implementing a new quality assurance framework which will include an uplift in training and support for the administrative team.

### 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 2021, there were a total of 5,704 active registered victims of which 1,187 were new registered victims this financial year.

<sup>32.</sup> The Parole Act 2002 specifies that parole hearings are scheduled 16 weeks ahead of the parole eligibility date to give the various parties involved sufficient time to prepare. This measure is calculated on a random sample of offenders who have had cases heard in the reporting period.

<sup>33.</sup> The Victims' Rights Act 2002 imposes clear obligations on specified agencies to provide information and aid 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.

Two justified complaints were received from registered victims, (or their representatives), during 2020/21. We are committed to treating victims with respect and compassion, and we recognise that these events may have caused distress for the victims. Details of these are outlined on page 198.

Corrections has developed a victim notification app that will improve the experience of victims 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. ViNA (as the app is known) is an online portal that will give victims the option to view their notifications online, instead of receiving them in the post or by email. Victims are able to log in to a secure online system, view their notifications, easily update their contact details and preferences, and access additional information and support. The pilot for the app was originally due to be launched by the end of the financial year however, this has been delayed until the first quarter of 2021/22.

### How much did it cost?

For the year ended 30 June 2021

	2020	2021	2021	2021	2022
	Actual	Actual	Budget	Supp. Estimates	Forecast
			(unaudited)	(unaudited)	(unaudited)
	\$000	\$000	\$000	\$000	\$000
EXPENSES					
- Prison-based Custodial					
Services	1,110,366	1,136,200	1,153,724	1,195,569	1,107,536
- Sentences and orders					
served in the community	256,734	278,897	262,394	265,724	279,869
- Information and					
Administrative Services					
to the Judiciary and New					
Zealand Parole Board	88,417	93,164	74,851	75,710	81,003
Total expenses	1,455,517	1,508,261	1,490,969	1,537,003	1,468,408

Personnel are a significant cost associated with this appropriation as Corrections employs more than 10,000 people, 85% of whom are deployed in frontline roles.

Corrections is an asset-intensive agency. The nationwide network includes 18 prisons and more than 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 \$52.7 million higher than 2020 actual, mainly due to:

- > \$46.6 million increase in costs arising from the Waikeria riot, most of which related to asset write-off and site demolition costs as a result of the irreparable damage caused; and
- > \$28.9 million increase in personnel-related costs mainly due to an increase in the number of employees (the majority of which relates to frontline roles), and the impact of frontline collective salary increases, partly offset by
- > \$25.4 million reduction in depreciation and capital charge costs mainly due to the reduction in the capital charge rate from 6% to 5%.

Actual expenditure was \$17.3 million higher than Budget, mainly due to:

- > \$46.6 million increase in costs arising from the Waikeria riot, largely offset by
- > \$34.7 million reduction in depreciation and capital charge costs mainly due to the reduction in the capital charge rate from 6% to 5% and reduced depreciation costs from delays in the Modular Build Programme.

Actual expenditure was \$28.7 million lower than Supplementary Estimates mainly due to the impact of pre-approved in-principle expense transfers relating to delays in the Modular Build Programme.

# 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 offenders 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 wellbeing 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 wellbeing interventions.

### **Operating context**

During 2020/21, there were over 60,000 individual people under the management of Corrections, each with a diverse background and range of needs. While it is not feasible or effective to provide rehabilitation to all offenders, the information that Corrections holds enables evidence-based interventions to be delivered where they are most needed and most likely to succeed in turning a person's life around.

Corrections' aim is to ensure every person who has an identified need – great or small – receives an appropriate intervention, whether they are in the community or in prison. When people fully participate in their pathway, they leave our management with a strong foundation from which they can establish a crime-free life. They are often in better health, are better educated, and have more employment and living skills than when they first entered the corrections system.

### 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. (Footnotes on page 99).

	2018	2019	2020	2021	2021	2022
Assessment of performance	Actual	Actual	Actual	Actual	Budget	Forecast
					(unaudited)	(unaudited)
The proportion of all offenders						
entitled to receive an offender						
plan that received one		New				
within Standards of Practice		measure				
timeframes <sup>34</sup>	-	for 2020	82%	82%	85%	85%
The proportion of prisoners						
who have completed an						
intensive literacy and numeracy						
programme who demonstrate						
statistically significant gains	52%	50%	49%	70% <sup>35</sup>	35%	35%
The percentage of offenders						
who start and complete a						
rehabilitation programme						
- Prisoners	89%	89%	85%	88%	85%	85%
- Community-based offenders	66%	68%	63%	68%	65%	65%

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	2018	2019	2020	2021	2021	2022
Assessment of performance	Actual	Actual	Actual	Actual	Budget	Forecast
					(unaudited)	(unaudited)
The total number of referrals						Not a
made to reintegration service						measure
providers	7,439	6,130	5,149	7,363	5,000	for 2022
The total number of referrals						
made to reintegration service						
providers that resulted in a						
programme start	4,290	3,896	2,719	4,398	4,000	4,000
The percentage of target hours						
prisoners are engaged in		New				
industry, treatment and learning		measure				
activities	-	for 2020	73%	86%	80%	80%

### Explanation of budgeted performance measure 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 officers 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 2020/21, case managers and probation officers prepared offender plans for more than 8,800 people in prison, and just less than 26,900 people in the community. Each person presents with a diverse background and range of needs. The completion of these plans in a timely manner enables the best possible opportunity for people to participate in activities that will contribute to addressing their identified needs.

A different way of managing offender plans is in development. This will incorporate a tailored reintegration strategy for the needs of people on remand. The plan will focus specifically on supporting people on remand and their whānau to find accommodation, employment, and meet education and health needs, leading to improved outcomes.

82% of all plans completed this year were received within the recommended timeframes (comprised of 76% in prison, 84% in the community), this compares to 82% in 2019/20 (comprised of 79% in prison, 84% in the community).

### How much did it cost?

### For the year ended 30 June 2021

2022	2021	2021	2021	2020
Forecast	Supp.	Budget	Actual	Actual
	Estimates			
(unaudited)	(unaudited)	(unaudited)		
\$000	\$000	\$000	\$000	\$000
355,378	311,567	327,010	296,800	tal expenses 266,293
	\$000	\$000	• • • •	• • • • •

Actual expenditure was \$30.5 million higher than 2020 actual. The increased year-on-year expenditure included increased investment in rehabilitation and reintegration services, including improved access to mental health and addiction support, housing and support services and a kaupapa-based pathway for Māori.

Actual expenditure was \$30.2 million lower than Budget, and \$14.8 million lower than Supplementary Estimates, mainly due to delays in the planned roll-out of some rehabilitation and reintegration services.

<sup>34.</sup> 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.

<sup>35.</sup> The calculation methodology has been refined for the 2020/21 financial year. Performance was previously based on the proportion of assessments that showed a statistically significant gain in literacy and/ or numeracy, whereas for this financial year, performance is based on the proportion of people who have been assessed as achieving a statistically significant gain in literacy and/or numeracy. Prior years actuals have not been restated.

# 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 lincluding 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 Multi-Category Appropriation provides core services to co-ordinate information provided to government and the public as well as developing policy that improves wellbeing 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)

	2018	2019	2020	2021	2021	2022
Assessment of performance	Actual	Actual	Actual	Actual	Budget	Forecast
					(unaudited)	(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)	93%	98%	97%	93%	85%	85%

### 3.1 Policy Advice

	2018	2019	2020	2021	2021	2022
Assessment of performance	Actual	Actual	Actual	Actual	Budget	Forecast
					(unaudited)	(unaudited)
Technical quality of policy						
advice papers assessed by a					At least an	At least an
survey with a methodological					average of	average of
robustness of 90% <sup>36</sup>	74%	74%	74%	78%	70%	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>37</sup>	80%	90%	88%	86%	80%	80%

### 3.2 Ministerial Services

	2018	2019	2020	2021	2021	2022
Assessment of performance	Actual	Actual	Actual	Actual	Budget	Forecast
					(unaudited)	(unaudited)
The percentage of ministerial						
draft correspondence that is					Greater	Greater
signed without changes	100%	100%	98%	99%	than 95%	than 95%
The percentage of all						
responses to parliamentary						
questions that are completed					Greater	Greater
within five working days	100%	100%	100%	100%	than 98%	than 98%
The percentage of						
responses to ministerial						
draft correspondence that						
are completed within 20					Greater	Greater
working days	98%	100%	100%	99%	than 98%	than 98%

36. 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.

37. 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 2021

	2020	2021	2021	2021	2022
	Actual	Actual	Budget	Supp.	Forecast
				Estimates	
			(unaudited)	(unaudited)	(unaudited)
	\$000	\$000	\$000	\$000	\$000
EXPENSES					
- Policy Advice	2,864	2,817	2,556	2,607	2,556
- Ministerial Services	1,935	2,472	2,305	3,105	2,305
Total expenses	4,799	5,289	4,861	5,712	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.

# 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 \$4.5 billion of non-current assets including 17 publicly managed prisons and one privately managed prison, more than 100 Community Corrections sites and a large fleet of over 1,960 cars, utility vehicles, and mobile plant.

### How Corrections performed

	2018	2019	2020	2021	2021	2022
Assessment of performance	Actual	Actual	Actual	Actual	Budget	Forecast
					(unaudited)	(unaudited)
Number of new Community				· · · ·		
Corrections sites and existing						
site refurbishments	5	4	Nil	2	3	3
Prison Capacity Programme –						
permanent beds added <sup>38</sup>	493	131	318	557	488	488

### Explanation of budgeted performance measure not achieved

### **Community Corrections sites**

Upgrades are underway in many of our Community Corrections sites, where staff manage people serving sentences and orders in the community.

The work will include refurbishing existing buildings, some extensions to current premises and some new premises. The upgrade work will bring a more open look and feel, creating a more welcoming environment and improving safety and security.

This year, refurbishment work was completed at two Community Corrections sites in Wellington (Adelaide Road) and South Otago. As at 30 June 2021, work was nearing completion on new premises in Waihi, and has since been completed.

### How much did it cost?

For the year ended 30 June 2021

	2020	2021	2021	2021	2022
	Actual	Actual	Budget	Supp.	Forecast
				Estimates	
			(unaudited)	(unaudited)	(unaudited)
	\$000	\$000	\$000	\$000	\$000
CAPITAL EXPENSES					
Property, plant and equipment	334,006	474,039	557,921	490,099	395,268
Intangibles	18,456	29,377	59,117	43,980	53,700
Total appropriation	352,462	503,416	617,038	534,079	448,968

Actual expenditure was \$151.0 million higher than 2020 actual, mainly due to the progression of the new facility at Waikeria Prison and the Modular Build Programme.

Actual expenditure was \$113.6 million lower than Budget and \$30.7 million lower than Supplementary Estimates, mainly due to delays in the new facility at Waikeria Prison.

# Annual financial statements

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# Statement of Comprehensive Revenue and Expense

### FOR THE YEAR ENDED 30 JUNE 2021

2020			2021	2021	2021	2022
Actual		Note	Actual	Budget	Supp.	Forecast
				<i>(</i> )	estimates <sup>39</sup>	/
<b>\$</b> 000			<b>*</b> ~~~	(unaudited)	(unaudited)	(unaudited)
\$000	DEVENUE		\$000	\$000	\$000	\$000
1 /05 //1	REVENUE		1 777 / / 0/0	1 700 701	1 701 7/0	1 70 / 500
1,695,441			1,773,66040	1,792,701	1,791,760	1,794,508
2,065	1	0	198	-	1,483	-
	Other revenue	2	50,548	30,139	61,039	34,139
1,731,538	Total operating revenue		1,824,406	1,822,840	1,854,282	1,828,647
040.040	EXPENSES	0	0/5 050	<u></u>	000.055	
	Personnel costs	3	847,072	842,964	880,855	885,678
483,824	Operating costs	4	554,046	537,604	560,263	550,150
215,314			227,590	232,480	235,647	190,127
173,581	Capital charge	5	135,180	165,954	133,679	138,721
49,125	Finance costs	15	46,462	43,838	43,838	63,971
1,735,686	Total operating expenses		1,810,350	1,822,840	1,854,282	1,828,647
(4,148)	Net operating surplus/(deficit)		14,056	-	-	-
	REMEASUREMENTS					
	Unrealised gain/(loss) in fair value					
(368)	0	10	1,062	-	-	-
(100)	Unrealised gain/(loss) in fair value					
(138)			55	-	-	-
	Unrealised gain/(loss) in fair value in discount rates for retiring and					
(2 183)	long service leave		1,625	_	_	_
(2,100)	Unrealised gain/(loss) in fair value		1,020			
(190,886)	0	20	197,458	5,779	89,697	5,422
(193,575)	Total remeasurements		200,200	5,779	89,697	5,422
(197,723)	Net surplus/(deficit)		214,256	5,779	89,697	5,422
	OTHER COMPREHENSIVE					
	<b>REVENUE AND EXPENSE</b>					
	Revaluation gain on land and					
	buildings	16	504,923	-	-	-
	Total other comprehensive revenue	2				
-			504,923	-	-	-
	Total comprehensive revenue				00 (07	= / ^ ^
(197,723)	and expense		719,179	5,779	89,697	5,422

39. Supplementary estimates include \$18 million additional funding for Waikeria expenditure approved in terms of section 26B of the Public Finance Act 1989.

40. 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.

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

# Statement of Changes in Taxpayers' Funds

### FOR THE YEAR ENDED 30 JUNE 2021

2020			2021	2021	2021	2022
Actual		Note	Actual	Budget	Supp.	Forecast
					estimates	
				(unaudited)	(unaudited)	(unaudited)
\$000			\$000	\$000	\$000	\$000
2,902,528	Taxpayers' funds at 1 July		2,656,101	2,764,480	2,656,100	2,800,160
(197,723)	Net surplus/(deficit)		214,256	5,779	89,697	5,422
	Adjustments for flows					
	to and from the Crown					
	Add capital injection					
33,536	from the Crown	16	54,363	15,600	54,363	69,495
	Less capital cash					
(80,000)	returned to the Crown	16	-	-	-	-
-	Revaluation gain	16	504,923	-	-	-
	Provision for repayment					
(2,240)	of surplus to the Crown	14	(14,056)	-	-	-
	Total adjustments for					
	flows to and from the					
(48,704)	Crown		545,230	15,600	54,363	69,495
2,656,101	Taxpayers' funds at 30 Jun	e	3,415,587	2,785,859	2,800,160	2,875,077

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 2021

2020			2021	2021	2021	2022
Actual		Note	Actual	Budget	Supp.	Forecast
					estimates	
				(unaudited)	(unaudited)	(unaudited)
\$000			\$000	\$000	\$000	\$000
	ASSETS					
	Current assets					
76,494	Cash and cash equivalents		67,649	50,000	50,000	50,000
21,776	Prepayments		42,200	23,025	23,025	23,025
403,843	Debtors and other receivables	6	468,161	285,622	389,995	395,451
8,458	Inventories		5,708	4,000	4,000	4,000
	Non-current assets held for					
	sale	7	2,600	-	-	-
510,571	Total current assets		586,318	362,647	467,020	472,476
	Non-current assets					
4,750	Investments		4,832	4,888	4,750	4,750
3,679,102	Property, plant and equipment	8	4,432,701	4,067,342	3,956,911	4,158,202
69,563	Intangible assets	9	76,751	113,708	98,571	130,896
8,066	Biological assets	10	8,802	8,506	7,975	7,975
3,761,481	Total non-current assets		4,523,086	4,194,444	4,068,207	4,301,823
4,272,052	Total assets		5,109,404	4,557,091	4,535,227	4,774,299
	LIABILITIES					
	Current liabilities					
125,868	Creditors and other payables	11	128,429	135,000	135,000	135,000
144,794	Employee entitlements	12	153,879	117,869	117,869	117,869
12,244	Other financial liabilities	15	13,347	11,095	11,095	12,102
9,917	Provisions	13	42,402	6,000	6,000	6,000
	Provision for repayment of					
2,240	surplus to the Crown	14	14,056	-	-	-
295,063	Total current liabilities		352,113	269,964	269,964	270,971
	Non-current liabilities					
23,504	Employee entitlements	12	20,338	20,518	20,518	20,518
1,297,384	Other financial liabilities	15	1,321,366	1,480,750	1,444,585	1,607,733
1,320,888	Total non-current liabilities		1,341,704	1,501,268	1,465,103	1,628,251
1,615,951	Total liabilities		1,693,817	1,771,232	1,735,067	1,899,222
	TAXPAYERS' FUNDS					
1,456,485	General funds	16	1,711,048	1,586,244	1,600,545	1,675,462
1,199,616	Reserves	16	1,704,539	1,199,615	1,199,615	1,199,615
2,656,101	Total taxpayers' funds		3,415,587	2,785,859	2,800,160	2,875,077
	Total liabilities and taxpayers'					
4,272,052	funds		5,109,404	4,557,091	4,535,227	4,774,299

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 2021

2020		2021	2021	2021	2022
Actual	Note	Actual	Budget	Supp.	Forecast
				estimates	
			(unaudited)	(unaudited)	(unaudited)
\$000		\$000	\$000	\$000	\$000
	CASH FLOWS FROM OPERATING ACTIVITIES				
	Cash provided from:				
1,747,604	Receipts from Crown	1,704,989	1,823,963	1,772,437	1,789,764
2,144	Receipts from departments	521	-	1,483	-
33,429	Receipts from other revenue	49,130	44,052	75,789	34,139
1,513	GST payable (net)	1,831	-	(4,798)	-
	Cash disbursed to:				
(792,990)	Payments for employees	(837,242)	(809,009)	(894,294)	(893,714)
(512,765)	Payments to suppliers	(535,570)	(558,102)	(545,002)	(524,932)
(173,581)	Payments for capital charge	(135,180)	(161,069)	(133,679)	(135,955)
	Net cash flows from operating				
305,354	activities 17	248,479	339,835	271,936	269,302
	CASH FLOWS FROM INVESTING ACTIVITIES				
	Cash provided from:				
45	Receipts from interest and dividends	27	-	-	-
0.000	Receipts from sale of physical,				
3,776	biological and intangible assets	1,657	-	-	-
	Cash disbursed to:				
(176,267)	Purchase of physical and biological assets	(223,158)	(239,627)	(243,638)	(204,523)
(15,386)	Purchase of intangible assets	(223,130)	(47,823)	(243,838)	(204,323)
(13,300)	Net cash flows from investing	(27,077)	(47,020)	(32,303)	(31,207)
(187,832)	activities	(250,851)	(287,450)	(296,003)	(255,792)
	CASH FLOWS FROM FINANCING				
	ACTIVITIES				
	Cash provided from:				
33,536	Capital injections	54,363	15,600	54,363	69,495
	Cash disbursed to:				
(80,000)	Return of capital	-	-	-	-
(49,040)	Interest payment	(46,577)	(57,130)	(53,411)	(70,903)
(10,078)	Repayment of financial liabilities	(12,019)	(10,855)	(1,139)	(12,102)
(7,649)	Return of operating surpluses	(2,240)	-	(2,240)	-
	Net cash flows from financing				
(113,231)	activities	(6,473)	(52,385)	(2,427)	(13,510)
4,291	Net (decrease)/increase in cash	(8,845)	-	(26,494)	-
72,203	Cash at the beginning of the year	76,494	50,000	76,494	50,000
76,494	Cash at the end of the year	67,649	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 2021

2020		2021
Actual		Actual
\$000		\$000
	CAPITAL COMMITMENTS	
534,479	Buildings	288,975
547	Computer hardware	3,776
2,189	Motor vehicles	3,014
394	Plant and equipment	376
4,949	Intangibles	6,667
542,558	Total capital commitments	302,808
	NON-CANCELLABLE OPERATING LEASE COMMITMENTS	
18,942	Less than one year	20,607
39,797	One to five years	64,043
30,064	More than five years	78,459
88,803	Total non-cancellable operating lease commitments	163,109
631,361	Total commitments	465,917

## **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 Aotearoa 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.

# Statement of Contingent Liabilities and Contingent Assets

AS AT 30 JUNE 2021

## Quantifiable contingent liabilities

2020		2021
Actual		Actual
\$000		\$000
478	Related to offenders	1,431
460	Employees and contractors	962
938	Total quantifiable contingent liabilities	2,393

#### Legal proceedings

As at 30 June 2021, Corrections was defending 36 court claims and proceedings which were assessed, and had a value for contingent liability (2020: 31). Filed mostly by prisoners, the proceedings included applications for Judicial Review and claims for breach of the *New Zealand Bill of Rights Act 1990.* They sought compensation or other redress for perceived/alleged instances of wrongful action or decision-making by Corrections and individuals.

#### Personal grievances

Corrections was defending 13 employment and contractor-related claims, made mostly by staff members as at 30 June 2021 (2020: 8).

## **Contingent assets**

Corrections has no contingent assets (2020: Quantifiable \$nil).

# Statement of Trust Monies

### FOR THE YEAR ENDED 30 JUNE 2021

	As at	Contribution	Distribution	As at
	1 July 2020			30 June 2021
	\$000	\$000	\$000	\$000
Trust accounts	1,845	20,607	(20,230)	2,222
Total trust accounts	1,845	20,607	(20,230)	2,222

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

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 a detention order, to account for resident earnings and/or benefits, reduced by purchases and other receipts/withdrawals of resident funds.

# Notes to the Financial Statements

## FOR THE YEAR ENDED 30 JUNE 2021

## NOTE 1: STATEMENT OF ACCOUNTING POLICIES

# **Reporting entity**

The Department of Corrections (Corrections) is a government department as defined by section 5 of the *Public Service Act 2020.* 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 *Public Service Act 2020,* the *Public Accountability Act 1998*, 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 204 - 205.

## 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 2021 with comparative figures for the year ended 30 June 2020.

The financial statements were authorised for issue by the Chief Executive of the Department of Corrections on 29 September, 2021.

# **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.

#### **Basis of preparation (continued)**

#### 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.

#### 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* 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 the year ending 30 June 2022, with early application permitted. This amendment will result in additional disclosures. Corrections has not early adopted the amendment.

#### PBE IPSAS 41 Financial Instruments

*PBE IPSAS 41* replaces *PBE International Financial Reporting Standard (IFRS) 9 Financial Instruments* and is effective for the year ending 30 June 2023, with earlier adoption permitted. Corrections has assessed that there will be little change as a result of adopting the new standard as the requirements are similar to those contained in *PBE IFRS 9.* Corrections does not intend to early adopt the standard.

#### PBE Financial Reporting Standard (FRS) 48 Service Performance Reporting

*PBE FRS 48* replaces the service performance reporting requirements of *PBE IPSAS 1 Presentation of Financial Statements* and is effective for the year ending 30 June 2023, with early adoption permitted. Corrections has not yet determined how application of *PBE FRS 48* will affect its statement of performance. It does not plan to adopt the standard early.

### 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.

## 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 Correction's 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	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 AAA), 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.	
	Land and Buildings	8
Property, Plant and	Corrections' land and buildings are held at fair value. A full revaluation of freehold land and buildings was undertaken at 30 June 2021. The Department 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.	
Equipment	Waikeria Public Private Partnership (PPP)	8
	COVID-19 had an impact on the programme and cost implications for the construction of the Waikeria Corrections Treatment Facility.	
	Corrections entered into a variation agreement with its PPP counterparties to mitigate the effects of COVID-19.	
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 2021. Pay restraint in the public sector as a result of COVID-19 was factored into the valuation.	12
Derivative financial instruments		

### Budget and forecast figures

The budget figures are for the year ended 30 June 2021, and were published in the 2019/20 Annual Report. They were included in the Estimates of Appropriations for the Government of New Zealand for the year ended 30 June 2021, which are consistent with the financial information in the Main Estimates. In addition, the financial statements also present the updated budget information from the 2020/21 Supplementary Estimates.

The forecast figures are for the year ending 30 June 2022, and are consistent with the best estimate financial forecast information submitted to the Treasury for the Budget Economic and Fiscal Update (BEFU) 2021. 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 on 6 April 2021. 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.

#### 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 2021/22 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 2021 were as follows:

- Corrections' activities and output expectations will focus on the Governments' priorities aligned to Correction's Hökai Rangi strategy
- > personnel costs reflect planned capacity movements and the current pay restraint in the public sector
- > remuneration is based on current wages and salary costs with no anticipated renumeration changes under the current pay restraint in the public sector
- > 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 as at 30 June 2021 has been forecast
- > capital commitments are expected to be realised as planned
- > service concession assets for Auckland South Corrections Facility (ASCF) 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 in line with the Justice Sector projection.

# 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.

## **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.

## **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.

In measuring expected credit losses, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the past due date. Short-term receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation or the receivable being more than one year overdue.

#### **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.

#### Other property, plant and equipment

Other property, plant and equipment assets are recognised at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to Corrections and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

Cost incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Corrections and the cost of the item can be measured reliably.

## 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.

#### Property, plant and equipment (continued)

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.

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 remeasurements in surplus or deficit.

When sold, any gain or loss on sale is recognised 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 or 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.

## **Employee entitlements**

## Short-term employee entitlements

Employee entitlements that are expected to be settled wholly before 12 months after the end of the reporting period in which the employees provide the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, and sick leave.

## Long-term employee entitlements

Employee entitlements that are not expected to be settled wholly before 12 months after the end of the reporting period in which the employees provide the related service, such as long service leave, and retirement leave have been calculated on an actuarial basis. The calculations are based on:

#### **Employee entitlements (continued)**

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

#### **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.

#### 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.

# Financial instruments (continued)

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 fiveyear 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.

# 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.

### Taxation (continued)

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

2020		2021
Actual		Actual
\$000		\$000
30,117	Sale of goods	29,916
3,206	Board and rents	3,186
634	Profit on sale of assets	1,239
75	Revenue other	16,207
34,032	Total other revenue	50,548

Sale of goods mainly comprises revenue from offender employment activities such as farming, distribution and other industries.

Revenue other includes insurance proceeds of \$16.2 million received for the Waikeria riot (refer Note 23).

## **NOTE 3: PERSONNEL COSTS**

2020		2021	2021	2022
Actual		Actual	Budget	Forecast
			(unaudited)	(unaudited)
\$000		\$000	\$000	\$000
789,094	Salaries and wages	819,734	817,538	859,677
1,466	ACC Accredited Employer Programme	3,286	2,182	1,468
249	Government Superannuation Fund contribution expense	210	131	129
	State Sector Retirement Savings Scheme and KiwiSaver			
21,440	employer contribution	22,757	22,329	24,054
1,593	Retiring and long service leave	1,085	784	350
813,842	Total personnel costs	847,072	842,964	885,678

## **NOTE 4: OPERATING COSTS**

2020		2021	2021	2022
Actual		Actual	Budget	Forecast
			(unaudited)	(unaudited)
\$000		\$000	\$000	\$000
19,937	Operating lease rentals	21,335	21,622	23,027
460	Audit fees for annual audit	468	481	481
29	Fees to auditors for other services <sup>41</sup>	34	-	-
90,426	Facilities maintenance	96,325	95,456	95,248
77,223	Offender management costs	79,475	95,809	70,822
42,031	Information technology costs	47,273	48,240	49,045
113,714	Contract management	132,192	132,094	157,963
35,697	Administration	40,325	29,521	41,409
12,057	Inventory expenses	12,085	6,822	11,068
85,673	Other operating costs	79,288	107,559	101,087
-	Waikeria "top jail" demolition42	28,300	-	-
6,577	Loss on sale or write off of assets	16,946	-	-
483,824	Total operating costs	554,046	537,604	550,150

41. Total fees to auditors for other services in 2021 for probity assurance services totals \$34,000 of which \$10,115 has been capitalised.

42. The estimated cost of demolition is recognised as a provision in the current financial year (refer to Notes 13 and 23).

#### **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 2021 was 5% per annum (2020: 6% per annum).

#### **NOTE 6: DEBTORS AND OTHER RECEIVABLES**

2020		2021
Actual		Actual
\$000		\$000
	CURRENT PORTION	
	Exchange transactions	
19,282	Trade debtors – external	3,767
694	Sundry receivables	1,268
(27)	Less provision for impairment	(63)
19,949	Trade debtors - external and employees	4,972
420	Trade debtors - other government entities	743
420	Trade debtors - other government entities	743
	Non-exchange transactions	
383,474	Debtor Crown	462,446
383,474	Debtor Crown	462,446
403,843	Total debtors and other receivables	468,161

The carrying value of trade debtors approximates their fair value.

The Debtor Crown of \$462.4 million (2020: \$383.5 million) consists of operating funding (GST inclusive) not drawn down as a result of the timing of cash requirements.

In 2020, trade debtors external of \$19.3 million included \$16.0 million from Decmil NZ. Following the settlement with Decmil Group, the receivable owing has been transferred to work in progress Modular Build Programme (refer Note 24).

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 2021 and 30 June 2020, all overdue receivables were assessed for impairment and appropriate expected credit loss provisions applied.

#### NOTE 6: DEBTORS AND OTHER RECEIVABLES (continued)

The expected credit loss rates for receivables at 30 June 2021 and 1 July 2020 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. There have been no changes during the reporting period in the estimation techniques or significant assumptions used in measuring the loss allowance.

The allowance for credit losses at 30 June 2021 and 1 July 2020 was determined as follows:

30 June 2021	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%	5.9%	_
Gross carrying amount (\$000)	466,789	33	223	112	1,067	468,224
Lifetime expected credit loss (\$000)	-	-	-	-	63	63

1 July 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	

Movements in the provision for impairment of debtors and other receivables are as follows:

2020		2021
Actual		Actual
\$000		\$000
47	Balance at 1 July	27
(20)	Provisions made/(released) during the year	36
27	Balance at 30 June	63

#### **NOTE 7: NON-CURRENT ASSETS HELD FOR SALE**

2020		2021
Actual		Actual
\$000		\$000
	Non-current assets held for sale comprise:	
	Land	2,600
-	Total non-current assets held for sale	2,600

Corrections-owned property on Barrowcliffe Place in Manukau has been presented as held for sale during the year following the approval under a Treaty settlement. The sale is expected to be completed in 2022.

The accumulated property revaluation reserve recognised in equity for the property at 30 June 2021 is \$600,000.

#### 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 2021. The opinion of value was arrived at by Nick Funnell, Registered Valuer (MPINZ). The total fair value of freehold land and buildings assessed by Beca at 30 June 2021 was \$3,360.9 million. In line with Corrections' accounting policy, the next valuation will be effective as at 30 June 2024 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 2021 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. 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 have been valued using the depreciated replacement cost method with land component valued using a market sales evidence approach.
- > Land is valued at fair value using market-based evidence based on its highest and best use. 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 2021 valuation include:

- > The replacement cost of the specific assets is adjusted where appropriate for optimisation due to over-design or surplus capacity.
- > The replacement cost is derived from recent construction costs. The specialised construction requirements of prison and correctional facility buildings result in construction rates being higher than other similar types of buildings.
- > The remaining useful life of assets is estimated after considering factors such as age, condition, functional obsolescence, technological obsolescence, environmental considerations, future maintenance and replacement plans, and experience with similar buildings. This also includes the impact that the expected prison population levels will have on the prison capacity network.
- > The standard lives for different building components have been revised based on Beca's understanding of the use and performance of Corrections assets across the portfolio.

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 \$0.72 million (2020: \$1.4 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 \$879.5 million (2020: \$695.2 million), leasehold improvements \$37.6 million (2020: \$9.5 million), and other assets \$39.1 million (2020: \$23.8 million).

#### Held for Sale

Corrections classifies property, plant and equipment assets expected to be sold in the next 12 months as assets held for sale. The land at Barrowcliffe Place has been reclassified as held for sale at the carrying value of \$2.6 million. (Refer to Note 7).

## NOTE 8: PROPERTY, PLANT AND EQUIPMENT (continued)

### Impact of Waikeria incident on prison assets

On 29 December 2020, many of Waikeria Prison's functions and facilities based at the top jail were destroyed due to the extensive and irreparable damage caused by the Waikeria riot. As a result, the carrying value of the prison buildings and other assets (plant, equipment, fixtures, and fittings) with a total value of \$15.3 million have been derecognised and written off in the current financial year (refer to Note 23).

## 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.

# 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 ongoing 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 \$34.2 million (2020: \$12.7 million), buildings \$313.8 million (2020: \$313 million), plant and equipment \$2.1 million (2020: \$2.6 million), and other equipment \$0.05 million (2020: \$0.1 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.

## NOTE 8: PROPERTY, PLANT AND EQUIPMENT (continued)

# Public Private Partnership (PPP) arrangements (continued)

## Auckland South Corrections Facility (continued)

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).

### **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 ensures the safe containment of prisoners, and allows prisoners who have high and complex needs to receive care in an environment that supports them, including the delivery of high quality rehabilitative and reintegrative services.

The facility was designed, financed, built, and is 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 (2020: \$3.2 million), buildings \$339.7 million (2020: \$327.3 million), plant and equipment \$4.4 million (2020: \$5.5 million), and other equipment \$0.6 million (2020: \$1.9 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 on 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 \$644.4 million (2020: \$392.4 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.

(continued)
EQUIPMENT
<b>PLANT AND</b>
<b>PROPERTY</b> ,
NOTE 8:

	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 2019	185,110	2,658,360	46,641	108,422	25,674	62,380	53,521	608,613	3,748,721
Additions	I	29,926	1,306	3,566	533	6,278	6,955	285,442	334,006
Disposals/write-offs	[116]	I	(31)	[262]	[22]	(11)	(3,899)	(2,655)	[7,561]
Transfers <sup>43</sup>	I	144,947	3,349	14,077	199	217	151	[162,940]	I
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
Add: Movements									
Additions	I	56,380	310	6,878	498	6,409	7,526	393,038	474,039
Disposals/write-offs	I	[17,793]	I	[12,930]	(1,955)	(42,992)	(4,355)	(1,531)	(81,556)
Transfers <sup>43</sup>	(2,600)	135,238	340	8,168	255	3,677	ı	[147,465]	[2,387]
Revaluation increase	38,590	132,832	I		I	I	ı	I	171,422
Cost or valuation at 30 June 2021	220,984	3,139,890	51,915	127,384	25,152	38,958	59,899	972,502	4,636,684
Accumulated depreciation and									
impairment losses									
Balance at 1 July 2019	I	I	[32,278]	[63,406]	(20,831)	[56,567]	[33, 136]	I	[206,218]
Depreciation expense	I	[164,494]	(4,201)	[14,968]	[1,208]	[4,708]	[4,477]	I	[194,056]
Disposals/write-offs	I	I	31	755	52	11	3,361	I	4,210
Accumulated depreciation and									
impairment losses at 30 June 2020	I	[164,494]	(36,448)	(77,619)	(21,987)	(61,264)	(34,252)	I	(396,064)
Add: Movements									
Depreciation expense	I	[172,275]	[3,799]	[15,299]	[866]	[8,259]	[4,983]	I	(205,613)
Disposals/write-offs	I	3,268	I	12,047	1,953	42,986	3,939	I	64,193
Transfers	I	I	I	I	I	I	I	I	I
Revaluation increase	I	333,501	1	I	I	I	I	1	333,501
Accumulated depreciation and									
impairment losses at 30 June 2021	'	'	(40,247)	(80,871)	(21,032)	(26,537)	(35,296)	'	(203,983)
<b>Carrying amounts per asset class</b>									
At 30 June 2021	220,984	3,139,890	11,668	46,513	4,120	12,421	24,603	972,502	4,432,701
At 30 June 2020	184,994	2,668,739	14,817	41,649	4,367	7,600	22,476	728,460	3,679,102

43. The total balance against transfers relates to the transfer of computer hardware assets under construction from intangible assets to property, plant and equipment upon capitalisation, and transfer to assets held for sale.

## **NOTE 9: INTANGIBLE ASSETS**

	Acquired	Internally	Assets under	Total intangible
	software	generated software	construction	assets
	\$000	\$000	\$000	\$000
Cost or valuation				
Balance at 1 July 2019	50,504	146,748	27,589	224,841
Additions	404	773	17,279	18,456
Disposals/write-offs	(1,239)	-	(2,150)	(3,389)
Transfers44	1,994	11,629	(13,623)	-
Cost or valuation at 30 June 2020	51,663	159,150	29,095	239,908
Add: Movements				
Additions	295	11,471	17,611	29,377
Disposals/write-offs	-	-	-	-
Transfers	514	23,200	(23,926)	(212)
Cost or valuation at 30 June 2021	52,472	193,821	22,780	269,073
Accumulated amortisation and				
impairment losses				
Balance at 1 July 2019	(42,391)	(107,015)	-	(149,406)
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)
Add: Movements				
Amortisation expense	(2,707)	(19,270)	-	(21,977)
Disposals/transfers	-	-	-	-
Accumulated amortisation and				
impairment losses at 30 June 2021	(48,580)	(143,742)	-	(192,322)
Carrying amounts				
At 30 June 2021	3,892	50,079	22,780	76,751
At 30 June 2020	5,790	34,678	29,095	69,563

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.

#### **NOTE 10: BIOLOGICAL ASSETS**

2020		2021
Actual		Actual
\$000		\$000
	Cost or valuation	
8,506	Balance at 1 July	8,066
173	Purchases	13
6,765	Net gain due to regeneration, maturation, and changes in unit values	8,625
(7,378)	Sales/harvest	(7,902)
8,066	Cost or valuation at 30 June	8,802
(440)	Net change	736
(72)	Change due to movement in quantity	(326)
(368)	Change due to movement in fair value	1,062
8,066	Carrying amounts at 30 June	8,802

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, therefore no adjustments to the carrying value of these assets is necessary.

### NOTE 11: CREDITORS AND OTHER PAYABLES

2020		2021
Actual		Actual
\$000		\$000
	CURRENT PORTION	
	Exchange transactions	
11,478	Trade creditors	7,546
99,016	Accrued expenditure	96,963
576	Income in advance	7,291
	Non-exchange transactions	
14,798	GST payable	16,629
125,868	Total creditors and other payables	128,429

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

2020		2021
Actual		Actual
\$000		\$000
	Current liabilities	
29,728	Retiring and long service leave	30,495
94,142	Annual leave	97,816
3,669	Sick leave	3,815
12,074	Accrued salaries and wages	16,791
1,097	Parental leave	1,225
4,084	Holidays Act provision	3,737
144,794	Total current portion	153,879
	Non-current liabilities	
23,504	Retiring and long service leave	20,338
23,504	Total non-current portion	20,338
168,298	Total employee entitlements	174,217

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 2021.

The major assumptions used in the 30 June 2021 valuation are that future salary growth rates of 1% in 2022 and 2.5% thereafter (2020: 2.5%) per annum and discount rates ranged from 0.38% to 2.98% (2020: 0.22% to 1.60%) 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 \$3.1 million lower/\$3.6 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 \$3.5 million higher/ \$3.1 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), and payments made as soon as ex-employees provide the necessary information required.

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 2021 represents Corrections' best estimate of remediation costs and Corrections has received specific funding to fully cover this provision amount. Corrections has tested and validated amounts owing to majority of past employees and are currently in the process of locating and verifying past employee details. Corrections are in the process of making payments for past employees whose bank account details have been validated.

2020		2021	2021	2021
Total provisions		Employee accidents	Other provisions	Total
Actual		Actual	Actual	Actual
\$000		\$000	\$000	\$000
	Current provisions			
8,957	Balance at 1 July	8,981	936	9,917
2,243	Additional provisions made during the year	3,280	31,537	34,817
(1,283)	Charged against provision for the year	(1,704)	(628)	(2,332)
9,917	Total current provisions	10,557	31,845	42,402
9,917	Total provisions	10,557	31,845	42,402

#### **NOTE 13: PROVISIONS**

#### **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 2021 and 30 June 2020.

#### **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 and having regard to the general trends in claims costs
- > 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% (2020: 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% (2020: 8.3%) 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 10 (2020: 34) claims received and assessed.

## Onerous leases

The provision for onerous contracts arises from a non-cancellable lease where the unavoidable costs of meeting the lease contract exceed the economic benefits to be received from it. Corrections has three operating lease contracts. This provision of \$644,000 represents the future estimated irrecoverable expenses for vacant leased premises. Corrections has two years remaining on the lease.

# Waikeria riot

## Demolition costs

Following the Waikeria riot the estimated costs associated with the requirements to demolish the top jail have been recognised in the 2021/22 financial year. Corrections has sought expert third party advice and has been informed that the asbestos content in the building material will most likely require extensive localised safety and containment measures to be applied during demolition, removal, and soil remediation. These factors increase the complexity of the demolition, and based on cost estimates a provision has been recognised at \$28.3 million as at 30 June 2021. The demolition work is planned to be completed within 12 months from 30 June 2021 (refer to Notes 4 and 23).

## Ex gratia payments

Corrections received Cabinet approval to make ex gratia payments to prisoners and staff who have lost personal property in the Waikeria riot. Corrections has recognised a provision of \$450,000 for the expected outstanding claims in the current year (refer to Note 23).

### NOTE 14: PROVISION FOR REPAYMENT OF SURPLUS TO THE CROWN

2020		2021
Actual		Actual
\$000		\$000
(197,723)	Net surplus/(deficit)	214,256
	Add	
9,077	Deficit on Departmental Other – (not output related)	-
	Other Unrealised (gain)/loss in fair value recognised in surplus	(2,742)
190,886	Unrealised (gain)/loss in fair value of derivative financial instruments	(197,458)
2,240	Adjusted net surplus	14,056
2,240	Provision for repayment of surplus to the Crown	14,056

The return of any surplus to the Crown is repaid by 31 October of each year.

## NOTE 15: OTHER FINANCIAL LIABILITIES

2020		Note	2021
Actual			Actual
\$000			\$000
894,976	Service concession arrangements	20	1,117,519
414,652	Derivative financial instruments	20	217,194
1,309,628	Total other financial liabilities		1,334,713
12,244	Current other financial liabilities		13,347
1,297,384	Non-current other financial liabilities		1,321,366
1,309,628	Total other financial liabilities		1,334,713

## Service concession arrangements

Other financial liabilities include Corrections' liabilities under service concession arrangements (Refer to Note 8).

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 2021, the total notional principal amount outstanding for Corrections' interest rate swap derivatives was \$1,235.1 million (2020: \$1,243.0 million).

Corrections has four (2020: four) interest rate swaps with the NZDMO, and these derivatives are classified as non-current.

For the arrangement with Next Step Partners, the first interest rate swap derivatives are calculated at a fixed interest rate of 4.78% and the second at 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 higher interest rate environment, the present value of the liability has decreased. The resulting unrealised gain in fair value of derivative financial instruments between 30 June 2020 and 30 June 2021 of \$197.5 million (2020: unrealised loss \$190.9 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

2020			2021
Actual		Note	Actual
\$000			\$000
	GENERAL FUNDS		
1,702,912	Balance at 1 July		1,456,485
(197,723)	Net surplus/(deficit)		214,256
33,536	Capital injections from the Crown		54,363
(80,000)	Capital cash returned to the Crown		-
(244,187)	Total movement in general funds		268,619
(2,240)	Provision for repayment of surplus to the Crown	14	(14,056)
1,456,485	Balance at 30 June		1,711,048
	REVALUATION RESERVES		
1,199,616	Balance at 1 July		1,199,616
-	Revaluation gains		504,923
1,199,616	Balance at 30 June		1,704,539
2,656,101	Total taxpayers' funds at 30 June		3,415,587
2020		_	2021
Actual			Actual
\$000			\$000
	Revaluation reserves		
	Land		
129,901	Balance at 1 July		129,901
-	Revaluation gains		38,590
129,901	Balance at 30 June		168,491
	Buildings		
1,069,715	Balance at 1 July		1,069,715
	Revaluation gains		466,333
1,069,715	Balance at 30 June		1,536,048
1,199,616	Total revaluation reserves at 30 June		1,704,539

Taxpayers' funds comprise general funds and revaluation reserves.

Corrections has no restricted reserves.

202		2020
Actu		Actual
\$00		\$000
214,25	Net surplus/(deficit)	(197,723)
	Add/(less) non-cash items	
227,59	Depreciation and amortisation	215,314
(197,45	Derivative financial instrument (decrease)/increase	190,886
(1,06	Biological assets revaluation gain	368
(5	Share fair value increase	138
(1,62	(Gain)/loss on retiring and long service leave	2,986
27,39	Total non-cash items	409,692
	(Increase)/decrease in working capital	
(80,63	Debtors and other receivables	57,507
2,75	Inventories	(4,204)
(20,42	Prepayments	1,653
2,50	Creditors and other payables	(36,558)
32,48	Provisions	960
7,54	Employee entitlements	19,089
(55,72	Working capital movements – net	38,447
	Add/(less) items classified as investing or financing activities	
31	Biological assets decrease	-
(2	Investment increase	-
(7	Interest and dividends received	(45)
15,70	Net loss on sale or disposal of non-current assets	5,943
46,5	Interest on other financial liabilities	49,040
62,55	Total investing or financing activity items	54,938
248,47	Net cash flow from operating activities	305,354

### NOTE 17: RECONCILIATION OF NET SURPLUS/(DEFICIT) TO NET CASH FLOW FROM OPERATING ACTIVITIES

#### **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 (2020: 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 2021 (2020: Nil).

#### **NOTE 19: KEY MANAGEMENT PERSONNEL COMPENSATION**

Corrections' key management personnel are the seven members of the Executive Leadership Team, which includes the Chief Executive, five Deputy Chief Executives and the National Commissioner (2020: six - Deputy Chief Executives and the National Commissioner).

2020		2021
Actual		Actual
\$000		\$000
3,055	Executive Leadership Team remuneration	2,615
7.7	Full-time equivalent staff	6.7

#### **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:

2020			2021
Actual		Note	Actual
\$000			\$000
	FINANCIAL ASSETS		
	Financial assets measured at amortised cost		
76,494	Cash and cash equivalents		67,649
403,843	Debtors and other receivables	6	468,161
480,337	Total financial assets measured at amortised cost		535,810
	Financial assets mandatorily measured at fair value		
	through surplus or deficit		
4,750	Investments		4,832
485,087	TOTAL FINANCIAL ASSETS		540,642
	FINANCIAL LIABILITIES		
	Financial liabilities measured at amortised cost		
125,868	Creditors and other payables	11	128,429
894,976	Service concession arrangements	15	1,117,519
1,020,844	Total financial liabilities measured at amortised cost		1,245,948
	Financial liabilities mandatorily measured at fair value		
	through surplus or deficit		
414,652	Derivative financial instruments	15	217,194
1,435,496	Total financial liabilities		1,463,142

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.

	2020			2021			
		Va	luation techniqu	e	Va	e	
		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							
Investments		4,750	-	4,750	4,832	-	4,832
Total financial assets		4,750	-	4,750	4,832	-	4,832
Financial liabilities							
Derivative financial							
instruments	15	-	414,652	414,652	-	217,194	217,194
Total financial liabilities		-	414,652	414,652	-	217,194	217,194

## 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:

414,652	Balance at 30 June	15	217,194
190,886	(Gains)/Losses recognised in surplus or deficit		(197,458)
223,766	Balance at 1 July	15	414,652
\$000			\$000
Actual		Note	Actual
2020			2021

#### 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 (2020: 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, and 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 (continued)

#### Market risk (continued)

2020			2021
Impact on net surplus/(deficit)		Change in interest rate (basis points)	Impact on net surplus/(deficit)
\$000			\$000
170,534	Interest rate swap derivatives	+100	136,397
(194,541)	Interest rate swap derivatives	-100	(153,708)

#### **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.

2020		2021
Actual	Note	Actual
\$000		\$000
	Cash and cash equivalents	
76,494	AA-	67,649
76,494	Total cash and cash equivalents	67,649
	Debtors and other receivables	
383,474	ААА	462,447
20,369	Counterparties without credit rating	5,714
403,843	Total debtors and other receivables 6	468,161
	Investments	
4,750	A-	4,832
4,750	Total investments	4,832

#### Debtors and other receivables

Debtors and other receivables are mainly comprised of Debtor Crown and NZDMO (both Standard and Poor's credit rating of AAA), receivables from external parties and other government entities. For its receivables from external parties and other government 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.

2020			2021
Actual		Note	Actual
\$000			\$000
	Creditors and other payables		
111,070	Less than six months	11	111,800
	Other financial liabilities	15	
12,244	Less than one year		13,347
84,812	One to five years		112,314
1,212,572	More than five years		1,209,052
1,309,628	Total for other financial liabilities		1,334,713
1,420,698	Total contractual cash flows for financial liabilities		1,446,513

#### **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 *Public Service Act 2020*, 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 lower than budget by \$19 million mainly due to reduction in funding from a decrease in capital charge, savings initiatives, and pre-approved in-principle expense transfers offset by funding received for collective wage pressures, Waikeria Critical Infrastructure, and various other initiatives.

Other Revenue was higher than budget by \$20.4 million mostly due to insurance proceeds received from the Waikeria riot.

Personnel costs were higher than budget by \$4.1 million mainly due to the Collective Employment Agreement uplift for Community Corrections workforce, and higher annual leave provision.

Operating costs were higher than budget by \$16.4 million mainly due to increased costs associated with the Waikeria riot.

Depreciation was lower than budget by \$4.9 million mainly due to delays to the modular build programme.

Capital charge was lower than budget by \$30.8 million due to the change in rate from 6% to 5%.

The unrealised gain in fair value of derivative financial instruments was higher than budget by \$191.7 million due to an increase, as at balance sheet date, of forward interest rates across the interest rate swaps' maturity profiles. Further information on Corrections derivative financial instruments is contained in Notes 15 and 20.

#### **Statement of Financial Position**

Cash and cash equivalents were higher than budget by \$17.6 million due to the timing of vendor payments and cash drawdowns.

Prepayments were higher than budget by \$19.2 million largely due to the prepayment to Cornerstone Infrastructure Partners LP relating to delays on Waikeria PPP impacted by COVID-19.

Debtors and other receivables were higher than budget by \$182.5 million mainly due to an increase in Debtor Crown, reflecting increase in Crown revenue and lower than expected cash drawdowns.

Property, plant and equipment was \$365.4 million higher than budget mainly due to the revaluation gains on land and building assets which were not included in the budget and lower than budgeted capitalised expenditure.

Intangible assets were \$37 million lower than budget mainly due to delays in the development of internally generated software.

Creditors and other payables were lower than budget by \$6.6 million mainly due to the changes to the creditor payments process, to accelerate payments to suppliers.

Employee entitlements were higher than budget by \$35.8 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 lower than budget by \$157.1 million. This relates to Corrections' service concession arrangement liabilities and the interest rate swap derivatives entered into with the NZDMO. The decrease is mainly due to delays in construction of the new facility at Waikeria Prison under a PPP arrangement, and unrealised fair value gains on the interest rate swap derivatives.

General funds were higher than budget by \$124.8 million. This was mainly due to unrealised fair value movements on the interest rate swap derivatives and higher capital injections from the Crown.

Reserves were higher than budget by \$504.9 million due to the recognition of revaluation gains on Corrections' land and building assets.

#### **NOTE 23: WAIKERIA RIOT**

#### Background

On 29 December 2020, a small number of prisoners within a high security unit at top jail, Waikeria Prison were involved in a riot. To ensure the safety and wellbeing of staff and prisoners, Corrections evacuated and moved around 200 people to other prison sites. The incident was resolved after six days on 3 January 2021, but resulted in irreparable damage to the top jail building and facilities.

#### Waikeria prison assets and demolition costs

Many of Waikeria Prison's functions and facilities were based at the top jail, including the receiving office, health centre, intervention and support unit, master control, property storage, audio visual link suite, kitchen, and laundry. Due to the irreparable damage caused by the incident, these facilities could no longer be used, and the \$15.3 million carrying value of the top jail buildings and other assets (plant, equipment, fixtures and fittings) have been derecognised and written off to surplus/deficit in the current financial year (refer to Note 8).

In addition, the requirement to demolish the top jail was also recognised in the 2020/21 financial year. Corrections has sought expert third-party advice and has been informed that the asbestos content in the building material will most likely require extensive localised safety and containment measures to be applied during demolition, removal, and soil remediation. These factors increase the complexity of the demolition, and based on cost estimates a provision has been recognised at \$28.3 million as at 30 June 2021. The demolition work is planned to be completed within 12 months from 30 June 2021 (refer to Notes 4 and 13).

#### Insurance claim and business continuity expenditure

Corrections received an insurance payment of \$23.1 million (representing the net of the insurance claim and the excess) of which \$16.2 million has been recognised as revenue in this financial year (refer to Note 2), and \$6.9 million has been recognised as business continuity insurance received in advance for future operational costs.

Corrections incurred \$3.0 million expenditure on the initial response and restoration of site services. Increased operating costs to service the interim operating model are estimated at \$7 million, to bring the total business continuity expenditure to \$10 million. Operating costs covered by Indemnity insurance (business interruption) covers a period of 36 months. \$6.9 million of insurance proceeds are for future financial periods, and has been reflected as income received in advance as at 30 June 2021.

#### Ex gratia payments

Corrections received Cabinet approval to make ex gratia payments to prisoners and staff who lost personal property due to the riot. Corrections has accrued for claims that have been received of \$850,000 and recognised a provision of \$450,000 for expected outstanding claims (refer to Note 13).

#### NOTE 24: POST BALANCE DATE EVENT

#### Decmil NZ contract termination

In the year ended 30 June 2020, Corrections terminated its contract with Decmil Construction NZ Limited (Decmil NZ) or the Modular Build Programme. On 16 April 2020 Decmil NZ ceased its trading operations in New Zealand and filed for voluntary liquidation.

On 29 July 2021 Corrections agreed a full and final 'without recourse' settlement of commercial disputes between the Department and Decmil NZ. The settlement was made without the transfer of any more money between Corrections, Decmil NZ, and the wider Decmil Group.

As at 30 June 2021, Corrections held receivable assets of \$16.4 million relating to liquidated damages and amounts paid directly to subcontractors. Following settlement, this asset has been recognised as a capital cost and transferred to work in progress expenditure for the Modular Build Programme.

#### COVID-19

During August 2021, New Zealand moved to Alert Level 4, and from September 2021 the rest of New Zealand south of Auckland moved to Alert Level 3. 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 and operations.

It is acknowledged that there is uncertainty on the duration and impact of the COVID-19 pandemic, the impact on the New Zealand economy, and Correction's construction projects. At the date of this report, it is 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 2021

2020		2021	2021	2021	2022
Actual		Actual	Budget	Supp. estimates	Forecast
			(unaudited)	(unaudited)	(unaudited)
\$000		\$000	\$000	\$000	\$000
	EXPENSES				
18,635	Waikeria Corrections and Treatment Facility	14,488	33,518	22,937	1,000
2,882	GST input expense	2,420	5,028	3,441	150
21,517	Total non-departmental operating	16,908	38,546	26,378	1,150
	expenses				

### Schedule of Non-departmental Assets

AS AT 30 JUNE 2021

2020		2021	2021	2021	2022
Actual	Note	Actual	Budget	Supp. estimates	Forecast
			(unaudited)	(unaudited)	(unaudited)
\$000		\$000	\$000	\$000	\$000
	CURRENT ASSETS				
6,815	Cash and cash equivalents 3	11,015	9,195	6,816	6,816
6,815	Total current assets	11,015	9,195	6,816	6,816
6,815	Total non-departmental assets	11,015	9,195	6,816	6,816

### Schedule of Non-departmental Liabilities

AS AT 30 JUNE 2021

2020		2021	2021	2021	2022
Actual	Note	Actual	Budget	Supp. estimates	Forecast
			(unaudited)	(unaudited)	(unaudited)
\$000		\$000	\$000	\$000	\$000
	CURRENT LIABILITIES				
1,914	Creditors and other payables 2	86	2,584	1,914	1,914
1,914	Total current liabilities	86	2,584	1,914	1,914
1,914	Total non-departmental liabilities	86	2,584	1,914	1,914

### Schedule of Non-departmental Commitments

#### AS AT 30 JUNE 2021

Corrections, on behalf of the Crown, has no non-departmental commitments as at 30 June 2021 (2020: Nil).

### Schedule of Non-departmental Contingent Liabilities and Contingent Assets

#### AS AT 30 JUNE 2021

**Contingent liabilities** 

Corrections, on behalf of the Crown, has no non-departmental contingent liabilities as at 30 June 2021 (2020: Nil).

#### **Contingent assets**

Corrections, on behalf of the Crown, has no non-departmental contingent assets as at 30 June 2021 (2020: Nil).

## Notes to the Non-departmental Schedules

#### FOR THE YEAR ENDED 30 JUNE 2021

#### 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's generally accepted accounting practice (Tier 1 Public Sector Public Benefit Entity Accounting Standards) as appropriate for public benefit entities.

The Non-departmental Statements and Schedules are presented in New Zealand dollars (NZ dollar) and are all values are rounded to the nearest thousand dollars (\$000).

#### 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

*PBE IPSAS 41 Financial Instruments* replaces *PBE IFRS 9 Financial Instruments* and is effective for year ending 30 June 2023, with earlier adoption permitted. Corrections has assessed that there will be little change as a result of adopting the new standard as the requirements are similar to those contained in PBE IFRS 9. Corrections does not intend to early adopt the standard for Non-departmental Statements.

#### 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 2021 budget figures are for the year ended 30 June 2021, 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 2021.

#### 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 and no interest is payable.

#### **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 nondepartmental 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

2020		2021
Actual		Actual
\$000		\$000
	Exchange transactions	
1,914	Accrued expenses	86
1,914	Total creditors and other payables	86

#### **NOTE 3: FINANCIAL INSTRUMENTS**

The carrying amounts of the financial assets and financial liabilities in each of the financial instrument categories are as follows:

2020		2021
Actual		Actual
\$000		\$000
	FINANCIAL ASSETS	
	Financial assets measured at amortised cost	
6,815	Cash and cash equivalents	11,015
6,815	Total financial assets	11,015
	FINANCIAL LIABILITIES	
	Financial liabilities measured at amortised cost	
1,914	Creditors and other payables	86
1,914	Total financial liabilities	86

#### Fair value

The fair value of financial assets and liabilities is equivalent to the carrying amount disclosed in the schedule of nondepartmental 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 (2020: 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 purposes 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:

2020		2021
Actual		Actual
\$000		\$000
	Cash and cash equivalents	
6,815	AA-	11,015

#### 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.

2020		2021
Actual	Note	Actual
\$000		\$000
	Creditors and other payables	
1,914	Less than six months 2	86
1,914	Total contractual cash flows	86

#### 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 \$19 million due to an agreement with Otorohanga District Council on the change in scope for the State Highway 3 overpass.

#### Schedule of non-departmental assets and liabilities

Creditors and other payables were lower than budget by \$2.5 million due to the completion of electricity, wastewater and gas projects.

### Statement of Budgeted and Actual Expenses and Capital Expenditure Incurred Against Appropriations

#### FOR THE YEAR ENDED 30 JUNE 2020

2020		2021	2021	2021	2021	2022
Expenditure after remeasure- ments		Expenditure before remeasure- ments	Remeasure- ments	Expenditure after remeasure- ments	Supp. estimates <sup>45</sup>	Forecas
					(unaudited)	(unaudited)
\$000		\$000	\$000	\$000	\$000	\$000
	VOTE: CORRECTIONS					
	Departmental output expenditure					
1,110,366	- Prison-based custodial services	937,117	199,083	1,136,200	1,195,569	1,107,538
256,734	- Sentences and orders served in the community	278,897	-	278,897	265,724	279,869
88,417	- Information and administrative services to the Judiciary and New Zealand Parole Board	93,164		93,164	75,710	81,003
1,455,517	Total public safety is improved MCA	1,309,178	199,083	1,508,261	1,537,003	1,468,408
266,293	Re-offending is reduced	295,683	1,117	296,800	311,567	355,378
2,864	- Policy advice	2,817	-	2,817	2,607	2,550
1,935	- Ministerial services	2,472	-	2,472	3,105	2,30
4,799	Total policy advice and ministerial services MCA	5,289	-	5,289	5,712	4,86
9,077	- Transfer of Auckland Prison wastewater assets	-	-	-	-	
1,735,686	Total departmental output expenditure	1,610,150	200,200	1,810,350	1,854,282	1,828,64
	Departmental capital expenditure					
	Corrections capital expenditure					
352,462	- Permanent legislative authority	503,416	-	503,416	534,079	448,968
352,462	Total departmental capital expenditure	503,416	-	503,416	534,079	448,96
	Non-departmental other expenses					
18,635	Waikeria Corrections and Treatment Facility	14,488	-	14,488	22,937	1,00
18,635	Total non- departmental other expenses	14,488	-	14,488	22,937	1,000

Refer to Part B: Statement of Performance for detailed performance against each category (pages 86 – 104). Changes in appropriation structure

There have been no changes to appropriation structure in 2021.

45. Supplementary estimates include \$18 million of additional funding for Waikeria demolition expenditure approved in terms of section 26B of the PFA.

### Statement of Budgeted and Actual Expenses and Capital Expenditure Incurred Against Appropriations (continued)

### Statement of Capital Injections

FOR THE YEAR ENDED 30 JUNE 2021

2020		2021	2021	2021	2022
Actual		Actual	Budget	Supp. estimates	Budget
			(unaudited)	(unaudited)	(unaudited)
\$000		\$000	\$000	\$000	\$000
	VOTE:				
	CORRECTIONS				
	Capital				
33,536	injections	54,363	15,600	54,363	69,495

### Statement of Capital Injections Without, or in Excess of, Authority

#### FOR THE YEAR ENDED 30 JUNE 2021

Corrections has not received any capital injections during the year without, or in excess of, authority (2020: Nil).

### Statement of Expenses and Capital Expenditure Incurred Without, or in Excess of, Authority

#### FOR THE YEAR ENDED 30 JUNE 2021

2020		2021	2021	2021	2021
		Expenditure			
		excluding	Appropriation	Unappropriated	Supplementary
Actual		remeasurements	voted	expenditure	estimates
\$000		\$000	\$000	\$000	\$000
	VOTE:				
	CORRECTIONS				
	Transfer of				
	Auckland Prison				
	wastewater				
9,077	assets	-	-	-	-

#### Transfer of Auckland Prison wastewater assets

In 2020, Corrections incurred unauthorised expenditure, under section 26C of the *Public Finance Act 1989*, on the transfer of Auckland Prison wastewater assets. The expenditure was authorised when the Minister of Finance approved the October Baseline Update in November 2019.



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 2020/21.

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.<sup>46</sup>

People	Average cost of	People serving a prison sentence have been convicted of a crime and sentenced to a term of imprisonment. Costs include programmes and services provided in prison.			
on prison sentences	<b>\$456</b> [2019/20: \$385]	Average volume: <b>5,622 people</b> [2019/20: 6,258]	Average length of sentence imposed: <b>564 days</b> [2019/20: 548]		
People on	Average cost of	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.			
remand	<b>\$346</b> [2019/20: \$295]	Average volume: <b>3,171 people</b> [2019/20: 3,677]	Average length of remand periods: <b>76 days</b> [2019/20: 76]		
Extended	Average cost of <b>\$129</b> [2019/20: \$131]	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.			
supervision		Average volume: <b>213</b> [2019/20: 217]	Average length of order: <b>2,201 days</b> [2019/20: 2,276]		
Home	Average cost of	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.			
detention	<b>\$85</b> [2019/20: \$82]	Average volume: <b>1,654</b> [2019/20: 1,510]	Average length of sentence: <b>209 days</b> [2019/20: 200]		
Parole	Average cost of <b>\$40</b> [2019/20: \$45]	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 New Zealand Parole Board.			
		Average volume: <b>2,513</b> [2019/20: 2,614]	Average length of order: <b>459 days</b> [2019/20: 459]		

46. Policy advice and ministerial costs, electronic monitoring bail costs, and pre-sentence costs are excluded as they cannot be attributed to a particular sentence or order.

Returning	Average cost of	Certain people who have returned to Aotearoa New Zealand after serving a sentence of imprisonment overseas are monitored by Corrections.			
offenders orders	<b>2019/20:</b> \$35]	Average volume: <b>231</b> [2019/20: 265]	Average length of order: <b>362 days</b> [2019/20: 367]		
Community	Average cost of	People serving community detention sentences are subject to electronically monitored curfews imposed by the court.			
detention	<b>\$37</b> [2019/20: \$26]	Average volume: <b>1,693</b> [2019/20: 1,501]	Average length of sentence: <b>123 days</b> [2019/20: 123]		
Released on conditions	Average cost of <b>\$33</b>		sentence of two years or less are rving half of their imposed term. Average length of order:		
	[2019/20: \$31]	<b>2,809</b> [2019/20: 2,835]	<b>348 days</b> [2019/20: 342]		
Intensive	Average cost of <b>\$28</b> [2019/20: \$21]	Intensive supervision is a rehabilitative, community-based sentence with close oversight from a probation officer.			
supervision		Average volume: <b>5,028</b> [2019/20: 4,594]	Average length of sentence: <b>434 days</b> [2019/20: 438]		
_	Average cost of	Supervision is a rehabilitative, community-based sentence with oversight from a probation officer.			
Supervision	<b>\$22</b> [2019/20: \$24]	Average volume: <b>7,638</b> [2019/20: 7,545]	Average length of sentence: <b>278 days</b> [2019/20: 277]		
Post-	Average cost of <b>\$18</b> [2019/20: \$12]	People who have completed a sentence of home detention are overseen by a probation officer. Conditions can include complet community work and abiding by curfews.			
detention conditions		Average volume: <b>1,294</b> [2019/20: 1,338]	Average length of order: <b>204 days</b> [2019/20: 210]		
Community	Average cost of	in the community as a way of ma	sentences complete unpaid work aking reparations for the harm of fending.		
work	<b>\$13</b> [2019/20: \$15]	Average volume: <b>11,299</b> [2019/20: 11,096]	Average length of sentence for community work cannot be easily calculated due to the complex nature of sentencing.		

### 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 (re-imprisonment) or any Corrections-administered sentence (re-sentencing).

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.

Due to changes made last year to how the RI is calculated, these figures are only comparable to last year. A set of 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

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RECIDIVISM INDEX - 12-MONTH FOLLOW-UP PERIOD (PERCENTAGES) FOR 2019/20						
		Relea	ased from prison	Beginning c	ommunity-based sentence	
Category	Group	<b>Re-imprisoned</b>	Re-sentenced	Imprisoned	Re-sentenced	
All (2019/20)	All	24.0	38.8	5.9	21.2	
Gender	Female	14.2	29.7	3.0	17.2	
	Male	25.0	39.8	6.7	22.3	
Ethnicity	Māori	27.5	43.1	8.1	25.9	
	European	20.5	35.6	5.7	21.4	
	Pacific peoples	17.4	30.6	4.4	17.2	
	Other (incl. Asian)	16.1	21.8	5.1	15.6	
Age (at the time	Under 20 years	29.2	51.1	5.3	26.4	
the follow-up	20-24 years	27.2	45.9	5.6	24.2	
period began)	25-29 years	30.4	48.2	6.9	24.3	
	30-39 years	25.3	41.0	7.3	22.9	
	40 years and over	16.1	25.7	4.1	14.8	
Gang status	Gang affiliated	31.7	49.3	16.6	37.0	
-	Not gang affiliated	20.1	33.6	4.6	19.3	
Offence (most serious offence	Abduction, harassment	25.3	39.9	6.6	22.9	
for original sentence;	Acts intended to cause injury	23.9	37.4	4.7	18.0	
ANZSOC system)	Dangerous or negligent acts	23.2	39.0	3.9	18.7	
	Fraud, deception	19.1	37.5	5.4	19.5	
	Homicide	7.9	11.8	0.0	4.3	
	Illicit drug offences	9.9	17.6	6.1	19.0	
	Miscellaneous offences	0.0	16.7	5.6	10.1	
	Offences against justice	32.9	51.3	8.4	24.4	
	Prohibited and regulated weapons	29.8	47.3	7.5	28.1	
	Property damage	25.9	40.7	6.5	28.7	
	Public order	28.8	36.3	10.6	26.5	
	Robbery, extortion	16.0	29.4	4.5	14.8	
	Sexual assault	5.9	9.4	0.7	3.3	
	Theft	37.7	58.9	11.7	34.9	
	Traffic	22.4	39.9	2.5	16.5	
	Unlawful entry with intent/burglary	27.7	46.6	10.7	28.6	
Community	Community work		_	5.4	21.9	
sentence	Supervision	-	-	4.4	19.8	
	Intensive supervision	-	-	11.1	28.0	
	Community detention	-	-	3.7	17.1	
	Home detention	_	_	6.1	14.6	
	Returning offender order	-	-	5.0	9.5	

		Relea	ased from prison	Beginning community-based sentence	
Category	Group	Re-imprisoned	Re-sentenced	Imprisoned	Re-sentenced
Prisoner	Maximum	56.0	64.0	-	-
security	High	36.3	54.6	-	-
classification (at release)	Low medium	28.7	46.6	-	-
reteasey	Low	21.2	37.2	-	-
	Minimum	8.7	16.3	-	-
Release type	Parole	10.9	18.5	-	-
	Post-release conditions	29.5	48.1	-	-
Sentence length	6 months or less	35.2	53.0	4.4	18.0
	>6 months to 1 year	28.2	49.0	5.9	20.0
	>1 to 2 years	26.6	42.9	12.2	28.0
	>2 to 3 years	13.7	24.8	-	-
	>3 to 5 years	10.0	18.2	-	-
	More than 5 years	7.7	10.3	-	-

#### RECIDIVISM INDEX - 12-MONTH FOLLOW-UP PERIOD (PERCENTAGES) FOR 2019/20

RECIDIVISM INDEX – 24-MONTH FOLLOW-UP PERIOD (PERCENTAGES) FOR 2018/19						
		Relea	ased from prison	Beginning c	ommunity-based	
					sentence	
Category	Group	Re-imprisoned	Re-sentenced	Imprisoned	Re-sentenced	
All (2018/19)	All	39.6	58.1	10.8	35.3	
Gender	Female	23.5	46.8	6.3	30.2	
	Male	41.5	59.4	12.0	36.8	
Ethnicity	Māori	44.8	63.9	15.1	42.7	
	European	34.0	52.8	10.2	35.3	
	Pacific peoples	33.6	51.0	9.5	32.2	
	Other (incl. Asian)	19.9	30.3	8.8	25.4	
Age (at the time	Under 20 years	51.0	72.9	8.9	44.9	
the follow-up	20-24 years	46.2	66.7	11.2	39.5	
period began)	25-29 years	45.7	66.4	12.6	39.9	
	30-39 years	42.3	61.7	13.0	37.9	
	40 years and over	27.5	41.8	7.1	24.1	
Gang status	Gang affiliated	53.1	71.3	29.0	59.3	
	Not gang affiliated	33.6	52.2	8.8	32.8	
Offence (most	Abduction,	42.6	61.3	10.8	36.5	
serious offence	harassment					
for original	Acts intended to	39.8	58.4	9.6	32.3	
sentence;	cause injury					
ANZSOC system)	Dangerous or	22.6	41.7	6.2	32.5	
	negligent acts					
	Fraud, deception	33.5	53.8	10.5	32.0	
	Homicide	15.0	25.0	0.0	8.9	
	Illicit drug offences	18.8	32.6	8.4	30.2	
	Miscellaneous offences	0.0	0.0	5.6	15.9	
	Offences against justice	50.1	68.3	14.5	39.1	
	Prohibited and regulated weapons	50.2	67.1	14.4	44.3	
	Property damage	44.3	64.9	13.5	43.5	
	Public order	51.1	71.6	15.3	44.1	
	Robbery, extortion	36.9	54.0	10.6	28.4	
	Sexual assault	14.1	22.2	3.5	11.9	
	Theft	59.3	79.6	20.3	52.7	
	Traffic	27.6	54.5	5.5	29.0	
	Unlawful entry with	46.5	68.9	18.7	49.3	
	intent/burglary					
Community	Community work	-	-	10.5	35.9	
sentence	Supervision	-	-	8.1	32.6	
	Intensive	-	-	16.4	42.7	
	supervision					
	Community	-	-	8.2	32.0	
	detention					
	Home detention	-	-	13.9	32.4	
	Returning offender	-	-	11.0	23.7	
	order					

REU			RECIDIVISM INDEX - 24-MONTH FOLLOW-OP PERIOD (PERCENTAGES) FOR 2018/19						
		Released from prison		Beginning c	Beginning community-based sentence				
Category	Group	<b>Re-imprisoned</b>	<b>Re-sentenced</b>	Imprisoned	Re-sentenced				
Prisoner	Maximum	68.8	81.3	-	-				
security	High	61.3	79.2	-	-				
classification (at release)	Low medium	49.6	67.7	-	-				
reteasey	Low	37.7	58.8	-	-				
	Minimum	16.4	32.0	-	-				
Release type	Parole	22.5	36.7	-	-				
	Post-release conditions	46.3	66.8	-	-				
Sentence length	6 months or less	48.7	69.5	9.8	33.0				
	>6 months to 1 year	46.5	66.6	10.3	33.6				
	>1 to 2 years	44.6	64.4	16.4	42.0				
	>2 to 3 years	25.4	43.1	-	-				
	>3 to 5 years	20.7	36.2	-	-				
	More than 5 years	19.8	27.0	-	-				

#### RECIDIVISM INDEX - 24-MONTH FOLLOW-UP PERIOD (PERCENTAGES) FOR 2018/19

### **Appendix Three: Rehabilitation Quotient**

Corrections offers a wide range of interventions aimed at achieving our strategic goals of reducing re-offending, improving public safety, and reducing Māori over-representation. We also offer people interventions that contribute to wider government goals to improve wellbeing outcomes for all New Zealanders, such as interventions to improve cultural, educational, employment, housing, and health outcomes. People typically access several interventions over the course of a sentence. Interventions is a collective term for all our programmes, activities and services.

Corrections uses a range of methods to assess intervention effectiveness, including evaluations, ongoing quality assurance and monitoring processes, and the Rehabilitation Quotient. Corrections takes all forms of assessment into account when routinely reviewing and enhancing interventions.

#### **Rehabilitation Quotient (RQ)**

Corrections uses the Rehabilitation Quotient (RQ) to measure the impact that our interventions have on re-offending. Re-offending is assessed by measuring re-imprisonment rates and rates of re-sentencing to a Corrections' managed sentence. The RQ compares the re-imprisonment and re-sentencing rates of people who have participated in an intervention, with the re-offending rates of similar people (matched through a range of factors) who have not participated in that intervention.

The RQ is one of a several measures of re-offending used by Corrections. Desistance research has consistently shown that people rarely stop offending immediately. Typically, people who desist from crime reveal a gradual decline in offending, including a reduction in the seriousness of their offending, and an increase in the gap between offences committed over time. Therefore, it is beneficial to consider a combination of re-offending measures when assessing programme effectiveness. The RQ does not measure changes in the seriousness of offending, nor does it measure the length of time people went without re-offending after being released from prison or completing an intervention in the community. The RQ focuses only on whether someone returns to prison or receives a further Corrections-managed sentence within a set time period.

The re-imprisonment and re-sentencing rates used to calculate the RQ are measured over a 12-month follow-up period. For prison-based interventions, the follow-up period begins when each participant is released from prison. For community-based interventions, the follow-up period begins when the participant has completed the intervention.

After the 12-month follow-up period ends, Corrections waits three months before preparing the RQ results. This allows more time for any re-offending that occurred during the follow-up period to progress through the courts. Only after this period ends can Corrections calculate the re-imprisonment and re-sentencing rates of intervention participants and compare them with non-participants.

The scores assigned to each intervention represent percentage point reductions in re-imprisonment or re-sentencing. For example, if the re-sentencing rate of a specific intervention's participants was 30% and the equivalent rate for non-participants was 35%, the RQ would be -5.0. A negative score means the intervention successfully reduced the rate at which participants were re-sentenced for new offences during the follow-up period compared to non-participants.

When participant numbers are low it is not possible to produce an RQ result based on a single year of data. In these circumstances, intervention participants from multiple years are combined to obtain a bigger sample. New and/or more targeted interventions do not always have sufficient participant numbers for analysis, even when multiple years are combined. Where the numbers are too small, it is not possible to calculate results for these interventions.

Scores which have been shaded indicate that the difference in outcomes between intervention participants and non-participants was statistically significant at the 95% level (darker shading) and 90% level (lighter shading). Significance at the 95% level means that we are 95% confident that the result is real and has not occurred by chance (there is a 5% chance the result has occurred by chance and does not reflect a true difference). At the 90% confidence level, we are 90% confident that the result is real (with a 10% chance the result might have occurred by chance). Results which do not reach statistical significance are more likely to be the result of chance. Caution should be exercised when using these results in isolation from other sources of information on intervention effectiveness. For historical results, please see Corrections' previous Annual Reports: https://www.corrections.govt.nz/resources/strategic\_reports/annual-reports

#### 2020/21 Overall Results

Collectively, most interventions evaluated for the 2020/21 RQ recorded modest reductions in re-imprisonment and re-sentencing rates. This is a positive outcome, although most results do not reach statistical significance. The general direction of results indicates our collective rehabilitative and reintegrative efforts are likely to be having broadly positive impacts. This is consistent with results from previous years.

The 2020/21 RQ measures the impact of interventions that were completed prior to 31 March 2020. The follow-up period extends to 31 March 2021. Hōkai Rangi was launched part way through the treatment period used for this year's RQ. Consequently, the results are not expected to fully reflect its impact. In particular, a large proportion of those released from prison are likely to have undertaken their treatment prior to the introduction of Hōkai Rangi. For this reason, the results do not reflect more recent improvements in intervention design and delivery.

#### Prison interventions

Positive results were broadly observable across our prison-based offence-focused interventions. As has been the case for the last seven years, the Special Treatment Unit – Violent Offending Programme continued to generate good results, although these did not reach the level of statistical significance this year. The Medium Intensity Rehabilitation Programme achieved a significant reduction in re-sentencing rates this year.

This year, Specialist Māori Cultural Assessments were included in the RQ. The assessment involves a specialist Māori provider engaging in a detailed kōrero to identify a person's cultural strengths. It provides in-depth cultural information and activity recommendations regarding referrals to appropriate Māori programmes or other opportunities. The assessments were last included in the 2017/18 RQ analysis. Whilst not reaching statistical significance, the assessments produced very promising results. However, with small numbers caution should be exercised in relation to these results. With a renewed emphasis on the delivery of these assessments under Hōkai Rangi, we will continue to monitor their impact in subsequent years.

The results for alcohol and other drug treatment (AOD) programmes were reduced this year. Our major AOD programmes have undergone a significant period of change during the treatment period under analysis which, alongside high prison population pressures during this period, is likely to have impacted delivery.

Prison-based employment interventions continue to generate positive results, with significant reductions in re-imprisonment and re-sentencing rates. As was the case last year, some positive results were observed in education, with Tertiary Education Commission delivered qualifications revealing significant reductions in re-sentencing rates. As previous research has shown, educational achievement can have a wide range of positive impacts in addition to improving people's employment prospects on release, such as increasing participants' levels of trust, self-confidence, self-determination, and motivation for change.

RQ results for our primary reintegration services were generally lower this year. While not reaching statistical significance, the overall results for women's supported accommodation were promising and will be monitored as recently introduced services are embedded.

A proportion of people in prison complete multiple forms of rehabilitation and reintegration during a single sentence. It is possible that there are positive benefits from combining interventions, as people address multiple areas of need. There is some suggestion that this may be the case for employment. In the 2020/21 cohort used for RQ analysis, around two-fifths of people who took part in prison-based employment also completed an offence-focused programme, and just over a third completed an alcohol or other drug programme in addition to employment. Strong results for employment are likely to reflect the additional value associated with combining rehabilitative and reintegrative interventions.

#### Community interventions

A number of community interventions reported positive results this year.

The Short Rehabilitation Programme continues to produce significant results, with the Men's Short Rehabilitation Programme revealing significant reductions in re-imprisonment and the Women's Short Rehabilitation Programme showing significant reductions in both re-sentencing and re-imprisonment rates.

The Medium Intensity Rehabilitation Programme delivered in the community continues to demonstrate significant reductions in re-sentencing rates. In terms of employment programmes, This Way for Work yielded good results, with a significant reduction in re-imprisonment rates evident.

#### **Prison-based interventions**

Interventions	Re-imprisonment	Re-sentenced
Offence-Focused Interventions		
Special Treatment Unit - Violent Offending	-7.8	-9.6
Medium Intensity Rehabilitation Programme	-2.3	-7.0
Mauri Tū Pae	-1.9	0.8
Kowhiritanga^	-1.2	-6.5
Short Rehabilitation Programme - Men	-2.8	-1.9
Short Rehabilitation Programme - Women^	-0.5	-0.2
Alcohol and Other Drug Interventions		
Drug Treatment Programme (12-month programme)	0.3	-3.2
Drug Treatment Programme (6-month programme)	0.9	-1.2
Intensive AOD Treatment Programme (8 weeks)^	1.4	0.2
Education and Employment Interventions		
Prison-based employment (all activities47)	-3.1	-4.3
Release to Work	0.7	-1.7
TEC Delivery	-2.1	-3.7
Intensive Literacy and Numeracy	-4.0	-1.8
Self-directed Learning	-1.1	-1.4
Secure Online Learning	-2.3	0.0
Cultural Interventions		
Te Tirohanga	0.6	-0.4
Tikanga Programmes	0.4	2.3
Specialist Māori Cultural Assessments	-10.3	-9.2
Reintegration and Housing Interventions		
Whare Oranga Ake^	0.7	-3.2
Out of Gate (Standard)	1.3	2.3
Supported Accommodation	0.9	0.0
Supported Accommodation for Women^	1.3	-4.2
This Way for Work	-1.7	-4.8

#### **Community-based interventions**

Interventions	Re-imprisonment	Re-sentencing
Offence-Focused Interventions		
Medium Intensity Rehabilitation Programme^	-4.1	-8.7
Family Violence courses - Men	-1.8	-2.6
Family Violence courses - Women^	-0.9	-2.5
Short Rehabilitation Programme - Men	-5.9	-5.4
Short Rehabilitation Programme - Women^	-2.6	-7.9
Employment Interventions		
This Way for Work	-2.2	-3.7

In the table above, the darker shading indicates that the difference between the treated and untreated groups was statistically significant at the 95% level. The lighter shading indicates statistical significance at the 90% threshold, where an intervention effect is considered highly likely to not have occurred because of chance.

^ Interventions are calculated over three years.

47. 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 2020/21.

Hōkai Rangi 2019 - 2024	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: <u>https://www.corrections.govt.nz/resources/strategic_reports/corrections_strategic_plans/hokai_rangi</u>
Statement of Intent 2018 - 2022	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
Wahine - E rere ana ki te Pae Hou 2017 - 2021	Wahine – E rere ana ki te Pae Hou: Women's Strategy is Corrections' overarching strategy for women, which contains the vision and underlying principles for the way we work with women. 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
Breaking the Cycle: Our Drug and Alcohol Strategy through to 2020	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 focussing 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 \$4.5 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<sup>47</sup> framework. We report on the performance of assets in the Property portfolio and Information, Communication and Technology (ICT) portfolio, except 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	2019/20	2020/21	2020/21	2021/22
Measure	Indicator	Actual	Actual	Target	Target
Percentage of prison					
buildings with an excellent/					
good condition <sup>48</sup>	Condition	85%	85%	≥85%	≥85%
Percentage of Community					
Corrections site owned					
buildings with an excellent/					
good condition49	Condition	96%	97%	≥85%	≥85%
Percentage of prison service					
utilisation of available capacity					
at 30 June	Utilisation	99%	97%	99%	99%
Number of reactive calls <sup>50</sup> , as					
a rate per prisoner	Functionality	3.76	4.76	≤3.97	≤3.97
Number of reactive calls <sup>50</sup>					
affecting normal operations,					
as a rate per prisoner	Functionality	0.92	1.62	≤0.98	≤0.98

For our property assessment criteria, see Corrections' 2018/19 Annual Report (page 183): <u>https://</u>www.corrections.govt.nz/\_\_data/assets/pdf\_file/0008/38852/Annual\_Report\_2018\_2019\_Web\_Version\_Final.pdf

From 2021/22 we will be reporting on two additional condition measures, following a recommendation within our Investor Confidence Rating Review. They will reflect the percentage of our buildings with a poor or very poor condition.

We are reviewing the potential for further additional condition measures, to enhance our reporting as our asset management maturity increases. We will be considering starting to report on Facility Condition Grade Index, Condition Grade Index or equivalent measures from 2021/22 at the earliest.

49. This measure accounts for 26 of 145 sites, as the remainder are leased.

<sup>47.</sup> https://treasury.govt.nz/information-and-services/state-sector-leadership/collaboration-initiatives/investment-management-system/review-investment-reviews/ investment-intensive-agencies

<sup>48.</sup> Underground (horizontal) assets, Old Mt Eden Heritage Building and any uncompleted new builds (e.g. Waikeria new facility) are not included in this measure.

<sup>50.</sup> Reactive calls require unplanned maintenance.

Prison service utilisation of available capacity sits below the 99% target due to the residential units at Waikeria Prison that became unusable following a riot in December 2020. While no longer in operation, the units at Waikeria had not been formally removed from capacity as at the reporting date of 30 June 2021.

We are discontinuing the previously reported measure "Percentage of prison service utilisation of Rated Maximum Capacity". This measure was established in 2016, when, due to the rapidly increasing prison population there was a focus on adding beds across the entire prison network. Following the launch of Hōkai Rangi, in 2019, this measure no longer reflects our strategic direction and will be replaced by a more meaningful measure in the 2021/22 Annual Report.

Our prison portfolio is currently performing below target on two functionality measures, because we continue to see a drop in the prison population and a positive change to our supply chain delivery model, which has seen a significant uplift with the reporting of reactive calls. Therefore, these measures are no longer as meaningful as they were at the start of reporting and we will be putting them under review for replacement next year, to better align with the functionality requirements of our Hōkai Rangi strategy. We will not be applying any further annual 5% reductions to the functionality targets, as this reduction has been compounded each year from 2017/18 to 2020/21 and it is no longer meaningful to continue such a reduction in perpetuity.

#### 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	2019/20	2020/21	2020/21	2021/22
		Actual	Actual	Target	Target
Percentage of time our core					
services are available	Availability	99.99%	99.99%	>99.5%	>99.5%
Percentage of our ICT assets					
with a condition rating of poor	Condition	30%	20%	21%	21%
Number of online kiosks					
available within the prison					
environment for offender					
self-service	Utilisation	304	297	≥170	≥170
Percentage of Community					
Corrections frontline staff					
accessing information through					
mobile technology	Utilisation	100%	100%	>75%	>75%
Percentage of our storage					
that is available/hosted within					
a public cloud	Functionality	1%	22%	10%	30%

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. In 2021/22, we will complete this deployment, fully replacing remaining Windows 7 desktops and Wyse terminals.

We are now consuming public cloud storage, 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 Wellbeing Strategy

The Government launched its first Child and Youth Wellbeing 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 wellbeing of children and young people, what we are doing to improve their wellbeing, and how others can help us in this journey. The strategy can be viewed online: <a href="https://childyouthwellbeing.govt.nz/resources/child-and-youth-wellbeing-strategy">https://childyouthwellbeing.govt.nz/resources/child-and-youth-wellbeing-strategy</a>

As at 30 June 2021, we managed 768 young people (under 25 years old) in prison and 4,162 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 wellbeing in Aotearoa New Zealand.

At Corrections, we have over 300 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 Young Enterprise Scheme.

#### Our progress so far

We have designed a framework for the management and wellbeing of people under 25 years old in the corrections system. The framework is directly aligned to both the Child and Youth Wellbeing Strategy and Hōkai Rangi and prioritises:

- > identity and belonging
- > continuity of care
- > access (including educational opportunities, rehabilitation programmes, and reintegration services)
- > reducing harmful influences and escalation
- > imprisonment as a last resort.

We continue to work with Oranga Tamariki to increase access to the Transition Support Service, which supports young people in the justice system, and in statutory care, to support their successful transition to adulthood.

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 page 40.

Te Mana Wāhine – Māori Pathway is underway in Canterbury. It is focusing on co-designing an end-to-end kaupapa Māori pathway for women in prison and the community and their whānau and will transform the way we operate over the next four years. Te Mana Wāhine will inform transformation at the other two women's prisons - Arohata Prison and Auckland Region Women's Corrections Facility.

In July 2020, a new kaupapa Māori support service was introduced at our Mothers with Babies Units in Auckland and Christchurch. This service focuses on the child and provides parenting and general life skills to mothers, along with child development and age-appropriate play.

### Appendix Seven: Legislation enacted in 2020/21

Corrections did not have any legislation enacted in the 2020/21 financial year.

### Appendix Eight: New Zealand Business Number

The New Zealand Business Number (NZBN) is a globally unique identifier, available to every business in Aotearoa New Zealand. 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 Aotearoa New Zealand businesses a competitive edge locally and globally.

We have recorded the NZBN of 2,083 current active vendors (this is 77% of a total 2,706 active vendors). This has increased from 74% as at 30 June 2020. We aim to increase this further to 80% by 30 June 2022.

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 Aotearoa 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 2020/21, 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.

During 2020/21 we continued to work closely with community stakeholders on the Māori Pathways initiatives at Hawke's Bay Regional Prison and Northland Region Corrections Facility and now Canterbury on Te Mana Wāhine Pathways. Corrections has a kawenata in place with the Kiingitanga and we are leveraging that relationship to support the Justice Sector to sign a kawenata with the Kiingitanga.

The High Impact Innovation Programme is implementing new services across the justice sector and engages with iwi and local communities. The Bail Support Service in Kaitāia is co-designed and delivered by four kaupapa Māori social service providers (He Korowai Trust, Waitomo Papakāinga Development Society, Mauri Social Services and Whare Timatatanga Hou Ora) supported by the Te Hiku Accord. The Bail Support Service Programme will work collaboratively with other iwi (such as Ngāti Kahungunu in Hawke's Bay) to design and deliver the services that meet the needs of the local communities.

The programme also reaches out to targeted community groups to hear their views about projects that relate to them. For example, we spoke to victims of crime from around Aotearoa New Zealand for their input into the design of an online tool to improve the way we send them notifications about people who have offended against them. We also worked with primary healthcare providers on a pilot service to improve the continuity of healthcare that people receive when leaving prison and re-entering 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 and has two other external members.

### 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 – Te Tari Tirohia 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 Corrections, 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 2020/21 period, the Inspectorate dealt with 6,616 cases. These included 5,555 complaints (an increase of 41% from the previous year), 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 5,541 calls, and 914 letters or emails were also received.

#### **Complaints**

This year the Inspectorate dealt with 5,555 complaints (98% related to prisons and 1% to Community Corrections). Not surprisingly, the majority of complaints came from larger prison sites, with 62.8% of complaints coming from five sites (Auckland South Corrections Facility, Auckland Prison, Mt Eden Corrections Facility, Spring Hill Corrections Facility and Christchurch Men's Prison). Ten frequent complainants submitted 14.4% of all complaints to the Inspectorate.

The most frequent complaint categories were prisoner property, complaints process, prison health services, and staff conduct and attitude. 47% of complaints received fell into these categories.

In December 2020, the complaints system was enhanced with the creation of the Early Resolution Team within the Inspectorate. This team responds to all complaints, requests and inquiries received by the Inspectorate (whether by telephone message, mail or email). The team works to resolve lower level complaints and frees up regional inspectors to investigate more complex issues. If a complaint is urgent or relates to safety, it can come directly to the Inspectorate without being handled in the prison first. The Inspectorate has clinical inspectors who assess and manage health-related complaints and work with health centre teams to resolve issues.

The Inspectorate's website (<u>https://inspectorate.corrections.govt.nz/</u>) outlines in detail how to make a complaint, and has information in five languages. Additionally, the Inspectorate has developed posters outlining the complaints system which 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 prisoners about staff members. In 2020/21, the Inspectorate monitored the investigations of 132 IR.07 complaints.

#### Special investigation

In 2020/21, the Chief Inspector undertook an investigation into the management of three maximum security prisoners at Auckland Region Women's Corrections Facility. The investigation was prompted by a number of complaints made by the women. After initial inquiries, the Chief Inspector broadened the investigation to cover their custodial and health management for a 12-month period. The investigation found that initially the women were managed appropriately, but later management departed significantly from the requirements of the prison operations manual and that there was a systemic failure of oversight.

#### **Complaints review**

Following the special investigation and a related court case, in March 2021 the Chief Inspector was tasked by the Minister of Corrections to lead a review of Corrections' complaints system. The review, to be completed by the end of 2021, will identify ambitious and achievable changes to the complaints system to improve outcomes. Enhancements to the system will then be implemented.

The Chief Inspector was also tasked with overseeing the implementation of enhancements to the three women's prisons, to take into account the specific needs of women in prison.

#### Waikeria inquiry

On 4 January 2021, Corrections' Chief Executive directed the Chief Inspector to investigate and report on the circumstances surrounding the riot that began at Waikeria Prison on the afternoon of 29 December 2020 and ended on 3 January 2021.

The inquiry will investigate what was known prior to the riot, review the response as the incident unfolded, and consider the preparedness of the Department of Corrections for a major disorder event at this site and across the entire prison network.

The Chief Inspector has established a team to conduct the investigation, and appointed four independent external advisors to assist the inquiry. They are:

- > Sir David Carruthers, former Chief District Court Judge, Chair of the New Zealand Parole Board, and Chair of the New Zealand Independent Police Conduct Authority.
- > Lady Tureiti Moxon (Ngāti Pāhauwera, Ngāti Kahungunu, Kāi Tahu), Managing Director of Te Kōhao Health, and Chair of the National Urban Māori Authority.
- > Dr Robert Joseph (Tainui, Tūwharetoa, Kahungunu and Ngāi Tahu), Associate Professor of Law at Waikato University.
- > Baden Vertongen (Ngāti Raukawa ki te Tonga), Barrister and Solicitor of the High Court of New Zealand and a mediator.

The inquiry team anticipates completing its investigation in late 2021.

#### **Prison inspections**

In 2020/21, the Inspectorate continued its programme of announced and unannounced follow-up inspections across the prison network. This aims to build on progress to date and ensures people in prison are consistently being treated in a fair, safe, secure, and humane way. This year inspections have been carried out at Arohata Prison, Auckland Region Women's Corrections Facility, Christchurch Women's Prison, Auckland South Corrections Facility, and Invercargill Prison.

Additionally, the Inspectorate is conducting a number of thematic inspections. This programme of work began with a thematic report about older people in prison (published August 2020). A second thematic inspection relates to inter-prison transfers, and a third to the lived experience of women in prison.

Reports are published on the Inspectorate website and printed copies are sent to all prison libraries.

Inspections are guided by our Inspection Standards which describe the standards of treatment of people in prison, and conditions that prisons are expected to achieve.

The Inspection Standards derive from:

- > 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

All deaths in Aotearoa New Zealand prisons are investigated by the Inspectorate. The reports contain findings and recommendations for improvements to Corrections' policies and procedures. The reports are provided to Corrections' National Commissioner and Deputy Chief Executive Health, the Coroner, and the Office of the Ombudsman.

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. All investigations are conducted by both regional inspectors and clinical inspectors (who are registered nurses).

In 2020/21, there were 24 deaths in custody, a decrease of three from 2019/20. The number of assumed unnatural deaths in custody increased from nine in 2019/20 to 11 in 2020/21.

## 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 sections 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 2020/21, we monitored 78,168 phone calls in publicly managed prisons (this excludes Auckland South Corrections Facility). This is a decrease of 13,726 calls from 2019/20. In the 2019/20 reporting period, the high volume of calls monitored was attributed to the COVID-19 response, and the first anniversary of the Christchurch terrorist attack.

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 sections 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% 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 to help 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 167–169.

#### **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 2020/21, 865 people started a DTP, while 735 people completed the programmes during the same period. The completion rates for the three-month, six-month and twelve-month DTPs were 92%, 90% and 83% respectively.

Across our DTPs, 11.5 full-time equivalent (FTE) Peer Support Worker and nine FTE Cultural Support Work roles have been funded to support participants attending the DTPs.

#### Alcohol and Other Drug (AOD) Intensive Treatment Programmes (8 weeks)

The Intensive Treatment Programme (ITP) is offered in five of our prisons and is an eight-week long, recoveryfocused 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 2020/21, 240 people started the ITP while 198 people completed the programme during the same period. The completion rate for the ITP was 84%.

#### Gender-responsive and youth programmes

In 2017/18, we launched Te Ira Wāhine (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 Wāhine 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 2020/21, the number of people who started Te Ira Wahine was 38, and for Tamaua te Koronga the number was 37. The completion rates for Te Ira Wahine and Tamaua te Koronga were 77% and 53% respectively for each programme. The completion rates for these programmes is approximately 10% 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 20 aftercare workers based across 13 prisons. In 2020/21, aftercare workers provided services for 237 people in prison and after release.

#### RecoveRing - Alcohol and other drug support line

RecoveRing 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 2020/21, 623 phone calls and 216 emails were received by the RecoveRing 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 2020/21, 3,522 general random drug tests were completed. Of these, 96.2% 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 sections 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 and Restraint (including refresher course)
- > First Aid Certification (including refresher course)
- > Tactical Options (including refresher course)
- > Prisoner Escort and Courtroom Custodial Services modular training
- > Mental Health First Aid
- > Hazard reporting
- > Assessor training
- > Health and Safety toolbox talks (Mindful Living; Hazard ID/Risk Assessments; Mental Health Awareness; Driver Safety; Women's Health; Recharge Your Batteries; Developing Your Vision; Driver Safety; World Health and Safety Day; Communicable Diseases).

# 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 driving complaints made by members of the public and one complaint by a prisoner in relation to security officers employed by the Contractor.

Both driving complaints were investigated internally, and the Prison Escort and Court Custodial Services (PECCS) officers involved were required to undertake both responsive training and an advanced driver training course.

The prisoner complaint regarding a search was investigated internally and investigated by Corrections' Security Monitor. The PECCS officer involved was found to have acted in compliance with relevant policies, procedures, and legislation.

## 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 no reported incidents involving violence by or against prisoners (excluding those outlined elsewhere) while in the custody of security officers employed by the Contractor.

## 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:

There were four reported incidents involving violence by prisoners against a security officer employed by the Contractor while carrying out escort duties or courtroom custodial duties. These included:

- > One incident where a prisoner spat in a PECCS officer's face
- > One incident where a prisoner bit a PECCS officer on the arm and spat at a second PECCS officer

- > One incident where a prisoner kicked a PECCS officer while being escorted to the escort vehicle
- > One incident where a prisoner lashed out and kicked a PECCS officer.

# 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 two reported incidents involving self-inflicted injuries by a prisoner while in the custody of security officers employed by the Contractor.

This included one attempt at self-harm by the prisoner placing an item of clothing around their neck, and a second attempt at self-harm by another prisoner by tying shoelaces tightly around their wrists.

# 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 eight 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 34,773 searches were recorded by security officers employed by the Contractor during the reporting year. There were no strip searches recorded.

# 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:

Disciplinary action was taken against one security officer employed by the Contractor for failure to wear a seatbelt on multiple occasions. A written warning was issued to the officer.

## 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 subcontracted the operation of the prison to Serco.

ASCF is Aotearoa 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 and 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. Corrections also have security monitors that look at escort duties provided by ASCF.

Special monitors are appointed by Corrections, on an as-needed basis, 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 2020/21

> Category 1 KPIs (Chargeable Events)

There was one chargeable event in 2020/21. This was for an unnatural death of a prisoner in June 2021, resulting in a financial deduction of \$99,819.92.

#### > Category 2 KPIs (Key Operational Incidents)

There were 40 Category 2 KPI breaches in 2020/21, resulting in a financial deduction of \$760,849.58. These KPI breaches related to:

Schedule 16 – Performance regime KPI breach	Number of KPI breaches
2.02	4
2.03	2
2.10	3
2.11	2
2.16 (service failure points only)	11
2.22	16
2.26	2

#### > Category 3 KPIs (Custodial Performance – Operational Incidents)

These KPIs are measured quarterly as green (favourable), amber or red. In 2020/21 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 2020/21, the rehabilitation and reintegration performance trend report tracked as green throughout all four quarters resulting in no financial deduction being incurred.

#### 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 2020/21	Total number of staff attending training	Type of training*	Quality of the training	Hours per staff member
Advanced Control & Restraint	4	Compliance	Delivered by Corrections instructors.	1 week
Control and Restraint (C&R)	133	23 Compliance Delivered by certified C&R instructors, who go to yearly Tactical Instructor Revalidation courses, run by Corrections staff.		10.00
Co-ordinated Incident Management System SME	4	Compliance	Delivered by Skills NZ, to a NZQA standard.	2 days
Diversity Training	16	Compliance	Created and delivered by senior Serco staff.	2.00
Facility Security	100	Compliance	Created and delivered by senior Serco staff.	1.00
Fire	59	Compliance	Delivered by Safety 'n Action, to a NZQA standard.	4.00
First Aid	62	Compliance	Delivered by First Aid NZ, to a NZQA standard.	6.00
First Responding Officer	73	Compliance	Led by Serco internally. SMEs may deliver the training or train other experienced members of staff to on-deliver that training to staff.	2.50
Health & Safety Training	alth & Safety Training 6 6 Compliance		Delivered by Safety 'n Action, to a NZQA standard.	8.00
High Security & Ratchet Handcuffs	24	Compliance	Led by Serco internally. SMEs may deliver the training or train other experienced members of staff to on-deliver that training to staff.	1.00
Hostage Officer	65	Compliance	Led by Serco internally. SMEs may deliver the training or train other experienced members of staff to on-deliver that training to staff.	2.50
Offender Management – National Certificate Level 3	l l l l l l l l l l l l l l l l l l l		Self-paced course to be completed within 12 months of employment.	
Oleoresin Capsicum	61	Compliance	Delivered by certified C&R instructors, who go to yearly Tactical Instructor Revalidation courses, run by Corrections staff.	2.50
Prison Negotiators	3	Compliance	Delivered by both experienced Serco and Corrections staff.	8.00

Training provided in 2020/21	Total number of staff attending training	Type of training*	Quality of the training	Hours per staff member
Suicide Prevention Awareness Training	79	Compliance	Led by Serco internally. SMEs may deliver the training or train other experienced members of staff to on-deliver that training to staff.	2.50
Talking Trouble	2	Compliance	Delivered by Talking Trouble NZ.	6.00
Complaints management training	13	Serco Local	Created and delivered by senior Serco staff and the Inspectorate.	4.00
Aboriginal and Torres Strait Islander Cultural Appreciation	2	Serco Online LMS		0.50
Anti-Bullying and Harassment	254	Serco Online LMS		0.50
Approaching an Employee you are concerned about	110	Serco Online LMS		1.00
Asbestos Awareness	18	Serco Online LMS		0.70
Basic navigation of the Tagetik system	1	Serco Online LMS		0.50
Bio Hazard Spill Kit	230	Serco Online LMS		0.50
Call to Reporting an Unplanned Absence	1	Serco Online LMS		0.50
Code of Conduct	192	Serco Online LMS		0.50
Competing Fairly	19	Serco Online LMS		0.25
Confined Space Awareness	15	Serco Online LMS		0.20
Conflict Management	1	Serco Online LMS		0.50
Conflict of Interest	296	Serco Online LMS		0.50
Crane and Lifting Awareness	13	Serco Online LMS		0.20
Critical Risks Introduction	166	Serco Online LMS		0.20
Electrical Safety	147	Serco Online LMS		0.20
Employment Relations Act training	12	Serco Online LMS		2.00
Environmental Awareness at Serco	303	Serco Online LMS		0.50
Facility Security	46	Serco Online LMS		1.00
Fatigue Management	162	Serco Online LMS		0.20
Financial Crime	7	Serco Online LMS		0.20
Fire Awareness	245	Serco Online LMS		2.00
Gang Refresher Training	36	Serco Online LMS		2.00
Hazardous Substance Awareness	145	Serco Online LMS		0.20
Health Issues and Infection Control	198	Serco Online LMS		0.50
Hot Works	14	Serco Online LMS		0.20
Induction and On-Boarding	3	Serco Online LMS		0.50
Isolation and Lock Out	22	Serco Online LMS		0.20

Training provided in 2020/21	Total number of staff attending training	Type of training*	Quality of the training	Hours per staff member
Kohuora Leadership	32	Serco Online LMS		3 days
Development Programme L&D Training Procedures	1	Serco Online LMS		1.00
Living our Code of Conduct	226	Serco Online LMS		0.75
Living our Code of Conduct 2020	49	Serco Online LMS		0.75
Living our Code of Conduct 2021	82	Serco Online LMS		0.75
Managing Mental Health Risks at Work	107	Serco Online LMS		1.00
Manual Task Awareness	152	Serco Online LMS		0.20
Mental Health Awareness	6	Serco Online LMS		0.50
Modern Slavery	220	Serco Online LMS		0.50
My Catch-up – Conversations	2	Serco Online LMS		0.50
My Catch-up – Development	26	Serco Online LMS		0.25
My Catch-up – Feedback	14	Serco Online LMS		0.25
My Catch-up – Individual Objectives	12	Serco Online LMS		0.25
My Catch-up – Manager Toolkit	11	Serco Online LMS		0.25
My Catch-up – Step into Coaching	12	Serco Online LMS		0.25
My Catch-up – Team Objectives	10	Serco Online LMS		0.25
NZ Privacy Act 2020	103	Serco Online LMS		0.50
Phishing Awareness	1	Serco Online LMS		0.50
Protecting our Information (Privacy)	220	Serco Online LMS		0.75
Protecting us from Financial Crime	3	Serco Online LMS		0.50
Protecting yourself and others (WHS)	250	Serco Online LMS		0.25
Remote and Isolated Work Awareness	151	Serco Online LMS		0.20
Resilience in the Work place	28	Serco Online LMS		0.50
Understanding the SMS	245	Serco Online LMS		0.25
Unknown Hazardous Substances	127	Serco Online LMS		0.50
Updating Personal Information in SAP	108	Serco Online LMS		0.25
Vehicle and Driving Awareness	146	Serco Online LMS		0.20

Training provided in 2020/21	Total number of staff attending training	Type of training*	Quality of the training	Hours per staff member
Violence and Aggression Awareness	129	Serco Online LMS		0.25
Working at Height	13	Serco Online LMS		0.20
Working with Transgender Prisoners	73	Serco Online LMS		2.50

\*Serco Online LMS: Serco Online Learning Management System.

In addition to the training listed above, ASCF staff have been given the opportunity to learn Te Reo Māori with Te Awanuiārangi (a tertiary education provider). This is a 12-month programme which started in late 2020 with classes being held once a week. Billy MacFarlane (from Puwhakamua) also led cultural training with our case management team.

#### 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:

- > A staff member will attempt to resolve the complaint at the lowest level if possible. This resolution does not include a complaint form if the complaint is straight-forward.
- > If resolution at the lowest level is not possible, or the prisoner wishes to record the complaint, they will complete a PC.01 Formal Complaint form and hand it to a staff member.
- > A Supervisor or Operations Manager will meet with the prisoner who made the complaint and discusses their issue(s).
- > A plan will be made of what action(s) should be taken (if any), and once they have taken place then the prisoner is informed of the outcome.
- > When a resolution is achieved the complaint is closed.
- > If a resolution is not achieved, 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 prisoner may complete any number of complaint forms. They may contact the previously mentioned external agencies at any point.

#### A total of 2,178 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 290 violent incidents were recorded under the following categories:

Violence between prisoners:

- > 117 incidents of fighting
- > 55 incidents of assault no injury
- > 19 incidents of assault non-serious
- > 5 incidents of assault serious (including alleged sexual assaults).

Violence against staff or others:

- > 87 incidents of assault no injury
- > 4 incidents of assault non-serious
- > 3 incidents of 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 11 reported incidents involving self-inflicted injuries to prisoners. All 11 incidents were categorised as self-harm no treat to life.

#### The programmes provided for prisoners at the prison:

A total of 13,479 prisoner attendances were recorded for various programmes and recreational activities. Employment is excluded within this measure. Each prisoner attendance at a unique activity is counted once per month.

For example, in June 2021 a prisoner attended Art four times, Budgeting skills once, and was enrolled for Financial Literacy (but did not attend), would be counted as follows: This unique prisoner attended two (2) programmes/ activities in June 2021.

Programmes and activities attended are as follows:

- > Academic Support
- > Alcohol and Other Drug / Gambling Brief
- > Alcohol and Other Drug / Gambling Intermediate
- > AOD Individual Session
- > Art
- > Asian Family Services Level 1 Public Health
- > Asian Family Services Level 3 Clinical
- > Barbering
- > Basic Computer Skills
- > Basketball Academy
- > Bible Studies
- > Budgeting Skills



- > Building Awesome Whānau (Parenting)
- > CADS Pre-Release Group
- > Certificate in Papa Ako
- > Certificate in Papa Whairawa (Financial literacy)
- > Children & Family Activities Planning Group
- > Church Choir
- > Community Engagement
- > Creative Writing
- > CRS Assessment
- > Drug Treatment Programme Aftercare Group
- > Dynamics of Whanaungatanga
- > Employability Passport
- > English as a Second Language Support
- > Family Group Conference
- > Field
- > Final Pathway Assessment Offender Plan
- > Financial Literacy
- > Graduation
- > Grounds Maintenance
- > Gym
- > He Papa Tikanga (Your Cultural Foundation)
- > Health Referral
- > Healthier Futures
- > Holy Communion
- > Individual Assessment
- > Individual Treatment
- > Individual Treatment High
- > Individual Treatment Medium
- > Initial Pathway Assessment Offender Plan
- > Kaiwhakamana
- > Kapa Haka
- > Kick for the Seagulls
- > Learners Drivers Licence
- > Literacy Support
- > Living the Change
- > Mahi Toa Elective 3 Getting a job
- > Mahi Toa Certificate in Employment Skills
- > Medium Intensity Rehabilitation Programme (MIRP)

- > Mentoring Programme
- > Motivational Interviewing
- > Multi-Purpose Court
- > Music
- > NCEA
- > NZ Breakers
- > Papa Kupu (Adult Learning Skills)
- > Parole Interview Assessment
- > PE Activity (Whare Ora)
- > Performing Arts
- > Positive Steps
- > Potaetanga/Graduations
- > Powhiri/Whakatau
- > Prisoner Games/Olympics
- > Pro-Social Support Connection
- > Puwhakamua Wānanga
- > Radical Fitness
- > Rehab Yoga
- > Reintegration Services Contact
- > Religious or Cultural activity
- > Review Pathway Assessment Offender Plan
- > Short Rehabilitation Programme
- > Short Violence Prevention Programme (SVPP)
- > Siva Ma Pese Samoa
- > Special Visit
- > Sports Academy
- > Sunday Service
- > Talk to my Case Manager
- > Te Reo Class
- > Tonga Language/Culture
- > Tuakana/Teina
- > Vasega Samoa (Samoa)
- > Visual Arts 1
- > Whānau Awhi
- > Whānau Day
- > Whānau Day Planning Group
- > Whānau Hui
- > Whānau Liaison Meeting



- > Where Are You At? High
- > Where Are You Going? High
- > Where Are You Going? Medium
- > Young at heart

#### The employment provided for prisoners by, or at, the prison:

Employment for prisoners was provided in the following areas:

- > Asset Maintenance
- > Automotive
- > Canteen
- > Care Support Worker
- > Catering
- > Education Support Worker
- > External Work Party
- > Facility Support Worker
- > Fitness champions
- > Grounds Maintenance
- > Horticulture
- > Industry A Framing
- > Industry B Cabins
- > Industry C Welding
- > Industry D (MIT) Carving
- > Laundry
- > Peer Yoga
- > Recycling
- > Release to Work
- > Residence Support Worker
- > Wing Laundry Worker
- > Wing Support Worker

Skills gained in 2020/21	Number of prisoners
Health and Safety (Level 3) (NorthTec)	10
NZ Certificate in Business Foundation Skills (Level 2) (MIT)	1
NZ Certificate in Creativity (Level 4) (TLC)	8
NZ Certificate in foundation skills Applied Sports & Exercise (MIT)	23
NZ Diploma in Creativity (TLC)	2
Papa Whairawa (NZ Certificate in Personal Financial Capability) (TWOA)	7
Radical Fitness Programme "Eleven" (Industry-recognised)	3
Radical Fitness Programme "Factor F" (Industry-recognised)	4
Radical Fitness Programme "Power" (Industry-recognised)	6
TradeStart Level 2 (MIT)	39
NZ Certificate in Business Foundation Skills (Level 3) (MIT)	9

The skills gained by prisoners as a result of employment or education provided by, or at, the prison:

## 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 Corrections Act 2004	Number of occurrences
83 – Use of force	212
Control and restraint*	1
Non-threatening physical contact	95
Spontaneous use of force	116
84 – Provoking prisoners	0
85 – Use of non-lethal weapons	39
Pepper spray drawn, not used	20
Pepper spray*	18
Pepper spray planned use*	1
87 – Restraint of prisoners	73
Hand cuffs – other than on escort*	73
88 – Reporting on use of force, weapons, and mechanical restraints	All incidents with an * were reported to the incident line. All incidents were notified via IOMS.
Total	323

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 4,529 searches conducted in 2020/21.

#### The number and nature of any disciplinary proceedings taken against prisoners at the prison:

There was a total of 1,686 misconducts given to prisoners in 2020/21 due to the following reasons:

- > Disobeys lawful order
- > Deliberately mismanages work
- > Behaves in an offensive, threatening, abusive or intimidating manner
- > Communicates with a person in an unauthorised 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
- > Combines with other prisoners for a purpose that is likely to endanger the security or good order of the prison
- > Tattoos another prisoner
- > Receives a tattoo with his or her consent
- > 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
- > Fails to comply with requirement (alcohol or drug testing)
- > Tampers with drug or alcohol samples.

#### The number and nature of any disciplinary actions taken against staff members of the prison:

A total of 71 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:

- > Absence Management Plan
- > Formal written warning
- > No further action required
- > Termination
- Closure (employee resigned before case was resolved)
- > Verbal warning
- > Coaching and mentoring
- > Posted to new area
- > Letter of Expectation
- > Removal from secondment.

#### The operation of random-testing programmes in the prison:

The names of prisoners are randomly selected on a weekly basis by a Corrections computer programme that uses a pre-defined algorithm for random drug testing purposes. This programme also selects extra prisoners each week, and they are only tested (in descending order) if the randomly selected prisoners are unavailable. This list of prisoners is then sent to ASCF to administer tests to.

Of the 480 tests sampled, 34 (7.1%) returned a positive result.

# 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.

During 2020/21, we received four complaints from registered victims in respect to the victim notification register. Two of the complaints were justified and two, 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 2021)
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.	Four people were detained at the Matawhāiti residence during the year to June 2021. One resident was moved to an alternative address in September 2020 after having been at Matawhāiti for 35 months. The current occupants have been in residence for nine months, 53 months and 62 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. <sup>51</sup>	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.	There is one active appeal made against a Public Protection Order lodged in the Court of Appeal in February 2021.
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

51. 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 tracked.<sup>52</sup> 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 use 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 noncompliance, 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.

#### 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 signals) 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 54IA 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 2021, 5,324 people were serving an intensive supervision order, of whom 76 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 2020/21 was 22. The average duration of the electronic monitoring conditions was 637 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 2020/21, we commenced 2,028 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, 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 2021:

- > 222 people were serving extended supervision orders, of whom 132 were subject to EM conditions;
- > 2,549 people were on parole, of whom 401 were subject to EM conditions; and
- > 2,481 people were subject to post release conditions, of whom 137 were subject to EM conditions.

In 2020/21, the average number of people who were electronically monitored as a condition of extended supervision on any given day was 140, parole was 335, and post-release conditions was 39. The average length of time for which an individual was electronically monitored as a condition of extended supervision was 2,883 days, parole was 1,017 days, and post-release conditions was 361 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 2020/21, we commenced a total of 4,634 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 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 Nondepartmental Appropriations

Department of Corrections
Annual Report – Part E

This report meets the requirement, set out in the Vote Corrections Estimates of Appropriations 2020/21 and Supplementary Estimates of Appropriations 2020/21, for information on certain nondepartmentalappropriations 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 2020/21.

## Appropriation 5 - 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.

	2020	2021
Assessment of performance	Actual	Actual
Continuation of infrastructure design improvements required to enable the development of the Waikeria Mental Health and Addiction Service Facility.	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. 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.	Corrections, on behalf of the Crown, has continued to work with the Waipa District Council to upgrade the wastewater network. The upgrade has nearly been completed, with only minor works relating to conditions of designation outstanding. The outstanding work is scheduled for completion in 2021/22. In September 2020, Corrections on behalf of the Crown, completed an electrical infrastructure upgrade with Waipa Networks.

#### How Corrections performed

### How much did it cost?

For the year ended 30 June 2021

	2020	2021	2021	2021	2022
	Actual	Actual	Budget	Supp.	Forecast
				Estimates	
			(unaudited)	(unaudited)	(unaudited)
	\$000	\$000	\$000	\$000	\$000
EXPENSES					
Waikeria Corrections and					
Treatment Facility	18,635	14,488	33,518	22,937	1,000
GST input expense	2,882	2,420	5,028	3,441	150
Total expenses	21,517	16,908	38,546	26,378	1,150

Actual expenditure (excluding GST) was \$4.1 million lower than 2020 actual, mainly due to the infrastructure upgrades nearing completion. The electrical infrastructure upgrade was completed in September 2020 and the upgrade to the wastewater network is almost complete, with minor works scheduled for 2022.

Actual expenditure (excluding GST) was \$19.0 million lower than Budget and \$8.4 million lower than Supplementary Estimates, mainly due to the proposed overpass which is no longer required due to the descaled capacity of the new facility.







## **Te Kāwanatanga o Aotearoa** New Zealand Government

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