

The Treasury

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Release Document

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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

1. The Sector goal is to deliver a modern, effective and sustainable justice system

The Sector has a plan to deliver a better justice system

- New Zealand is a safe society with a strong justice system. Recorded crime and sector volumes are decreasing and forecasts show a continuing decline in the volumes entering the criminal justice system and prisoner numbers
- The Sector is well-placed to take advantage of this, and build on its other successes to date
- Major change is underway, but more is needed to deliver sustainable baselines and modernise and improve the system
- The Better Public Services Action Plan shows how the sector will by June 2017:
 - reduce crime by 15%
 - reduce the violent crime rate by 20%
 - reduce the youth crime rate by 5% (initial target)
 - reduce the re-offending rate by 25%
- The Justice Sector will:
 - reduce opportunities for crime by targeting repeat locations and supporting repeat victims
 - target vulnerable youth and youth offenders by improving intervention for vulnerable youth
 - reduce alcohol and drug abuse by increasing alcohol and drug treatment in prison and in the community, and reducing availability of alcohol
 - reduce re-offending by strengthening rehabilitation and re-integration services to prepare and support people to live law-abiding lives

Sector financial position

- The Justice Sector has an overall annual budget of \$3.8 billion
- [6]

Achieving the Plan depends on key decisions and actions (see Section 6)

2. The Sector 4YP presents balanced and deliberate actions to deliver our goal

The plan is comprehensive

- The overall impact in the period to 2016/17 will be significant:
 - [6]
 - it will have an impact both inside and outside the Sector
 - it will fundamentally affect the Service delivery model and culture of the Sector

The plan builds on six main components to enhance public safety and further reduce crime

- collaborating to meet the BPS justice targets
- moving to sustainable baselines by:
 - reducing the number of buildings
 - [6]
 -
- changing operational practices
- modernising operating models and improving access to justice services by:
 - implementing current change programmes
 - investing in ICT, high growth regions and the Canterbury recovery
 - increasing the use of shared services
 - reforming court processes
 - having more emphasis on reintegration and rehabilitation
- driving down sector volumes
- using sector wide governance models to drive sector performance and implement the change programme

[6]

The Sector is focussing on five strategies to ensure the workforce is configured to deliver sector goals:

- rebalancing and mobility (introducing technology and taking advantage of reducing volumes to maintain or deliver a higher level of service)
- capability and diversity (up-skilling staff to make the most of technology, and ensuring the sector is representative of the communities it services)
- employment relations (recognising [6] and pressure placed on the sector, high level commitment and the cost of current Collective Employment Agreements)
- strategic HR Capability (acknowledging the need for coordinated change plans and advice to sector leadership)
- possible sharing of HR service (additional sharing of resources across current sector boundaries)

3. Development of plans to [6] to 2016/17 is underway and implementation will be challenging

The Sector has a clear understanding and plan [6]

- [6] depends on a number of initiatives being successfully implemented.
- If implementation occurs as planned, [6]
- The Ministry of Justice is currently working on options [6]

Ministerial decisions will be important

- Ministers will be asked to make some key decisions (see Section 6)
- Decisions that add to the cost of the Sector will need to be balanced by decisions to reduce costs elsewhere
- Meeting the Sector's commitment requires the [6] change programme being delivered in full and on time. The change programme continues to be unprecedented in size and scale and will stretch the Sector's capability

Measures to retain public trust and confidence will be needed

- The size, scale and impact of the change programme will become apparent as these decisions are made. While the overall outcome will be positive, it will be a continuing task to create a public appetite for reform and change

4. Summary of the Sector's financial position

| Sector 4YP Operating Summary | | | | | | |
|------------------------------|---------|---------|---------|---------|---------|-------|
| | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | TOTAL |
| | \$m | \$m | \$m | \$m | \$m | \$m |

[6]

| Projected Gap/(Surplus) in 4YP by Agency (assumes funding requests in the plan are agreed – funding requests are included in change initiatives (net)) | | | | | | |
|--|---------|---------|---------|---------|---------|-------|
| | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | TOTAL |
| | \$m | \$m | \$m | \$m | \$m | \$m |

[6]

| Approved Movements through the Justice Sector Fund | | | | |
|--|---------|---------|---------|---------|
| | 2012/13 | 2013/14 | 2014/15 | 2015/16 |
| | \$m | \$m | \$m | \$m |

[6]

- [6]
- [10]
- the Ministry of Justice's baseline reductions due to its efficiency dividend

5. Significant progress has been made in implementing the Sector’s plan

The Sector is on track to meet its commitment to live within its baseline

Much has been achieved to improve the quality and efficiency of spending in the Sector:

- The Better Public Services Action Plan has been launched
- The Justice Sector Fund has been established and the first round of funding for initiatives approved
- The Department of Corrections has completed the first phase of its expenditure review and is closing two prisons and surplus units in four prisons and disposing of land
- The Ministry of Justice has reviewed its national office and is implementing the largest changes to the courts network in 30 years
- The New Zealand Police has reviewed its Finance and Human Resource functions and is reviewing its national headquarters, disposing of [6] and a number of commercial properties, deferring capital expenditure, improving value for money value for money in the vehicle fleet and reducing vendor costs
- The Crown Law Office has reviewed its corporate functions and support services and is about to co-locate with the Ministry of Justice
- New ways of delivering services in Christchurch to maintain services are providing valuable information for future sector projects

6. Next actions required to implement current, and develop new, change programmes

But continuing and expanding the change programme is required

Continuation of the following programmes covering:

- Behavioural change:
 - Policing Excellence – has been accelerated, with all work streams to be implemented by July 2013, and the benefits to be realised by June 2014
 - implement Courts changes – the Criminal Procedure Act Implementation and the Electronic Operating Model
 - progress the Youth Crime Action Plan
 - implement Alcohol Reform
- Changes at the front line:
 - Better Public Services Action Plan
 - Hutt Valley Innovation Project – final report due in January 2013, front line workshops in February 2013, and rolling out lessons learnt nationally
 - Drivers of Crime refresh
 - [6]

Decisions and actions will be needed in the short term:

- Implementation of the findings of the Family Court review
- Additional funding for the Christchurch Justice Sector Precinct business case
- The implementation of the New Zealand Police Mobility Solution
- The continuing work on the Department of Corrections Expenditure Review
- Cabinet decisions pending on Crown Prosecution Costs and the clarification of focus for Crown Law work
- [6]
- Contributing to the Vulnerable Children Action Plan

7. Significant risks remain to be managed in the longer term

Managing within baselines in longer term continues to be challenging

- The Sector is looking beyond the 4YP [6] The Sector must have delivered on its [6] change programme by 2016. Otherwise, it will not be in a position to address the dynamic nature of the Sector’s operating environment, and any new pressures that have arisen
- The risks and uncertainties facing the Sector in a time of unprecedented reform are :
 - [10]
 - change capability – the ability of agencies and the sector to successfully implement the many change programmes
 - change capacity – there is a limit to the amount of change the system can sustain
 - the levels of change (and investment) required in ICT
 - re-establishing services in Christchurch
 - any upwards movements in volumes entering the system
 - change co-ordination and delivery – achieving the outcomes in the plan relies on effective and timely co-ordination of many change programmes across multiple agencies
- Maintaining public support for the many change programmes underway will be a constant challenge

8. The Sector has a clear risk mitigation strategy, and a 1-3 year window of opportunity to implement it

The Sector has a clear plan to manage its risks

- There are three parts to the Sector’s approach:
 - dealing with the key long-term issues
 - development and implementation of new financial management tools
 - strong governance and reporting
- The Sector will deal with the key long-term issues
 - structural change programmes already being implemented will provide financial benefits (e.g. Policing Excellence implementation and Corrections rehabilitation and reintegration work)
 - policy and service delivery innovation to drive down crime will continue (e.g. Better Public Services, Drivers of Crime, and Accessible Justice)
 - the Sector is taking a more fundamental look at the policies and activities across the criminal justice pipeline to see if there is scope for more profound change
 - workforce strategies will continue to be developed to manage the capability challenges
 - [10]
 - the Sector is further investigating and implementing more joined-up service delivery arrangements where this will deliver value
- The Sector has, and is developing, new financial management tools
 - The Justice Sector Fund gives the Sector greater financial flexibility. The Fund will support initiatives to ensure frontline investment is put where it gets the greatest return. Investment options may include invest-to-save options to achieve Better Public Services targets and ways of working. Ministers will have choices about how any funding is allocated
 - In addition, the Sector is progressing other tools:
 - a shared process for asset-disposal being supported by LINZ
 - capital pooling is being explored with Treasury
 - accurately determining the costs across the criminal justice pipeline, and the rate of return on investment
- The Sector has strong governance and reporting arrangements
 - The Sector has strong governance arrangements in place at Ministerial, Chief Executive, and the Deputy Chief Executive level
 - Sector Ministers meet monthly, and are joined by the Minister of Finance to make up the Oversight Ministers Group
 - the Sector Leadership Board meets monthly and provides accountability for sector performance
 - Sector Deputy Chief Executives provide the link to the agencies and their work programmes
 - Regular reporting on the Sector’s performance provides Ministers with assurance that the sector is on track to deliver against its commitments. Reporting will detail performance against Better Public Service targets, Key Performance Indicators, financial performance and progress on the implementation of change programmes (the dashboard)
 - As part of the Better Public Services work on reducing the youth crime rate, justice and social sector agencies are collaborating on a new suite of youth justice performance measures

Budget 2013:

Four-year Plan for the Justice Sector

Covering:

Vote Attorney-General

Vote Corrections

Vote Courts

Vote Justice

Vote Police

Vote Serious Fraud

Vote Treaty Negotiations

Submitted by:

Hon Judith Collins, Minister of Justice

On behalf of Justice Sector Ministers

Hon Judith Collins

Hon Christopher Finlayson

Hon Anne Tolley

Hon Chester Borrows

Final

20 December 2012



Section 1: Strategic Direction

This Four-year Plan (the Plan) reflects the Justice Sector's current understanding of cost pressures and options already underway and committed to in addressing the pressures. Options for addressing remaining pressures are the focus of on-going sector collaboration to ensure the sector achieves Better Public Service targets and becomes financially sustainable.

This Plan is put together while a number of other activities are being considered separately by Cabinet. The implications on the Justice Sector of the following activities are excluded from the Plan:

- additional funding for the Christchurch Justice Sector Precinct Business Case
- the Police Mobility cost estimate is a point in time assumption that will need to be updated once the Mobility Business Case is complete
- the Crown Law Office Cabinet decisions pending regarding Crown Prosecution Costs and the clarification of focus for Crown Law work, and
- the Vulnerable Children Action Plan.

Executive Summary

1. This Four-year Plan (the Plan) contains the next steps to create a safer New Zealand by continuing the programme of building a modern, effective and sustainable justice system for a safe and corruption free New Zealand.
2. It briefly sets out what has been achieved so far to improve services, what is planned, and what is still to be determined. The actions in this Plan are ambitious, while also being balanced and deliberate in their implementation.
3. The Plan is structured in nine parts covering:
 - **Medium-term Intentions and Financial Implications (Section 2):** The financial situation currently facing the sector and the overall impact of all the actions in this Plan, both operating and capital.
 - **Cost Pressures (Section 3):** The cost pressures the sector faces based on current operating models. These cost pressures are divided into employment costs, operating costs associated with capital, and other costs.
 - **Change Initiatives (Section 4):** This section details the actions being taken or planned to be taken to address cost pressures. The initiatives are divided into those that are to modernise business models to achieve Better Public Service (BPS) targets, and those that are to gain greater efficiency and effectiveness from current spending (while recognising many actions will do both).
 - **Investment to Support Change (Section 5):** This section details initiatives that require investment to achieve the forecast outcomes.
 - **New Funding (Section 6):** To mitigate three of the Justice Sector's cost pressures new funding is being requested.
 - **Organisational Capability and Workforce (Section 7):** The sector workforce strategy to support the Plan.

Section 1: Strategic Direction

- **Key Operational Risks (Section 8):** The sector and agency significant risks and uncertainties that may impede the delivery of the Plan.
 - [6] _____
4. Financial implications, both operating and capital, are included in the summary sections as well as in each detailed section.
 5. The Plan sits in the context of the Justice Sector's BPS Action Plan which shows how the sector is working together to:
 - reduce the overall crime rate by 15 percent
 - reduce the violent crime rate by 20 percent
 - reduce the youth crime rate by 5 percent, and
 - reduce the re-offending rate by 25 percent.
 6. Each agency has its own change programme which contributes to the BPS targets and the need to live within baselines. These agency programmes are supplemented by cross-sector governance through the Leadership Board (the Board) for the Justice Sector as well as involvement in the Social Sector Forum.
 7. The Minister of Justice and the Chief Executive of the Ministry of Justice are accountable for leading the delivery of these results. The Board provides the mechanism for focusing resources across the sector to drive performance as set out in this Plan. The Board also supports collaboration between the sector and wider social sector agencies to deliver outcomes.
 8. Delivery of the outcomes will require collective commitment, the support of Ministers, successful change management, and changes to our workforce and infrastructure. [6]
and have a different set of skills, while our infrastructure will need to be more flexible and appropriate for modern ways of working.
 9. The Plan has small surpluses in both 2012/13 and 2013/14. [6]
-
10. Achieving the actions set out in this Plan will be a challenging and complex task. The Board is committed to delivery but is aware of the large number of decisions that will be required to deliver the Plan.

Section 1: Strategic Direction

Sector total cumulative cost pressures and initiatives to 2016/17 (\$ millions)

[6]

Improved Services

11. Each agency in the Justice Sector has a substantial change programme underway to improve public safety and deliver more modern justice services. Long term sustainability requires on-going changes to the operating models that deliver services.
12. In the 2012 Plan we set out our plans and actions for change. The Plan focused on results, on the users of the system, on providing better services and reducing costs. It was an ambitious and deliberate plan. We said we would:
 - enhance public safety and further reduce crime
 - move to sustainable baselines by:
 - reducing the number of buildings
 - [6]
 - [10]
 - make operational changes
 - modernise operating models and improve access to justice services by:
 - implementing current change programmes
 - investing in ICT, high growth regions and the Canterbury recovery
 - increasing the use of shared services
 - reforming court processes, and
 - implementing a new prison operating model, and
 - introduce new governance models reflecting the BPS approach in order to drive sector performance and implement the change programme.
13. Since the first Plan was presented in February 2012, much has been done in all of these areas. This progress continues to build on the strong foundations that exist in the Justice Sector for

Section 1: Strategic Direction

improving performance, managing change, and dealing with risk. The agencies in the Justice Sector have worked effectively together to focus on BPS targets while also improving efficiency and effectiveness. The achievements this past year build on the strong base that the first Plan represented.

BETTER PUBLIC SERVICES TARGETS

- The Accessible Justice Programme – a modern, effective and sustainable justice system, with the vision for the future Justice Sector for New Zealand, has been considered by Cabinet.
- The BPS Action Plan, detailing the actions the sector will take to deliver the results the Government is seeking, has been developed and launched.
- The Department of Corrections has completed the first phase of its expenditure review which will deliver better and more innovative frontline services to improve results and provide lasting savings.
- Announcements have recently been made about the largest changes to the courts network in 30 years; part of a wider strategy to free up fixed costs to invest in improving the parts of the process that matter most to the public, and deliver real value for money. The ability for customers to interact with the justice system on-line has been increased.
- Policing Excellence has been accelerated, with all work streams to be implemented by 1 July 2013, benefits to be realised by 30 June 2014, and targets on track to be met by 2014/15.

IMPROVING EFFICIENCY AND EFFECTIVENESS

- The Crown Law Office has undertaken a review of its corporate functions and support services and is about to co-locate with the Ministry of Justice with associated cost savings.
- Two programmes of work to share or integrate services between sector agencies have been launched. These cover both front-office functions (Joining Forces) and back-office functions (Shared Services).
- New ways of delivering services have been used in Christchurch to maintain services, providing valuable information for future sector projects.
- The Justice Sector Fund has been established and the first round of initiatives from the Fund has been approved. Funding was applied to initiatives to modernise and speed up the system such as expanding Audio Visual Links (AVLs), developing rostering and scheduling tools, and enhancing the New Zealand Police's corporate functions.
- The Department of Corrections is closing two prisons, surplus units in four prisons [10]
- The Ministry of Justice has reviewed its national office to improve efficiency and ensure it has the right structure and capability to deliver modern, people-centred justice services.
- [6]
- A centralised process for disposing of surplus assets is near to completion. This will allow assets for disposal to be removed from Justice Sector balance sheets minimising the related depreciation and capital charge.
- The sector is exploring with the Treasury a capital pooling proposal that will allow agencies to pool surplus capital and save the associated capital charge. This approach may also assist the sector to work together on sector capital plans in a more joined-up way over time.

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14. When combined, the actions in this Plan and further actions yet to be taken will lead to a modern accessible justice system with:
- more frontline policing hours
 - faster and more convenient court services
 - more effective and efficient rehabilitation and reintegration of offenders
 - appropriate support for, and engagement of, victims in the justice system
 - efficient and effective dispute resolution services for people and families who need them
 - more modern facilities and a reduced footprint
 - easy public access to the information that people need from us, and
 - much better value for money in the legal services provided to the Government.

Financial Implications

15.[6]

Sector total annual cost pressures and change initiatives to 2016/17 (\$ millions)
(see Appendix One for agency tables)

[6]

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Cost Pressures

16. All agencies across the sector face substantial cost pressures arising from future industrial negotiations which represent the largest part of the [6] employment cost pressure. The other common factor affecting all agencies is the change to the Kiwisaver contribution rate from two to three percent from April 2013. The impact of Kiwisaver in the New Zealand Police is minimal as it has its own superannuation scheme covering the majority of employees.
17. The operational cost pressure associated with capital [6] is largely related to the introduction of Wiri prison which is being funded by the Government as well as additional costs to the Ministry of Justice of improving its information technology systems and seismic resilience.
18. The large 'other' cost pressure mainly represents baseline reductions that agencies are managing as cost pressures within their budgets such as the Ministry of Justice and Crown Law efficiency dividends as well as inflationary cost pressures.

Justice Sector cumulative cost pressures grouped (\$ millions)

[6]

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Initiatives to Address the Cost Pressures

19. The Justice Sector is investing [6] over four years from within baselines to improve efficiency and effectiveness, and to support the achievement of BPS targets.
20. Investments include an outcomes-based contract for the design and build of a new prison at Wiri, and transformation of the way district courts operate (utilising technology and scheduling to reduce costs).
21. Efficiencies have been (or are being) realised by reorganisation of sector head offices, decommissioning of older prison facilities, process improvements in community and prison services, [6]
22. Each agency has its own ambitious programme which will support the sector goals:
 - The Department of Corrections: A 25 percent reduction in re-offending rates by 2017.
 - The Ministry of Justice: A substantial increase in the performance of the District Courts.
 - The New Zealand Police: Prevention First.
 - The Crown Law Office: The delivery of core Crown legal work and appropriate management of Crown prosecution costs.
 - The Serious Fraud Office: A focus on prevention and early intervention, with an efficient and coordinated reactive response to the highest priority serious financial crime, in a constrained fiscal environment.
23. The initiatives have been categorised as either initiatives to achieve BPS targets or to improve efficiency and effectiveness. This categorisation of course disguises the fact that many actions affect both goals and agencies are always considering how their business change programmes affect BPS targets and improve efficiency. There is more than [6] of planned action to get greater efficiency and performance from current spending and more than [6] aimed at the BPS targets. As the Department of Corrections' Expenditure Review has here been classified as improving efficiency (where it affects both areas), the additional activity directed towards BPS targets is in reality much higher than the [6] shown below.

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Justice Sector change initiatives grouped (\$ millions)

[6]

24. Additional funding of [6]_____ is sought [6]_____ one-off funding to support the Treaty settlement process, funding for the Electoral Commission,[6]

25. Two 'invest- to-save' initiatives are being proposed: the Police Mobility Solution, and the Ministry of Justice's[6]_____ that involves a review of the end to end process of courts services. Mobility costs will be absorbed within baselines and an application to the Fund will be made for seeding money to review court processes.

Reporting on the Plan

26. We monitor performance against the Plan and the BPS Action Plan quarterly and report on performance covering areas of:

- effectiveness – measured by progress against BPS targets, reducing pipeline volumes and the speed of the system

Section 1: Strategic Direction

- quality of service – measured by progress against maintaining public trust and confidence in justice institutions, increasing user satisfaction with our services, and strengthening the quality of our core functions
- organisational performance – measured by progress against building the engagement of our people, ensuring our people are supported to perform, and monitoring progress against the Plan, and
- efficiency and productivity – measured by progress against reallocating resources from the New Zealand Police response activities, investing in Police crime prevention, spending more effectively to collect fines, and investing to reduce re-offending.

Strategic Challenges

27. As with all parts of government, the Justice Sector exists in the context of a tight economic and fiscal environment. Sustainability for the Justice Sector means managing with unchanged resources:

Justice Sector operating expenditure for forecast period (\$ millions)

[6]

Section 1: Strategic Direction

28. Other significant strategic challenges include modernisation while retaining trust and confidence, dealing most effectively with the youth demographic, working with stakeholders and independent decision makers, and sector cohesion at the front line.
29. Responses to these strategic challenges are embedded in all of the actions that agencies and the sector are taking in this Plan and the BPS Action Plan.
30. Making this shift will not be easy. It will mean substantial change for all parts of the system and all the people who work in and with the Justice Sector. It will require careful leadership and management and will stretch the capability of all involved.
31. The leadership of the sector is acutely aware of the challenge and is committed to delivering the change programmes and improved outcomes. The Board will continue to work well together as it has this year to collectively drive performance of the sector and ensure that BPS targets are achieved and operational performance continues to improve.
32. Achieving financial sustainability and continuing to bridge the gap between cost pressures and our baselines will require concerted effort by Departments, Ministers, and the Cabinet. Many of the change programmes underway – such as the review of courts including implementing the findings of the Family Court review, the implementation of the Police Mobility Solution and the continuing work on the Department of Corrections Expenditure Review – require timely decisions on proposed options to enable benefits to be delivered.
33. As will be set out in Section 4, there are a large number of complex change programmes. Having programmes deliver on time and to budget will be critical to success.

Next Steps

34. [6]
|
35. The major drivers of this[6] are employment cost pressures, [6]
and the Ministry of Justice's efficiency dividend.
36. [6] the sector is building on success to date. Combined with the lower numbers in the justice pipeline, the sector has identified continuing opportunities to unlock fixed costs, simplify processes, and shift resources to crime prevention and front-end services. Operational improvements will also be about ensuring fiscal sustainability.
37. [6]
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|
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38. |
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39. |
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|
|

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- [6]
 -
 -
40. Over the forecast period, initiatives agencies will be progressing include:
- a second phase of the Department of Corrections Expenditure Review, scheduled to commence in 2015/16, and
 - the Ministry of Justice's operational performance improvement that involves reviewing the end to end process of courts services to achieve greater utilisation of assets and improve services to customers.
41. In June 2012, Cabinet agreed to the development of a range of new Official Statistics. Some of these new statistics cover activity within the Justice Sector and will need developing. While development costs are currently unknown, it is likely that some funding will be required from either existing budgets or the Statistics New Zealand funding that is available.
42. The sector's system is big and complex; transforming it is a journey of balanced and deliberate change. We are up for the challenges. We have delivered on changes to date and change across the sector will be the norm throughout the forecast period.

Section 2: Medium-term Intentions and Financial Implications

Key Material Changes to Sector Outputs, Services or Delivery in Next Four Years

43. The Board is committed to working together to focus resources to areas where they make the most difference in preventing crime and reducing reoffending.
44. This section provides tabular summaries of departmental and non-departmental operating funding, and departmental and non-departmental capital funding.
45. This section also notes the actions taking place within agencies to change their business models to deliver on the Sector Strategy within the current economic and fiscal environment. Section 4 provides more detail on change initiatives.
46. The Board is committed to continuing to improve sector performance in relation to assets and capital requirements and no additional capital funding is sought. The current asset footprint reflects operating models that developed in times where both transportation and information technology were not advanced. This section notes actions already taken to improve asset performance and those planned for subsequent years.
47. [6]

Sector Initiatives

| Initiative | | Purpose |
|---|---|---|
| Department of Corrections | | |
| 1 | Expenditure Review | Seeking greater efficiency/performance |
| 2 | Prison Reconfiguration | Seeking greater efficiency/performance |
| 3 | Wiri – PPP Prison Build | Modernising business model to achieve BPS targets |
| Ministry of Justice - Departmental | | |
| 1 | Modernising Court Services | Modernising business model to achieve BPS targets |
| 2 | Civil Fees Stage 2 | Seeking greater efficiency/performance |
| 3 | Efficiency Dividend | Seeking greater efficiency/performance |
| 4 | Efficiency Savings through reprioritisation and new funding | Seeking greater efficiency/performance |
| 5 | Family Court Review Implementation | Seeking greater efficiency/performance |
| 6 | National Office Review | Seeking greater efficiency/performance |
| 7 | Operation Performance Improvement Programme | Seeking greater efficiency/performance |
| 8 | Treaty – Supporting the Government Share Offer | Seeking greater efficiency/performance |

NOT GOVERNMENT POLICY

Section 2: Medium-term Intentions and Financial Implications

| Initiative | | Purpose |
|---|-------------------|---|
| Ministry of Justice – Non-departmental | | |
| [6] | | |
| New Zealand Police | | |
| 1 | [6] | Seeking greater efficiency/performance |
| 2 | Mobility Solution | Modernising business model to achieve BPS targets |
| Crown Law Office | | |
| 1 | Relocation | Seeking greater efficiency/performance |
| Serious Fraud Office | | |
| 1 | [6] | |

Summary of Financial Implications from Medium-term Initiatives

48. Both the Ministry of Justice and the New Zealand Police have initiatives that require investment to implement. The Police will be absorbing the costs during the implementation of its initiative.
49. The Ministry of Justice will be making an application to the Fund for an investment to assist it in making its savings.
50. More detail on investment to support change is provided in Section 5.

[6]

Section 2: Medium-term Intentions and Financial Implications

Summary of New Funding from the Centre

51. New funding is being requested by the Ministry of Justice for Treaty and Electoral pressures.

52. [6]

53. More detail on funding requested is provided in Section 6.

New funding sought (\$ millions)

[6]

Summary of Operating Funding

54. These tables show the financial operating position divided between Departmental and Non-departmental for the Justice Sector over the forecast period.

55. The tables show the current baseline funding. They then identify the cost pressures, including investment to support change, and the change initiatives (excluding any investment to support change and new funding) calculating the level of savings required each year. The final figure includes additional funding being requested.

NOT GOVERNMENT POLICY

Section 2: Medium-term Intentions and Financial Implications

Operating – Departmental (See Appendix Two for agency tables)

| | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|--|--------------|--------------|--------------|--------------|--------------|
| Current operating expenditure baseline | \$3,385.484m | \$3,268.464m | \$3,240.418m | \$3,328.063m | \$3,306.683m |

[6]

NOT GOVERNMENT POLICY

Section 2: Medium-term Intentions and Financial Implications

Operating – Non-Departmental (See Appendix Two for agency tables)

| | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|--|------------|------------|------------|------------|------------|
| Current operating expenditure baseline | \$565.530m | \$480.883m | \$488.527m | \$484.387m | \$484.080m |

[6]

Summary of Capital Funding

56. The Department of Corrections, the Ministry of Justice and the New Zealand Police are asset intensive with facilities dating from a time when transportation and technology were not as advanced, and population distribution was markedly different. The asset portfolios are currently optimised at agency level and widely dispersed with agency specific facilities and systems.
57. To achieve a modern and effective justice system by 2020, integrated and responsive services better meeting the needs of New Zealanders need to be developed. Assets surplus to requirements and no longer fit for purpose need to be removed from the capital base.
58. Reducing the asset base has already begun and steps towards sector asset integration are underway:
- The Department of Corrections is closing two prisons, surplus units in four prisons [10] 1
 - Announcements have recently been made to close four underutilised District Courts, centralise the back office functions of a further nine District Courts (which will open for

Section 2: Medium-term Intentions and Financial Implications

hearings only), and centralise some higher court case management. This package represents the largest change to the courts network in 30 years.

- [6]
- New ways of delivering services have been used in Christchurch to maintain services providing valuable information for future sector projects.
- The co-location of the Crown Law Office with the Ministry of Justice in the Vogel Centre.
- Cross-sector capital planning is starting.

59. Future capital investment achieving fit for purpose facilities, good technology systems for managing information and documents will be driven by:

- financial constraints
- forecast patterns of demand for services
- identification of opportunities for collaboration and use of common services
- the need to support an increasingly mobile workforce and providing reliable communication systems and tools
- technology opportunities available to deliver services efficiently and in an user-friendly manner, and
- the need for resilient assets in the event of a natural disaster.

60. [6]

61. The Justice Sector has a range of capital projects underway and plans to modernise and improve performance. Central to the delivery of the new Policing model is the Mobility Solution that will allow police to spend more time on the frontline. The Department of Corrections is upgrading and increasing the use of technology in its business to improve security, reduce duplication of effort and remove time consuming manual processes so staff time can be focused on actions that create value. The Ministry of Justice is investing in a number of technology projects to modernise and improve the performance of the courts including the Electronic Operating Model (EOM), scheduling and rostering, and e-lodgement in the Disputes Tribunal. As well as seismic recovery and strengthening, the sector also has a number of planned asset renewal projects for core infrastructure in areas of high need [10]

[

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Section 2: Medium-term Intentions and Financial Implications

62. The tables below set out the sector's current forecast financial capital plans to support the above capital projects.

Capital Expenditure - Departmental

| Departmental capital expenditure | Increase/(Decrease) | | | | |
|--|---------------------|-------------------|-------------------|-------------------|-------------------|
| | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
| [6] | | | | | |
| Capital investments funded from baselines | \$491.834m | \$569.300m | \$403.838m | \$292.081m | \$237.950m |
| New capital funding sought from the centre | \$0.000m | \$0.000m | \$0.000m | \$0.000m | \$0.000m |
| Closing baseline funding available | \$300.679m | \$241.894m | \$202.860m | \$190.687m | \$245.130m |

These figures reflect the 2012 CAM load

Capital Expenditure – non-departmental

| Non-departmental capital expenditure | Increase/(Decrease) | | | | |
|---|---------------------|---------|---------|---------|---------|
| | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
| Baseline funding available for the purchase or development of Crown capital assets | - | - | - | - | - |
| New capital funding sought from the centre | - | - | - | - | - |
| Capital investment in organisations other than departments | - | - | - | - | - |
| Total | - | - | - | - | - |

These figures reflect the 2012 CAM load

Section 3: Cost Pressures

Cost Pressures to 2016/17

63. All agencies across the sector face substantial cost pressures arising from future industrial negotiations which represent the largest part of the [10] employment cost pressure. The other common factor affecting all agencies is the change to the Kiwisaver contribution rate from two to three percent from April 2013. The impact of Kiwisaver in the New Zealand Police is minimal as it has its own superannuation scheme covering the majority of employees.
64. The operational cost pressure associated with capital [6] is largely related to the introduction of Wiri prison which is being funded by the Government as well as additional costs in the Ministry of Justice from improving its information technology systems and seismic resilience.
65. The 'other' cost pressures mainly represents baseline reductions that agencies are managing as cost pressures within their budgets such as the Ministry of Justice and the Crown Law Office efficiency dividends, as well as inflationary cost pressures.

OPERATIONAL COST PRESSURES

66. Details on cost pressures by agency and category are shown in the following tables.

[Summary of Operational Cost Pressures to 2012/13 to 2016/17 \(\\$ millions\)](#)

[6],[10]

Section 3: Cost Pressures

DIRECT EMPLOYMENT COSTS

The tables below summarise the employment cost pressures for each agency. More detail on the nature of these employment cost pressures is attached at Appendix Three.

[10]

Section 3: Cost Pressures

Individual Agency Direct Employment Cost Pressures

Department of Corrections cost pressure as a result of direct employment costs: Head Office Realignment; Remuneration; Superannuation

Head Office Realignment: in 2012/13 the Department of Corrections is planning to self-fund the one-off costs associated with the impact of the Organisational Realignment.

Remuneration: in 2011 the Department of Corrections settled the majority of its collective employment agreements (CEAs). The current agreements will expire during the forecast period and there will be further rounds of negotiations. [10]

The Department of Corrections will be reviewing and updating its bargaining assumptions by March next year in preparation for the next collective employment agreement negotiations to occur in 2013. Corrections will consult with the State Services Commission as part of the review.

Superannuation: as part of the Expenditure Review the Department of Corrections has committed to absorbing its contributions to superannuation schemes over the forecast period.

| Value of cost pressure | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|------------------------|---------|---------|---------|---------|---------|
|------------------------|---------|---------|---------|---------|---------|

[10]

Ministry of Justice cost pressure as a result of direct employment costs: Remuneration

Remuneration: underlying assumptions:

- [10]
-
- an increase in employer KiwiSaver contributions (two percent to three percent) from April 2013.
- staff turnover based on previous 12 months to 30 June 2012 (13.2 percent), for each following year for the next four years.

| Value of cost pressure | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|------------------------|---------|---------|---------|---------|---------|
|------------------------|---------|---------|---------|---------|---------|

[10]

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Section 3: Cost Pressures

| New Zealand Police cost pressure as a result of direct employment costs: Remuneration | | | | | |
|---|---------|---------|---------|---------|---------|
| Remuneration: includes the costs associated with the current collective agreement (zero percent, one percent, one percent) as well as making allowance for future collectives [10] | | | | | |
| Value of cost pressure | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
| [10] | | | | | |

| Crown Law Office cost pressure as a result of direct employment costs: Remuneration; Residual Cost Pressures (Budget 2012) | | | | | |
|---|---------|---------|---------|---------|---------|
| Remuneration: [10] | | | | | |
| Residual Cost Pressures (Budget 2012): [10] | | | | | |
| Value of cost pressure | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
| [10] | | | | | |

| Serious Fraud Office cost pressure as a result of direct employment costs: Investment in Fraud Prevention and Early Intervention | | | | | |
|---|---------|---------|---------|---------|---------|
| Investment in Fraud Prevention and Early Intervention: [6] | | | | | |
| Value of cost pressure | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
| [10] | | | | | |

Section 3: Cost Pressures

OPERATIONAL COST PRESSURES ARISING FROM CAPITAL

Summary of operational cost pressures arising from capital (\$ millions)

[6]

Section 3: Cost Pressures

Individual agency operational cost pressures arising from capital

| Department of Corrections operational cost pressures arising from capital: Decommissioning; Wiri | | | | | |
|---|---------|---------|---------|---------|---------|
| <p>Decommissioning: one-off costs associated with decommissioning facilities will be absorbed by the Department of Corrections in 2012/13.</p> <p>Wiri: the cost and funding associated with establishing a new men's prison at Wiri by way of a Public Private Partnership has been approved by Cabinet.</p> | | | | | |
| Value of cost pressure | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
| [6] | | | | | |

| Ministry of Justice operational cost pressures arising from capital: Christchurch Earthquake (Seismic); ICT (Sourcing and Disaster Resilience); Insurance; Modernising Court Services | | | | | |
|--|---------|---------|---------|---------|---------|
| <p>Christchurch Earthquake (Seismic): operational costs associated with strengthening court houses.</p> <p>ICT (Sourcing and Disaster Resilience): increased on-going business as usual cost of ICT sourcing contracts and additional cost of duplicating environments (hardware and software) for disaster recovery.</p> <p>Insurance: expected cost increases in the premiums for replacement cover for physical assets (primarily buildings).</p> <p>Modernising Court Services: cost associated with initiatives within programme – EOM, AVLs, Courts and Criminal Matters Bill, and CPAI.</p> | | | | | |
| Value of cost pressure | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
| [6] | | | | | |

| Crown Law Office operational cost pressures arising from capital: Accommodation | | | | | |
|---|---------|---------|---------|---------|---------|
| <p>Accommodation: new co-location with the Ministry of Justice in the Vogel Centre results in an increase in our depreciation charge due to leasehold improvements and ICT related capital investments above current levels.</p> | | | | | |
| Value of cost pressure | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
| [6] | | | | | |

Section 3: Cost Pressures

OTHER OPERATING COST PRESSURES

Summary of other operating cost pressures (\$ millions)

[6]

Section 3: Cost Pressures

Individual agency other operating cost pressures

Department of Corrections other operating cost pressures: Expenditure Review; Justice Sector Fund Contribution; Line-by-Line Savings; Reducing Re-offending

Expenditure Review: the Expenditure Review has found ways for the Department of Corrections to improve and modernise its services, while at the same time ensuring Corrections' provides better public value and returns a dividend to the Crown.

Justice Sector Fund Contribution: the Department of Corrections has contributed \$87 million to the Fund of which \$60 million is within the current forecast period. \$27 million was provided in 2011/12.

Line-by-Line Savings: as part of the line-by-line review in December 2008 an \$11 million reduction in the Department of Corrections' baseline was approved by Cabinet.

Reducing Re-offending: the Department of Corrections' target of a 25 percent reduction in re-offending is part of a wider plan for delivering BPS targets and a joint initiative across the Justice Sector to reduce crime and re-offending.

| Value of cost pressure | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|------------------------|---------|---------|---------|---------|---------|
|------------------------|---------|---------|---------|---------|---------|

[6]

Ministry of Justice other operating cost pressures:

Departmental: Efficiency Dividend; Inflationary - Other; Justice Conduct Commissioner; Treaty Cost Pressures

Non-departmental: Community Law Centres; Electoral; Inflationary - Other; Legal Aid

Departmental

Efficiency Dividend: savings across the Ministry of Justice required to be achieved to meet baseline reductions.

Inflationary - Other: non-personnel cost pressures across Justice including third party price increases.

Judicial Conduct Commissioner: costs due to increased volume of complaints and the cost of additional resources required.

Treaty Cost Pressures: increased cost pressure around Treaty Settlements (Government Share Offer[6]) and increased resource requirements.

Non-departmental

Community Law Centres: funding gap between funds required and funds received from the Lawyers' Special Fund.

Electoral: no additional funding has been approved to meet the costs of conducting general elections.

Inflationary – Other: increase workload volumes in Coroners' Directed Post Mortems, Personal Property Protection Rights costs, and sitting fees and expenses.

Legal Aid: pressures resulting from the difference between appropriated funding levels and the Justice Sector Legal Aid forecast.

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Section 3: Cost Pressures

| Value of cost pressure | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|------------------------|---------|---------|---------|---------|---------|
| [6] | | | | | |

New Zealand Police other operating cost pressures: Christchurch Transition Costs; Criminal Procedure Act Implementation; Whole of Government Radio Network

Christchurch Transition Costs: cost of accelerating the depreciation on the Christchurch building over four years.

Criminal Procedure Act Implementation: a shortfall in funding to implement the Act. In particular the New Zealand Police do not have the funding to provide additional Police Prosecutors to undertake mandatory out-of-case management procedures, which is a critical component to realising the benefits to the Justice Sector from this project.

Whole of Government Radio Network: cost of retaining existing radio network.

| Value of cost pressure | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|------------------------|---------|---------|---------|---------|---------|
| [6] | | | | | |

Crown Law Office other operating cost pressures: Accommodation

Accommodation: new co-location with the Ministry of Justice in the Vogel Centre results in short-term operating costs not currently budgeted, including demolition costs and relocation costs.

| Value of cost pressure | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|------------------------|---------|---------|---------|---------|---------|
| [6] | | | | | |

Section 3: Cost Pressures

Serious Fraud Office other operating cost pressures: Investment in Fraud Prevention and Early Intervention

Investment in Fraud Prevention and Early Intervention: £[6]

| Value of cost pressure | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|------------------------|---------|---------|---------|---------|---------|
| [6] | | | | | |

Section 4: Change Initiatives

Intended Changes

67. The Justice Sector is investing [6] over four years from within baselines to improve efficiency and effectiveness and to support the achievement of BPS targets.
68. An outcomes-based contract for the design and build of a new prison at Wiri in South Auckland has been signed that will create a modern facility with incentives on the provider to reduce reoffending.
69. The sector is working together to transform the way District Courts operate. It will use technology to reduce costs of paperwork and transportation and improve rostering and scheduling to make the most of scarce resources.
70. The Department of Corrections has undertaken an expenditure review that will result in the decommissioning of older prison facilities, a realignment of head office, changes to service delivery in the community and in prison, and improvements to rehabilitation and reintegration services.
71. The Ministry of Justice is reviewing its national office and implementing the findings of the Family Court review, is introducing the Civil Fees Stage 2 programme and is achieving operational efficiencies in a variety of business areas including Legal Aid, [6] ————
No further changes to Legal Aid eligibility are being proposed.
72. The New Zealand Police has focused on reducing the cost of non-operational back office functions; while the Crown Law Office has realised savings from accommodation changes

Section 4: Change Initiatives

Summary of Initiatives (\$ millions)

[6]

Individual Agency Initiatives to Modernise Business Model to Achieve BPS Targets

Department of Corrections initiatives to achieve BPS targets: Wiri (including reprioritisation of Mt Eden Phase II funding)

Strategic outcomes for Wiri: Wiri is part of on-going work to create a network of prisons that give the modern, fit for purpose facilities we need to hold prisoners securely and to work with them to reduce re-offending. Around 1,000 prisoners from Auckland are currently housed in facilities outside the city. The new prison allows the Department of Corrections to address this, as well as providing beds in an area where there is high population growth and which is home to a growing number of offenders.

Intended changes including timeframes of the intended implications:

The SecureFuture consortium of Fletcher Construction, Serco and Spotless Facility Services have been contracted to design, finance, build, operate and maintain the prison under a public-private partnership (PPP) with the new facility scheduled to open in 2015. This new prison will provide better rehabilitation services and deliver value for taxpayers.

The financial impacts of the intended change:

Section 4: Change Initiatives

The 25 year contract is worth approximately \$840 million, which is 17 percent less than if the prison was procured through conventional means, representing a \$170 million saving for taxpayers.

| Financial impact of intended change | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|-------------------------------------|---------|---------|---------|---------|---------|
|-------------------------------------|---------|---------|---------|---------|---------|

[6]

Implications for workforce capacity and capability of the intended changes:

Up to 1,000 construction jobs and 300 long-term positions will be created.

How the success of the intended changes will be known or measured:

The contract has strong performance incentives. SecureFuture must perform 10 percent better than the Department of Corrections in reducing reoffending rates. The consortium will face financial penalties if it fails to meet custodial, rehabilitation and reintegration measures.

The new prison will still operate within the current Department of Corrections' framework and all prisoners will remain the responsibility of the Chief Executive of the Department. It will have to comply with all relevant New Zealand legislation and international obligations.

Ministry of Justice Departmental initiatives to achieve BPS targets: Modernising Court Services

Strategic Outcomes for Modernising Court Services: a suite of initiatives (CPAI, EOM, rostering and scheduling tools and development of an enterprise data warehouse, expansion of AVLs in court and changes to the courts network and management structure) that seek to improve the efficiency of the District Courts where the highest volume and effort for the Ministry of Justice resides. The initiatives represent the largest change to the District Courts in 30 years and will result in a more modern, efficient and customer-focused justice system. A summary of the programme, which reflected earlier thinking on Rangiora District Court and the scale of the management restructure, is attached at Appendix Four.

Intended changes including timeframes of the intended implications:

The initiatives target known areas of inefficiency and focus on simpler and more effective ways of working together by sector partners, the judiciary and the legal profession. Filing of Police charges will be able to be done electronically. More complex cases will follow a streamlined process where counsel for the parties will have to agree on the basic facts of the case and present those to the judge. Some types of offences will no longer have a jury hearing available to them. There will be greater use of AVLs to allow for remote participation in the court, not only for defendants being held in prisons but for a wider range of family cases. [7]

The Ministry of Justice is in the process of implementing two significant changes to the District Courts; a closure of four small, underutilised courts and moving nine others to operate on a hearing only basis as well as a restructure of District Courts management. The restructure will focus managers on the performance of the courts and their staff. The changes to the network will enable more centralisation.

The initiatives within the programme are already in-flight and are expected to deliver savings from 2013/14.

The financial impacts of the intended changes:

Refer to table below.

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Section 4: Change Initiatives

| Financial impact of intended change | 2012/13 (\$0.000m) | 2013/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Operating impact – departmental | [6] | | | | |
| Operating impact – non-departmental | | | | | |
| Capital impact – departmental | | | | | |
| Capital impact – non-departmental | | | | | |
| Implications for workforce capacity and capability of the intended changes: Effective change management will be critical to the success of the changes. The Ministry of Justice’s workforce strategy targets an inclusive approach to change and a more active programme of staff engagement. Justice is reviewing the recent experience of implementing structural change in Auckland. The District Court management team will need to lead the change. As a consequence of the changes to the courts network, managers will be expected to focus more clearly on managing resources, and coaching for better performance. | | | | | |
| Capability implications of the intended changes: The Ministry of Justice has established a Service Transformation Group under its own Deputy Secretary to drive a Transformation Strategy in collaboration with the rest of Justice and sector partners. Justice has also made changes to its governance structure, to bring a stronger investment focus to its change programme. | | | | | |
| How the success of the intended changes will be known or measured: Financial and non-financial benefits monitoring/tracking and realisation will be reported on a regular basis to the Ministry of Justice leadership and Ministers. | | | | | |

Individual Agency Initiatives Seeking Greater Efficiency/Performance

| |
|--|
| <p>Department of Corrections initiatives seeking greater efficiency/performance: Expenditure Review; Prison Reconfiguration</p> |
| <p>Strategic outcomes for Expenditure Review and Prison Reconfiguration: improving and modernising services, while at the same time ensuring better public value is provided. The Expenditure Review has identified ways to deliver better frontline services which will provide improved results and lasting savings. Implementation will fundamentally transform the Department of Corrections’ business model and operations to ensure the Department of Corrections can contribute to a modern, effective and sustainable Justice Sector.</p> |
| <p>Intended changes including timeframes of the intended implications:</p> <p>Significant improvements to the Department of Corrections’ business model and operations include:</p> <ul style="list-style-type: none"> • A proposal to reconfigure prison assets by decommissioning older facilities that are no longer fit for purpose, so that the configuration of the prison system better supports the rehabilitation of prisoners and is more cost-effective. • The modernisation of the Department of Corrections’ service delivery in both prisons and the community, which will deliver better public and staff safety, more cost effective processes, and improve the effectiveness of the management of offenders to reduce re-offending. • The realignment of head office and regional organisation structures, so that the frontline is better supported to reduce re-offending and empowered to innovate. • Improvements to rehabilitation and reintegration interventions, so that the treatment of offenders is more effective and more offenders receive the treatment they need to live offence-free lives. • Improvements to prison security to create a safer and more secure prison environment for staff, prison visitors, |

Section 4: Change Initiatives

| <p>prisoners and the general public.</p> <ul style="list-style-type: none"> Initiatives to improve the efficiency of expenditure on corporate overheads, back office costs and assets, yielding significant savings. | | | | | |
|--|---------|---------|---------|---------|---------|
| <p>The financial impacts of the intended change:</p> <p>Opportunities have been identified to deliver savings of between \$0.870 and \$1.015 billion by 2019/20.</p> | | | | | |
| Financial impact of intended change | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
| [6] | | | | | |
| <p>Implications for workforce capacity and capability of the intended changes:</p> <p>Substantially reducing re-offending will require a significant shift in both strategy and the operating model. To move towards this goal, the Department of Corrections will promote a culture of collaboration so we can work more effectively as one team. Corrections will work smarter, making the best use of resources and focus time where it has most effect. Corrections will find innovative solutions to achieve better results.</p> | | | | | |
| <p>Capability implications of the intended changes:</p> <p>The Expenditure Review is a considerable programme of work and strong leadership and determination will be needed at all levels of the organisation. The Department of Corrections is well placed to drive this change. A change management strategy has been developed to ensure the appropriate governance arrangements and risk management processes are put in place, and that the expected savings and benefits are tracked and realised.</p> | | | | | |
| <p>How the success of the intended changes will be known or measured:</p> <p>The Expenditure Review will place the Department of Corrections in a strong position to achieve a 25 percent reduction in re-offending by 2017. Each year from 2017 this will mean 600 fewer prisoners, 4,000 fewer community offenders and 18,500 fewer victims.</p> | | | | | |

Ministry of Justice Departmental initiatives seeking greater efficiency/performance: Civil Fees Stage 2; Efficiency Dividend; Efficiency Savings through reprioritisations & new funding; Family Court Review Implementation; National Office Review; Operational Performance Improvement Programme

Strategic Outcomes for Departmental Efficiencies: making the justice system more accessible and improving the processing time through the justice system.

Intended changes including timeframes of the intended implications:

The National Office Review aligns national office management and staff positions with the new business group structure. This structure provides a clearer governance and management view of the different services the Ministry of Justice provides. Further change was necessary to ensure:

- business groups are able to focus on the customer and stakeholders of the justice system
- there is a strong connection between the business groups
- there are highly capable teams supporting the business, and
- this expertise is shared across the business in the most effective and efficient manner possible.

The suite of operational performance improvement initiatives are still being designed and may be subject to Ministerial and/or Cabinet approval. They focus on achieving greater efficiency in the largest areas of the Ministry of Justice's business – District Courts, Legal Aid, Collections and Special Jurisdictions – through a mix of management and process improvements. They are discussed in more detail in the Ministry of Justice Departmental table on page 39.

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Section 4: Change Initiatives

The remaining initiatives are in-flight and target ways to realise benefits from greater efficiency in core justice services.

The financial impacts of the intended change:

Refer to table below.

| Financial impact of intended change | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|-------------------------------------|---------|---------|---------|---------|---------|
| Operating impact – departmental | [6] | | | | |
| Operating impact – non-departmental | | | | | |
| Capital impact – departmental | | | | | |
| Capital impact – non-departmental | | | | | |

Implications for workforce capacity and capability of the intended changes:

The Ministry of Justice is encouraging greater collaboration across its own business groups and with its sector partners. The changes to the Sector and Policy groups are tangible examples of the way Justice staff are directed to consider the practical implications of their work on the users of the justice system. The National Office Review will create further opportunities to look at Justice's performance across the business groups through the greater use of shared specialist expertise and a new Strategic Performance Directorate.

The new structure and shared service arrangements will reduce duplication of effort and inefficiencies in promoting good practice across the Ministry of Justice and will require business groups to work more collaboratively.

Capability implications of the intended changes:

The Ministry of Justice has recently adopted a business strategy that sets a vision of a customer-focused modern and accessible justice system. The strategy also outlines the broad pathways to achieving this vision. Business groups are in the process of translating the direction and pathways outlined in the strategy into their own areas of responsibility. The strategy provides a common frame of reference for a diverse set of business groups. It focuses management and staff on what is common to their different services. This commonality is critical in turn to lifting the Ministry of Justice's performance. It provides a basis for greater efficiencies across different locations within the same business group and across like functions in different groups. In the suite of operational performance improvements, initiatives are intended to realise the benefits from such efficiencies.

How the success of the intended changes will be known or measured:

Financial and non-financial benefits monitoring/tracking and realisation will be reported on a regular basis to the Ministry of Justice leadership and Ministers. An early task for the Strategic Performance Directorate is to work with the business to establish an integrated performance framework. The Ministry of Justice has already adopted a balanced scorecard and this now needs to be aligned with the priority initiatives in each business group to lift the performance of Justice.

[6]

Section 4: Change Initiatives

[6]

The financial impacts of the intended change:

Refer to table below.

| Financial impact of intended change | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|-------------------------------------|---------|---------|---------|---------|---------|
|-------------------------------------|---------|---------|---------|---------|---------|

[6]

Implications for workforce capacity and capability of the intended changes:

Yet to be determined.

Capability implications of the intended changes:

Yet to be determined.

How the success of the intended changes will be known or measured:

Financial and non-financial benefits monitoring/tracking and realisation will be reported on a regular basis to the Ministry of Justice leadership and Ministers.

[6]

Section 4: Change Initiatives

the activity will be the end product.

Crown Law Office initiatives seeking greater efficiency/performance: Relocation

Strategic Outcomes for Relocation: getting greater value for money and sharing operating models.

Intended changes including timeframes of the intended implications:

The changes relate to relocating the Crown Law Office from its current premises in Unisys House (when its lease expires in March 2013) to level five of the Ministry of Justice's Vogel Centre. It is anticipated that the physical move will occur by mid-2013 with savings realised in the 2013/14 financial year and beyond.

The financial impacts of the intended change:

Reduced property rental and occupancy costs due to:

- reduced space requirements, and
- shared operating costs with the Ministry of Justice.

[6]

Implications for workforce capacity and capability of the intended changes:

The move to the Vogel Centre will see the Crown Law Office workforce, particularly the legal staff, moving from a predominantly office environment to a full open plan environment. This will require new ways of operating.

Capability implications of the intended changes:

In conjunction with the accommodation move to the Vogel Centre is the relocation of the Crown Law Office's Data Centre to an externally hosted environment. In addition Crown Law will need to move to more mobile ways of working to balance the open plan environment with the need for counsel to carry out functions away from those areas at times.

How the success of the intended changes will be known or measured:

- Reduced spend on property rental and occupancy costs.
- Achieve the BASS target for space per FTE.

Section 5: Investment to Support Change

Investment to Support Change to 2016/17

73. The Justice Sector Fund (the Fund) has been instrumental in supporting the implementation of change programmes to improve the performance of the Justice Sector. This year funding was applied to initiatives to modernise and speed up the system such as expanding AVLs, developing rostering and scheduling tools, and enhancing the New Zealand Police's corporate functions. The Fund, which has a current balance of \$63 million, will continue to be an important tool supporting the ongoing change in the sector.

74. There are two 'invest-to-save' initiatives where investment will be required to support change:

- [6]
- the Mobility Solution being advanced by the New Zealand Police to enable front-line officers to spend more time on the frontline (\$53 million).

75. [6]

76. The New Zealand Police's Mobility Solution involves providing smart phones and tablets to police to reduce the time required travelling to, and working in, a station. Mobility will contribute to the realisation of Policing Excellence productivity targets by freeing up 520,913 hours (a 5.5 percent gain per eight hour shift), to be reinvested into prevention activity. The New Zealand Police will absorb these costs within baselines.

77. All operating expenditure (notably depreciation) of \$689.2 million, relating to capital initiatives (included in this Plan), is being absorbed.

[6]

Section 5: Investment to Support Change

[6]

Section 5: Investment to Support Change

New Zealand Police investment to support change: Mobility Solution

Strategic Outcomes for the Mobility Solution: reducing crime

Intended changes including timeframes of the intended implications:

The Mobility Solution is a key enabler to increase the New Zealand Police's productivity and improve services. This will be achieved by putting accurate and timely information in the hands of frontline officers and supervisors in the right place at the right time so the focus is on prevention activities and supporting victims, rather than on responding.

Mobility capability provides a pillar for the New Zealand Police to meet the current Policing Excellence goals. This initiative proposes procuring 6,500 smart phones (initially iPhones) and 3,900 tablets (initially iPads) for frontline officers. National rollout is aimed for February 2013.

The financial impacts of the intended change:

Financial impacts will be updated upon the completion of the Mobility business case.

| Financial impact of intended change | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|-------------------------------------|----------|-----------|-----------|-----------|-----------|
| Operating impact – departmental | \$5.000m | \$12.000m | \$12.000m | \$12.000m | \$12.000m |
| Operating impact – non-departmental | \$0.000m | \$0.000m | \$0.000m | \$0.000m | \$0.000m |
| Capital impact – departmental | \$0.000m | \$0.000m | \$0.000m | \$0.000m | \$0.000m |
| Capital impact – non-departmental | \$0.000m | \$0.000m | \$0.000m | \$0.000m | \$0.000m |

Implications for workforce capacity and capability of the intended changes:

Currently frontline officers are required to return to the police station to access detailed information, make phone calls, complete reports, attend briefings and input data through a fixed police network. Significant time is lost each shift as officers have to repeatedly return to the station to access the police network and use pool computers. Out on the street, officers can only access or input rudimentary information through voice radio. A mobility solution allows police to work in a new way, enabling proactive policing to prevent crime rather than reactive policing after an offence has been committed. This will lead to fewer victims of crime.

The long-term vision for mobility is to have empowered, informed, confident, technologically savvy, visible, safe, front-line officers in the community preventing crime and not in stations doing administration.

Capability implications of the intended changes:

Mobility will contribute to the realisation of Policing Excellence productivity targets by freeing up 520,913 hours (a 5.5 percent gain per eight hour shift) to be reinvested into prevention activity. Future enhancements could see this productivity increase to a 10-20 percent gain (per eight hour shift). These savings, and the changes to the way police operate, will also assist in improving police response times to calls for service.

How the success of the intended changes will be known or measured:

Following the implementation of the mobility project, a post implementation review will be undertaken and a report completed by 30 August 2013. In addition to the project implementation review, benefit realisation reviews will be undertaken every quarter to ensure delivery against the New Zealand Police's required benefits - up until financial year end 2013/14 when benefits are due to be delivered in full.

Section 6: New Funding

New Funding to 2016/17

78. [6]

79. [6]

80. [6]

[6]

Section 6: New Funding

[6]

Section 6: New Funding

| Value of new funding sought from the centre | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|---|---------|---------|---------|---------|---------|
|---|---------|---------|---------|---------|---------|

[6]

Section 7: Organisational Capability and Workforce

Justice Sector Workforce Strategy

OVERVIEW

81. The Justice Sector employs over 23,000 FTEs at a cost of \$1.8 billion per annum. This workforce is the key enabler of change in the sector, as well as the biggest financial risk. This section refreshes the Justice Sector Workforce Strategy completed in February 2012 and brings in the other two sector agencies – the Crown Law Office and the Serious Fraud Office. The sector sees benefits in collaborating closely on workforce, although it is not intended to pursue a fully integrated workforce in the next four years.
82. The key drivers of change over the next four years include a need to deliver BPS targets, responding to falling volumes in the sector, ongoing fiscal constraint and harnessing the power of technology.
83. The Justice Sector has an array of different workforce cultures. While measures of engagement vary within and between agencies, in total the Justice Sector does not differ significantly from state sector benchmarks. However, it will be a challenge to improve engagement given the scale of change anticipated over the coming four years.
84. Critical to success in the sector is a workforce that is flexible, adaptable, and able to manage change. Effective change leadership and change management is a key feature of all agency work programmes in the current environment, and the workforce is no different.
85. This workforce strategy summarises, at a high level, the common themes across each agency. This strategy does not attempt to, nor should it, substitute for the more detailed employment relations, workforce, and performance management strategies that exist inside each agency.
86. The Justice Sector is focusing on five strategies to improve performance and to make it possible to reduce the size of the workforce [6] |
 - Rebalancing and Mobility involves introducing technology and taking advantage of reducing volumes to maintain or deliver a higher level of service.
 - Capability and Diversity recognises the need to upskill staff to make the most of technology, and to ensure that the sector is an attractive proposition for ethnic minorities.
 - [10]
 - Strategic HR Capability for the sector acknowledges the need for coordinated change plans and advice to sector leadership.
 - Consolidation of HR Operations indicates the possibility of additional sharing of resources across current sector boundaries.

BACKGROUND

87. The Justice Sector workforce strategy was completed in February 2012 covering the New Zealand Police, the Ministry of Justice and the Department of Corrections. Areas where a sector-level approach to workforce strategy is considered appropriate were identified to develop the strategy¹.

¹ This strategy can be provided in its entirety upon request.

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88. The Justice Sector is dynamic and changing, and the workforce strategy needs to be flexible enough to respond to the changing environment and the needs of stakeholders. It was always envisaged that the original strategy would evolve as work in the sector advanced. This refresh is the first update of the strategy designed to ensure the Justice Sector is creating a workforce that has the capacity and capability to deliver future services and operate in new ways.
89. This refresh of that original document brings in the other two sector agencies – the Crown Law Office and the Serious Fraud Office – and discusses the activity to be undertaken in the next four years to help the sector achieve its strategic goals and expected outcomes. The scope has not been broadened to include the sectors' contractor workforce.
90. Each agency continues to maintain a workforce strategy to support their operational business plans. This strategy does not replace or supersede those agency workforce plans. Rather, it highlights where working together as a sector is likely to produce better workforce outcomes, deliver greater productivity gains or create more efficient ways of doing things.
91. Each agency in the sector plays a key role in the achievement of wider Justice Sector outcomes and all the outcomes of the strategy apply to each agency.
92. In terms of a continuum of collaboration, it is believed that there are benefits to moving from operating in isolation but not to the extreme end of a fully integrated workforce. This allows for collaboration and sharing where it is practical, alignment to sector goals and delivery of significant benefits. The Justice Sector is operating from the basis of making informed choices on how it will work together. It also retains separation of the various justice delivery mechanisms where this makes more sense from a policy, legislative, integrity and/or operational point of view.

Five Key Sector Strategies

93. Five strategies were identified in the February strategy and they continue to be relevant:
 - **Workforce rebalancing and mobility** – given the need to [6]
We must find ways to rebalance the workforce more effectively as a sector and create easier mobility between agencies and roles in the longer term.
 - **Capability development** – taking a joined up approach to development of core capabilities that are common across the sector.
 - **Employment relations** – increasing sector collaboration and oversight in the area of ER through a more cohesive sector approach with Ministers and Central Agencies.
 - **Sector strategic HR capability** – a mechanism to further develop the sector workforce strategy, coordinate plans and monitor outcomes.
 - **Consolidation or sharing of HR operations** – starting with activity where collaboration is easy and clearly worthwhile.
94. The five sector strategies can be seen in the context of the State Services Commission 7Cs Workforce Framework. Although the sector has strategies designed to address all areas of the framework, the majority of the strategies are focused on:
 - *building **capability** to meet our future needs*
 - *ensuring there is sufficient **capacity** in the right areas to meet current and future demand, and*
 - *ensuring the sector continues to manage its **costs** and live within its baseline.*

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95. The Sector Strategy is focused on ensuring agencies have an explicit understanding of the relationship between capability and capacity and the significant impact that it has on costs. The greater the level of capability in each agency (and the Justice Sector as a whole), the less workforce capacity will be required. Workforce capacity is the major driver of cost within the sector.

What is driving the next four years?

96. As set out in section one and two of the Plan, the Justice Sector is focused on modernising and improving its business model to improve outcomes while maintaining public safety, trust, and confidence:

- *Improving outcomes* - The Justice Sector has gained a better understanding of the overall 'sector pipeline'. Policy changes continue to be tough on crime but also target crime prevention in order to reduce the inflow into the pipeline. There is an on-going focus on addressing the 'recycling' of offenders through the system and also a significant effort towards streamlining processes to prevent unnecessary complexity within the system. All agencies in the sector are focused on what the sector can achieve to:
 - reduce the rates of total crime, violent crime and youth crime, and
 - reduce reoffending.
- *Falling volumes* - At least partly due to the agencies' efforts to improve outcomes, for the first time in years overall crime rates are falling. Fewer people are entering the criminal justice 'pipeline'. This trend is expected to continue and it creates widespread opportunities across the system, e.g. fewer prison beds will be needed and low volume courts become more marginal.
- *Fiscal constraint* - The current fiscally constrained environment is expected to continue in the medium-term. This will put considerable pressure on agencies to continue to find smarter, more efficient and sustainable ways of working. It will encourage even greater levels of collaboration and innovation than was originally assumed in the initial strategy document. The Justice Sector is acutely aware of the consequences of changed processes and systems inside a particular agency have on the cost structures of another agency. Already there are examples of a more joined up approach to the implementation of change.
- *Technological enablement* - Technology continues to evolve quickly and is enabling new ways of delivering services for better outcomes and improved efficiency. This requires a workforce that has high levels of learning agility and adaptability.

97. These have a range of workforce implications. The future workforce will need to be:

- more targeted – the 'best fit' skills and capabilities should be assigned to activities; this will require investment in skill development in some roles and opening up other roles to less skilled workers
- more adaptable and easier to move with flexible working arrangements and less constraining terms and conditions of employment
- [6] _____ to reflect decreasing offender numbers and the modernisation of systems
- better able to connect with the communities they serve, and

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- able to lead, manage and deliver the changes required to be a more modern, and sustainable, Justice Sector. This may include the ability to:
 - apply system level thinking (rather than task)
 - operate comfortably across organisational and geographic boundaries
 - innovate within a framework
 - apply technology solutions to deliver an improved customer experience
 - deliver on outcomes not activities
 - deliver solutions more quickly, and
 - connect or operate in a more joined-up way with the community.

98. The Justice Sector remains confident of what can be achieved based the progress that has been made since the original strategy was published in February 2012. A number of significant initiatives have been implemented at both the sector level and in each agency. This level of collaboration is based on an understanding that each agency has a goal that cannot be achieved alone.

Action to be taken on the Key Strategies

99. Actions are underway at both an agency level and sector level to progress the five key strategies. At the Justice Sector level:

- the formulation of a sector wide e-recruitment business case
- the continued collaboration on cross agency leadership programmes such as 'Transition'
- plans to co-locate sector agencies in a Precinct in Christchurch, and
- moving to a single survey provider to assess engagement levels in the sector and to produce a sector level report.

100. At an agency level:

- the Department of Corrections has completed reconfiguration of the prison network and phase one of the Expenditure Review is complete
- the Ministry of Justice has completed its National Office Review and expects to implement changes to the District Courts management structure in the New Year
- the New Zealand Police has accelerated Policing Excellence and has reviews underway for Police National Headquarters, HR, and Finance
- the Crown Law Office has reviewed its corporate functions and is about to co-locate with the Ministry of Justice, and
- the Serious Fraud Office is reviewing the criteria for choosing investigations to be undertaken and will redeploy staff to the implementation of prevention and early intervention strategies.

101. Further detail on each of the five key strategies is included below.

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Current and projected workforce

102. Change has occurred in the workforce of all agencies. These changes represent the first step in ensuring agencies have the right organisational structure and infrastructure to deliver modern, accessible, people-centred services to support the future strategic direction of the sector.

Total workforce costs

| | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|------|---------|---------|---------|---------|---------|
| [10] | | | | | |

Full time equivalent staff

[illegible]

103. It is noted that the projected FTE numbers beyond 2013/14 do not represent a [6] reduction in the workforce by 2016/17. The current projection is [6] decrease by 2014/15. As each agency is in the early stages of their change programmes, the impact and effectiveness of those change programmes have not been assessed. It would be inappropriate at this stage to predict with any confidence a reduction in FTEs when technology, process changes and capability improvements have not been implemented and evaluated. However based on the initial projection of savings and the current work underway the sector remains confident that the targets are achievable. The Board will monitor progress on a regular basis.

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Culture

104. The diversity across the number of organisations and functions in the sector means there is no universal sector culture. Each agency is focused on developing a culture and sub-cultures that will allow it to successfully execute its business strategy. Until recently the agencies within the sector have worked largely independently. With a new mandate to collaborate as a sector and a much better understanding of the sector pipeline, the Justice Sector is focused on building a collaborative culture within the sector to support the achievement of sector goals.
105. Although each agency is focusing on the development of a culture to align to their strategy there are common threads of desirable cultural paradigms that link all the agencies together at a sector level; these are creating a workforce that is faster, more innovative, outwardly focused and more collaborative with other partner agencies.
106. The majority of the agencies use the same provider to undertake employee engagement surveys. This has enabled a reliable comparison between the agencies as well as an overall sector summary. Most agencies have undertaken an employee engagement survey over the last 12 months. The survey provides a snapshot of prevailing climate and engagement levels in each agency. Kenexa/JRA was commissioned to consolidate the three surveys (the Department of Corrections, the Ministry of Justice and the New Zealand Police) to provide an overall sector view. The current Justice Sector consolidated report was based on 36 common questions used by participating sector agencies.
107. Across the whole Justice Sector, the engagement index (70.4 percent) is slightly higher than that of the state sector December 2011 benchmark (69.1 percent); however this is not a substantial difference. Relative to the state sector benchmark, there is a higher proportion of engaged staff (23.6 percent) and a lower proportion of disengaged staff in the Justice Sector (16.6 percent).
108. The 2012 data shows considerable improvement in the sector as a whole from the 2011 survey. The significant sector increase is partially reflected by the significant increase in the New Zealand Police engagement results in 2012 and the fact that Police results are close to 50 percent of the Justice Sector benchmark. This reflects the importance that various agencies have placed on building an engaged workforce. The engagement levels in the sector are now similar to most other public sector organisations.
109. As with most organisations, the biggest opportunity for the Justice Sector as a whole is the very large proportion of staff who are ambivalent (59.8 percent of staff have been classified under the ambivalent category) and the focus will be on moving the ambivalent staff into the engaged category.
110. As expected there is considerable variance in the results across agencies in the sector, with some workgroups and agencies at or above the state sector benchmark. The challenge will be to identify those workgroups/agencies with better than benchmark results and assess the extent where good practice can be shared and scaled for the benefit of other agencies in the sector. This is already happening and we see considerable sharing of ideas across the Justice Sector.
111. There has been a focus on attempting to get a greater number of survey questions in common to provide greater comparisons, while recognising that each agency has some specific data it wishes to gather about its own workforce. Extensive sharing of data and best practice initiatives already exists.

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112. Maintaining, let alone improving, employee engagement will present a significant challenge for those in leadership roles throughout the Justice Sector. It is not untypical for organisations facing significant and sustained change to see falls in engagement levels by as high as six percent.

113. The Justice Sector will track its progress annually and the Engagement surveys provide the most current and most useful measure of climate and organisational culture to use at the sector level. All agencies in the sector are focused on creating an engaged and high performing workforce.

The five strategies in more detail

1. WORKFORCE REBALANCING AND MOBILITY

114. Rebalancing the workforce remains a significant area of focus for all agencies and since the publication of the original strategy there has been considerable activity in this area.

115. Some agencies are already changing, or planning to change, parts of their delivery models in order to deliver services better and address the significant fiscal pressures they are under. These changes have or will affect the size and/or nature of the workforce [6]

116. The on-going reduction in volumes and the modernisation of service delivery will result in the need to further reduce the size of the workforce. A Justice Sector-level approach will support the agencies to:

- [6]
- coordinate change management efforts to ensure that:
 - key skills are not lost to the sector
 - productivity and service levels are maintained
 - the financial costs of change are minimised
 - the expected benefits of change are delivered, and
 - the overall levels of employee engagement do not drop, and over time improve.
- target workforce investment to areas that will most make a difference to outcomes, and
- minimise the cost of change.

117. There are early indications of progress with the work that has been done on the closure of New Plymouth Prison and the work currently underway on the development of the Precinct in Christchurch.

118. The sector is under no illusion of the difficulty of the task ahead. Complicated by large numbers of highly unionised and long serving staff, a large property footprint, high levels of public and media scrutiny and the prominence of reducing crime as a key result area for the public sector, achieving any significant rebalancing will require high levels of cross sector collaboration, agency innovation and strong sector wide leadership.

119. The Justice Sector is a dynamic and changing sector and one that has set ambitious change targets. The current state of change is seen as the new steady state. The sector collectively believes that these goals are challenging but achievable based on the current progress over the last 12 months and the planned activity over the next 12 months. Each agency is at a different

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stage of its change journey and some agencies have already made a greater than two percent change.

120. The extent and quantum of change will be monitored to ensure that agencies can continue to meet today's objectives while redesigning the business to meet the longer term goals of:

- reducing the rates of total crime, violent crime and youth crime; and
- reducing re-offending.

2. CAPABILITY AND DIVERSITY

121. This document does not address the capability requirements each agency requires to successfully play its part in achieving sector outcomes. The complexity and size of the sector and the challenges it faces are enough to suggest that each agency will have unique challenges in reskilling its workforce that each agency will manage.

122. An underlying assumption behind the workforce strategy is that there is a correlation between the capability and the capacity of workforce. The greater the skills, and the more aligned those skills are to the delivery of the strategy then the more efficient the resourcing model that is required will be. A skilled and aligned workforce can generally do more, quicker.

123. At a sector level, the capability that needs most development is 'Sector Leadership and Collaboration'. This is critical to achieving a more joined up approach to developing the capability to:

- design effective service delivery and operating models
- improve employee engagement
- connect with communities
- apply sector-wide logic to investment decisions
- develop policy settings that respond to the drivers of offending
- support other agencies' plans and decisions, and
- move leadership and key people across the sector in a more fluid way.

124. This is underway with the establishment of the Sector Group in the Ministry of Justice. The Group has a strategy team, an investment team, and a performance and information team and was established in June 2012 to support the Board deliver on the goals for the sector.

125. An example of this at an agency level is found as part of the implementing of the changes to court networks in the Ministry of Justice. The District Court management team will need to lead the change. The restructure will focus managers on the performance of the courts and their staff. Managers will be expected to focus more clearly on managing resources, and coaching for better performance.

126. The Justice Sector's workforce must serve all New Zealanders and have the skills and capability to engage with an increasingly diverse society. There are opportunities for the sector to:

- recruit greater numbers of staff from communities that are projected to grow as a proportion of the workforce, and
- use this greater diversity to engage even more strongly with local communities.

127. Considerable work has already been done across the sector to build the skills and capability of the workforce to engage with all New Zealanders. Continuing and increasing these efforts will have positive benefits for the sector both in terms of future labour pools and organisational

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effectiveness, as New Zealand continues to become an increasingly diverse society. There are opportunities to enhance current efforts to:

- make working in the sector more attractive to those ethnic minorities who are predicted to experience the greatest growth i.e. Maori, Pacific Island and Asian, and
- assisting people from ethnic minorities to develop the skills and capabilities to work within the sector e.g. cadetships, scholarships and/or traineeships.

3. EMPLOYMENT RELATIONS

128. [10]

129.

130.

4. STRATEGIC HR CAPABILITY FOR THE SECTOR

131. For the Board to be properly supported in leading and driving a more collaborative approach to the sector's workforce, it will require the support of a skilled strategic HR capability that is focused on the sector. The activity required will include:

- support and advice to senior leaders as they consider the sector workforce implications of various operating models, transformational changes and facilities options
- overseeing the coordination of change plans and activities at a sector level on behalf of the Board
- improving and maintaining the workforce data and analysis in this strategy so there is on-going information to inform wider sector-level decisions
- monitoring and analysis of sector-level workforce trends in order to provide solutions and options to the Board, and
- coordinating the development of further iterations of this strategy as the sector operating model and wider infrastructure decisions emerge.

5. CONSOLIDATION OR SHARING OF HR OPERATIONS

132. There are core HR operating functions that are common to all agencies. In some instances, sharing or consolidating these may assist with improved outcomes, productivity and/or efficiency gains. A phased approach, where the easier areas of collaboration are explored first, seems sensible. As large employers in the public sector, one of the early areas explored has

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been the opportunities to generate greater levels [6]
This is seen as the first of a number of potential initiatives.

Measuring our success

133. The Workforce Strategy will be overseen by the Board who will monitor progress towards the achievement of the goals.

134. There are a number of mechanisms already in place which will be used to monitor progress on at least an annual basis. These include are not limited to:

- the Engagement Survey (currently conducted by Kenexa)
- an annual update of data tables
- an annual assessment of the progress towards the Justice Sector goals, and
- measurement by each agency of the achievement of their annual business plan.

Section 8: Key Operational Risks

135. Achieving a modern, effective, sustainable Justice Sector will be challenging. Forecast reductions in crime and volumes have to be realised. Many of the changes are not merely adjustments to business as usual but are fundamentally re-setting the way the justice system operates.

136. The work programme is of unprecedented size and scale across the sector and involves operational and policy change programme affecting all agencies. The proposed changes require a new way of working in the public sector that will stretch our capability and require very significant shifts in focus, culture, organisation and leadership. The Justice Sector therefore requires an unprecedented level of change and risk management.

137. There are a variety of risks that apply across the whole sector, as well as agency specific risks. The key themes across the Justice Sector include:

- [6]
-
- capability and capacity to introduce and manage new change
- capability and capacity to maintain existing change programmes, and
- gaining the planned benefits from technological change across the sector.

138. The table below sets out the range of risks and uncertainties facing the sector.

Key Operating Risks for the Justice Sector

| Risk Number | Name | Likelihood | Consequences | Exposure |
|---|----------------------------------|----------------|--------------|----------|
| 1 | Remuneration | [6] | | |
| CEAs for the Ministry of Justice staff expire on 1 July 2013; for the New Zealand Police staff in June 2015; and for the Crown Law Office staff in April 2013. [10] | | | | |
| Mitigation: bargaining strategies. | | | | |
| 2 | Justice Sector Change Capability | Possible | Moderate | Moderate |
| Significant change is underway or in development across all agencies within the Justice Sector. The extent and scope of governance and oversight may present challenges to timely decision making and slow down processes. There may also be tensions between prioritising work to achieve sector targets over agency targets. These pressures may affect the quality of collaboration between the various sector groups. | | | | |
| Mitigation: Leadership Group agenda; Deputy Chief Executives (DCEs) meetings; role and responsibility clarity. | | | | |
| 3 | Justice Sector Change Capacity | Almost certain | Moderate | High |
| Agencies within the Justice Sector have already rolled out significant change across business units and some of these are still in progress. The capacity for the agencies to successfully take on further change will be constrained by the need to ensure current change initiatives are properly implemented, and the need to avoid 'change fatigue'. | | | | |
| Mitigation: service transformation strategy and detailed change management changes. | | | | |
| 4 | ICT Change | Possible | Severe | High |
| The ability of the Ministry of Justice to achieve future savings depends in some cases on pre-requisite investment in new information technology. There is a limited pipeline for managing ICT change. Delays in one project can have a | | | | |

Section 8: Key Operational Risks

| | | | | |
|--|--|-----------------|------------------|-----------------|
| <p>knock-on effect. Delay will impact on Justice's ability to fully realise expected benefits.</p> <p>[6] as new technology such as GPS monitoring is required to be implemented. Electronic security is also an area where increased costs are starting to emerge.</p> <p>If the Police Mobility business case is not approved or the preferred option is scaled down then the New Zealand Police's ability to achieve the BPS targets may be compromised as Mobility is a key enabler for many initiatives that Police would undertake to achieve these targets.</p> <p>Mitigation: service transformation strategy, ICT strategy and change management plan.</p> | | | | |
| 5 | Christchurch Rebuild | Possible | Moderate | Moderate |
| <p>Decisions surrounding the proposed Precinct in Christchurch may result in increased costs for the sector that have not been factored into the Plan.</p> <p>Mitigation: close monitoring of business case development and additional funding.</p> | | | | |
| 6 | Change Co-ordination and Delivery | Moderate | Very High | Moderate |
| <p>There are a large number of change programmes going on in each agency in the Justice Sector. In many places the change programmes are large, complex, and affect a wide range of players in the system. Achieving the outcomes and financial results in this Plan relies on effective and timely co-ordination of these change programmes. Any unmanageable delays in decision making or implementation would have flow-on effects on the achievement of outcomes and financial sustainability.</p> <p>Mitigation: sector wide governance through the Board and DCEs meetings, agency project management and governance of change programmes, quarterly performance monitoring and reporting.</p> | | | | |
| 7 | Upward Movements in Volumes Entering the System | Moderate | Very High | Moderate |
| <p>The current Justice Sector Forecast assumes flat or falling volumes. Any upward shift in volumes in the system would place additional operational and financial stress on the sector.</p> <p>Mitigation: sector wide governance through the Board and DCEs meetings, Policing Excellence implementation, Corrections reducing re-offending programme, Drivers of Crime work programme, regular monitoring and reporting on forecasts.</p> | | | | |

139. Agency-specific risks are detailed in the tables below.

NOT GOVERNMENT POLICY

Section 8: Key Operational Risks

Key Operating Risks for the Department of Corrections

| Risk Number | Name | Likelihood | Consequences | Exposure |
|--|--------------------------|----------------|--------------|----------|
| 1 | Seismic Strengthening | Almost certain | Moderate | Moderate |
| <p>[6]</p> <p>Corrections intend to coordinate, where possible, seismic hardening at a site with other complimentary capital works. The longer the remediation timeframe adopted, the easier it is to integrate other capital works into a seismic hardening programme of works.</p> | | | | |
| 2 | Public Protection Orders | Almost certain | Moderate | Moderate |
| <p>[6]</p> <p>This new legislation will empower the High Court to issue a public protection order to detain a person in a secure facility, when, at the end of a finite prison sentence or subject to the most intensive form of an extended supervision order, they pose a very high risk of imminent and serious sexual or violent re-offending.</p> | | | | |

Key Operating Risks for the Ministry of Justice

| Risk Number | Name | Likelihood | Consequences | Exposure |
|--|--------------------------------|------------|--------------|----------|
| 1 | Justice Stakeholder Engagement | Likely | Severe | High |
| <p>Change requires support from influential stakeholders. If these stakeholders are not engaged or supportive, initiatives may fail or not be fully implemented or not be implemented within required timeframes.</p> <p>Mitigation: stakeholder engagement strategy [7]</p> | | | | |

Key Operating Risks for the Crown Law Office

| Risk Number | Name | Likelihood | Consequences | Exposure |
|-------------|----------------------------------|----------------|--------------|-----------|
| 1 | Managing Crown Prosecution Costs | Almost certain | Major | Very High |
| <p>[6]</p> | | | | |

Section 8: Key Operational Risks

Key Operating Risks for the Serious Fraud Office

| Risk Number | Name | Likelihood | Consequences | Exposure |
|-------------|---------------------------------|----------------|--------------|-----------|
| 1 | Decrease in Baseline in 2014/15 | Almost certain | Major | Very High |
| [6] | | | | |

Section 9: Options for an Additional 5% of Savings

140. Cabinet agreed that departments need to identify savings options to ensure a timely return to surplus, should the fiscal forecasts significantly weaken.

141. The Justice Sector has already made substantial changes to its business model to improve services and live within baselines.

- The Crown Law Office has undertaken a review of its corporate functions and support services and is about to co-locate with the Ministry of Justice with associated cost savings.
- Two programmes of work to share or integrate services between sector agencies have been launched. These cover both front-office functions (Joining Forces) and back-office functions (Shared Services).
- New ways of delivering services have been used in Christchurch to maintain services, providing valuable information for future sector coordinated projects.
- The Fund has been established and the first round of initiatives from the Fund has been approved. Funding was applied to initiatives to modernise and speed up the system such as expanding AVLs, developing rostering and scheduling tools, and enhancing the New Zealand Police's corporate functions.
- The Department of Corrections is closing two prisons, surplus units in four prisons^[10]
- Announcements have recently been made about the largest changes to the courts network in 30 years; part of a wider strategy to free up fixed costs to invest in improving the parts of the process that matter most to the public, and deliver real value for money.
- ^[6]
- A centralised process for disposing of surplus assets is near to completion. This will allow assets for disposal to be removed from Justice Sector balance sheets minimising the related depreciation and capital charge.

142. Were further support from the Justice Sector sought to support the return to surplus, we would have to revisit a number of decisions we have deliberately decided not to take.^[6]

143. ^[6]

Therefore this Plan has set out what we will have to do next in our deliberate, considered and at the same time ambitious plan to improve the justice system in New Zealand.

Appendix One – Agency Operating Summary Tables

[6]

Appendix Two – Operating Funding Tables

| Department of Corrections | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|--|--------------|--------------|--------------|--------------|--------------|
| Current operating expenditure baseline | \$1,197.468m | \$1,171.882m | \$1,173.482m | \$1,250.482m | \$1,234.182m |

[6]

Appendix Two – Operating Funding Tables

| Ministry of Justice | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|--|--------------|--------------|--------------|--------------|--------------|
| Current operating expenditure baseline | \$1,117.694m | \$1,024.616m | \$1,017.203m | \$1,023.063m | \$1,020.501m |

[6]

Appendix Two – Operating Funding Tables

| New Zealand Police | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|--|--------------|--------------|--------------|--------------|--------------|
| Current operating expenditure baseline | \$1,496.892m | \$1,478.651m | \$1,466.568m | \$1,467.356m | \$1,464.818m |

[6]

Appendix Two – Operating Funding Tables

| Crown Law Office | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|--|----------------|----------------|----------------|----------------|----------------|
| Current operating expenditure baseline | \$71.790m | \$64.028m | \$64.022m | \$64.022m | \$64.022m |

[6]

Appendix Two – Operating Funding Tables

| Serious Fraud Office | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|--|-----------|-----------|----------|----------|----------|
| Current operating expenditure baseline | \$10.170m | \$10.170m | \$7.670m | \$7.527m | \$7.240m |

[6]

Appendix Three – Direct Employment Cost Pressures

[10]

Appendix Three – Direct Employment Cost Pressures

[10]

Appendix Three – Direct Employment Cost Pressures

[10]

10

Appendix Three – Direct Employment Cost Pressures

[10]

Appendix Three – Direct Employment Cost Pressures

[10]

Accessible justice and a safer New Zealand: Modernising courts



New Zealand is a safe society. Crime rates are falling and fewer people are entering the criminal justice pipeline. Sector forecasts and demographic trends are moving in the right direction. Major change is underway to improve the system. The focus on public safety continues. New technology and ways of operating will make justice simpler and more accessible.

Better public services goals

TARGET 7
Reduce the rates of overall crime, violent crime, and youth crime

TARGET 8
Reduce the rate of re-offending

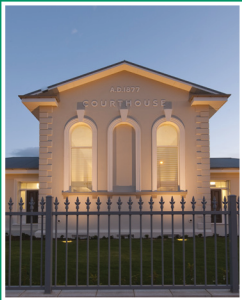
TARGET 10
New Zealanders are able to easily complete transactions with government in an online environment

Justice sector targets

Work within **fixed baseline** (\$3.8 billion) to 2015
15% **reduction in time** to disposal for criminal court cases

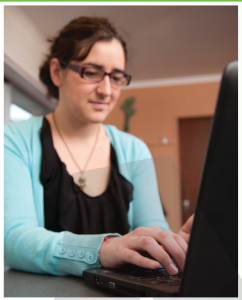
THE KEY SHIFT IS TO USE COURTHOUSES FOR HEARINGS AND DELIVER OTHER SERVICES IN MORE MODERN WAYS

COURT SYSTEM KEY SHIFTS



COURTHOUSE FOCUSED

Services delivered from courthouses – people have to come to us for: hearings; filing papers; information



CUSTOMER FOCUSED

- People only need to go courthouse for hearings
- Modern access to services – online, phone, Audio Visual Link (AVL) channels
- ‘Quick wins’ by Dec 2012: dispute a fine online; online Disputes Tribunal applications and fee payments; extended use of phone hearings for the Dispute Tribunal; improved website with key information for customers; online publishing of daily court lists

PAPER-BASED

Manual paper-based systems more prone to error
Police must file charges in person – 250,000 a year

ELECTRONIC

- From 1 July 2013, the Electronic Operating Model means judges will electronically record criminal decisions (1.2m decisions annually); police file charges online – 93,000 Police and court staff hours saved each year
- AVL been used in 5,500 interactions. Plans to connect to all prisons
- ‘AVL lite’ – starting with trial in Family Court in September

COMPLEX PROCESSES

Difficult to understand for people who aren’t legally trained
Slow – 50 weeks to dispose of average District Court jury trial

SIMPLE, FAST PROCESSES

- Family Court and criminal procedure reforms will mean fewer, clearer steps
- 4,000 fewer Family Court hearings
- Criminal procedure reforms (1 July 2013) 9,000–10,000 fewer court sitting hours and 230–450 fewer jury trials annually; speed average time to dispose of average District Court jury trial by 13 weeks

INVESTMENT IN STAFF AND BUILDINGS

75% of operating budget on personnel, capital charge and depreciation
125 buildings, 300 courtrooms (managed by jurisdiction)
8 tiers from frontline staff to CEO

INVESTMENT WHERE IT’S NEEDED

- Courts and justice sector precinct in Christchurch; Manukau; Waikato/Bay of Plenty; Masterton and Dunedin
- Leverage the scale of our operations – eg cross-jurisdictional use of courtrooms, like Christchurch
- Roll-out new technology and systems

THIS WILL REDUCE THE NEED FOR PEOPLE TO GO TO COURTHOUSES & IMPROVE SERVICES FOR THE PUBLIC, JUDICIARY, LAWYERS, POLICE & CORRECTIONS

MOVE TO

revitalised courts

- Court volumes are already down: criminal summary cases (majority of court cases) fell 11% between 2010/11 and 2011/12
- Falling crime rates, Better Public Service initiatives, procedural and Family Court reforms will further reduce volumes
- Business volumes don’t justify the number of buildings [6]
- Services are already being delivered in different ways
- Savings generated from addressing these issues can be reinvested in delivering results

Ministry of Justice change programme

2012

COMPLETED

Fixed Fees for Family Court implemented
National Office Review Phase 1 delivered
Christchurch precinct announcement
Family Court announcements
Masterton Temporary Court
National Office Review Phase 2

SEPTEMBER–DECEMBER

Civil fees consultation
Proposed: announcement on modernising courts
Family Courts ‘skype’ trial

‘Quick wins’

- Disputes tribunal e-lodgment and phone hearings
- Dispute a fine online
- Improved website
- Online publishing of daily court lists

2013

MARCH

Legal Aid changes implemented

APRIL

Civil Fees changes implemented

JULY

Electronic Operating Model go live
Criminal Procedure Act changes go live

[6]

[6]

THE MINISTRY PROPOSES TO

DISESTABLISH [6] DISTRICT COURTS

- Warkworth and Whataroa (very low case volumes)
- Feilding, Upper Hutt [6] (currently closed due to seismic risk)

MOVE TO A HEARING COURT MODEL FOR A FURTHER 9 where administrative duties are performed by a nearby, larger court

- two of these, Oamaru and Balclutha, are currently closed due to seismic risk and have hearing facilities already operating in the community

RESTRUCTURE COURT MANAGEMENT

to provide a better focus on frontline services and customers

- across the country, overall staff numbers will reduce by 105–115
- large proportion are management roles

[6]

We are already delivering services differently

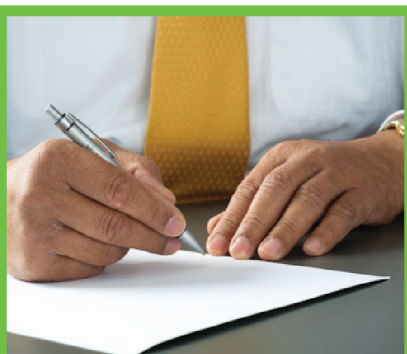
Recent seismic closures in Christchurch, Masterton, Upper Hutt, Oamaru, Balclutha, Feilding, Dunedin and Rangiora have provided us experience in delivering services differently. There has been no delay in hearings and people are still turning up when required. Hearing-only Courts already operate in Ruatoria, Kaikoura and the Chathams. Other government services can share the building. Police maintain public safety in communities. Every community affected has a police station.

How services will be delivered...



AT A COURTHOUSE

Hearings (when people are required to appear in front of a judicial officer)



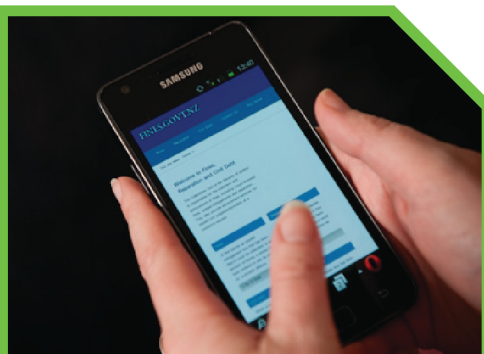
FROM A JUSTICE OF THE PEACE

Witnessed documents/ declarations, sworn affidavits

AT A POLICE STATION

Local JPs can do bail hearings at the station

Police can issue temporary safety orders in domestic violence situations



ONLINE/OVER THE PHONE

Already available:

- Pay fines online (also through PostShop, Westpac)
- Download forms from website, then email/post/fax
- 0800 general enquiries
- dispute a fine online

Will be available prior to any courthouse changes:

- Improved website with quick answers to most frequent queries
- Court appearance times online
- File court documents – online submission forms for Disputes Tribunal

Stakeholder and communications approach

PROVIDING BETTER INFORMATION ABOUT:

- sector success (lower crime/lower volumes)
- targets and results (BPS)
- how the system works and what's wrong (old-fashioned/court utilisation)

ACTIVELY ENGAGING WITH STAKEHOLDERS AND OPINION LEADERS

DEMONSTRATING BETTER WAYS OF WORKING:

- modernisation (electronic operating model/Family Court)
- investment where it's needed (Christchurch precinct/justice sector fund)

Announcement

- Significant pre-positioning (BPS – Result Action Plan; Christchurch justice sector precinct)
- Family Court reform; Fines disputes online
- Masterton temporary court; EOM demo
- Court results – 11% volume reduction, and court targets – 15% faster means [6]

[6]

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