

# The Treasury

## Budget 2022 Information Release

August 2022

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## Treasury Report: Justice Cluster Spending Review Final Report

<b>Date:</b>	17 February 2022	<b>Report No:</b>	T2021/3094
		<b>File Number:</b>	BM-2-7-2021-1

### Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Grant Robertson)	<p><b>Note</b> the contents of this report</p> <p><b>Agree</b> to recommendations for further work</p> <p><b>Discuss</b> preferred funding envelope and package for Budget 2022 for the Justice Cluster</p>	3 March 2022
Minister of Corrections (Hon Kelvin Davis)	<p><b>Note</b> the contents of this report</p> <p><b>Agree</b> to recommendations for further work</p> <p><b>Discuss</b> preferred funding envelope and package for Budget 2022 for the Justice Cluster</p>	3 March 2022
The Attorney-General (Hon David Parker)	<p><b>Note</b> the contents of this report</p> <p><b>Agree</b> to recommendations for further work</p> <p><b>Discuss</b> preferred funding envelope and package for Budget 2022 for the Justice Cluster</p>	3 March 2022
Minister of Police (Hon Poto Williams)	<p><b>Note</b> the contents of this report</p> <p><b>Agree</b> to recommendations for further work</p> <p><b>Discuss</b> preferred funding envelope and package for Budget 2022 for the Justice Cluster</p>	3 March 2022
Minister of Justice (Hon Kris Faafoi)	<p><b>Note</b> the contents of this report</p> <p><b>Agree</b> to recommendations for further work</p> <p><b>Discuss</b> preferred funding envelope and package for Budget 2022 for the Justice Cluster</p>	3 March 2022
Associate Minister of Justice (Hon Aupito William Sio)	<p><b>Note</b> the contents of this report</p> <p><b>Agree</b> to recommendations for further work</p> <p><b>Discuss</b> preferred funding envelope and package for Budget 2022 for the Justice Cluster</p>	3 March 2022

**Contact for Telephone Discussion (if required)**

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Name	Position	Telephone	1st Contact
Igor Dupor	Senior Analyst, System Design and Strategy	N/A (mob)	✓
Oliver Parsons	Team Leader, System Design and Strategy	[35]	

**Minister of Finance's Office Actions (if required)**

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**Return** the signed report to Treasury.  
**Refer** the report and appendix to Ministers (Hon Kelvin Davies, Hon David Parker, Hon Poto Williams, Hon Kris Faafoi, Hon Aupito William Sio)

**Minister's Office actions (if required)**

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**Return** the signed report to Treasury.

Note any feedback on the quality of the report

**Enclosure: Yes (Appendix 1 spreadsheet attached)**

# Treasury Report: Justice Cluster Spending Review Final Report

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## Executive Summary

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In December 2020, the Minister of Finance agreed to establish the Justice Cluster (comprising the New Zealand Police, Ministry of Justice (MoJ), Department of Corrections, Crown Law Office and Serious Fraud Office (SFO)) including Treasury to undertake a spending review of the Cluster agencies. This is the final report including findings from the spending review and assessment of the Justice Cluster proposed budget packages against the predefined envelopes.

## Key Themes from the Spending Review

This review focused primarily on the criminal justice system which represents the most significant portion of the Justice Cluster's baseline and is currently the focus of significant reforms. Criminal justice is where the Cluster agencies converge, so is the area with highest benefits from collaboration. The following key themes were identified during this review:

- Increased complexity of cases and of needs across the criminal justice sector has led to rising demand and costs of services, with knock-on impacts on system performance.
- Investments across the criminal justice system are directed mostly to those already in the system, but the Justice Cluster is beginning to explore alternative pathways with better outcomes and lower costs.
- Overrepresentation of Māori in the criminal justice system is a major focus for the whole sector but remains an area of significant concern.
- Safety for frontline workers, victims and offenders is an increasing focus.
- COVID-19 has had a marked and ongoing impact on some baseline activities and will continue to create some uncertainty.
- [33]

There have been significant demand-driven pressures on the justice sector over the last few years, resulting in growing court backlogs and time on remand. Managing these pressures has generally driven economy and efficiency of existing spending, though the review noted that:

- there has been significant growth of non-sworn police staff above the planned track [CAB-19-MIN-0158-220 refers]
- the paper-based nature of court systems means they are generally inefficient compared to other jurisdictions and vulnerable to congestion problems (where increasing pressure decreases efficiency)
- the generalised approach of managing remand populations as high security likely drives unnecessary additional cost, and
- a decreasing proportion of prisoners attend rehabilitation programmes, which ultimately has impacts on system efficiency.

## Budget 2022 Funding Options

The Justice Cluster spending proposals for Budgets 2022-24 focus on addressing cost pressures and improving system performance. We support this approach, and we have assessed the proposed packages as generally good value for money, though with some phasing and scaling options for Ministers.

The low package is dominated by largely non-discretionary cost pressures, is generally high value-for-money and has few delivery concerns. [34]

The medium package provides coverage for critical cost pressures, and some key priority initiatives. In general, this has been well-prioritised and presents good value-for-money. The medium package is likely better value for money overall than the low package, as it creates potential to deal with pressures to a point that system performance issues can begin to be addressed. Unless demand pressures eventuate that are well-outside forecasts, it is more likely the Cluster can manage costs within the medium package, however the lack of general contingency remains a risk.

The Cluster has submitted a high package slightly above the medium package, but below the indicative high envelope that was set. [33], [34]

The high package would provide the Cluster with the most sustainable funding path, and greater capacity to absorb some unexpected cost pressures through reprioritisation. However, no contingency has been recommended by the Cluster even in the high package.

Ministers have several options to create headroom for high-value initiatives currently only within the high package, add provision for contingency, or to reduce the overall fiscal cost, particularly by rephasing initiatives over the three-Budget cycle funding period:

- [33], [34]
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A large number of FTE are sought, but a substantial proportion are entry-level positions and/or regionally based, which makes recruitment more feasible. Areas where labour market constraints may be an issue primarily relate to discrete bids with IT, policy and social sector components.

The Cluster has prioritised a single capital investment bid for Budget 2022 – Te Au Reka:

Caseflow. We are generally supportive of prioritising this initiative, and it is consistent with the focus on system performance in the Justice Cluster spending proposal.

The Cluster contains three investment intensive agencies and has indicated a substantial 10-year capital pipeline that will be considered through future Budgets and business case processes, including accompanying operating expenditure that may be significant for some initiatives. While this is heavily focused on renewal and replacement across courts, Corrections facilities, IT/communications and Police equipment there are also some significant initiatives for progressing Cluster priorities.

## **Reprioritisation**

[33]

## **Next steps**

A meeting is scheduled for the Minister of Finance and Cluster Ministers on 3 March to discuss the spending proposal submitted by the Cluster, the findings of the spending review and Budget 2022 advice.

Following this meeting and any subsequent direction from you, the Justice Cluster will submit a final package to progress through the Budget on 10 March.

## Recommended Action

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We recommend that you:

### **Commissioning**

- a **note** that in August 2021, you agreed the terms of reference for a spending review of the Justice Cluster agencies (New Zealand Police, Ministry of Justice, Department of Corrections, Crown Law Office and Serious Fraud Office)
- b **refer** this report to the Minister for the Prevention of Family and Sexual Violence  
*Agree/disagree.*
- c **discuss** a preferred funding envelope and package for the Cluster agencies to be progressed through the Budget process for Cabinet approval

### **Review Themes**

- d **note** this review focused primarily on the criminal justice sector, identifying six key themes:
  - Increased complexity of cases and of needs across the criminal justice sector has led to rising demand and costs of services, with knock-on impacts on system performance.
  - Investments across the criminal justice system are directed mostly to those already in the system, but the Justice Cluster is beginning to explore alternative pathways with better outcomes and lower costs.
  - Overrepresentation of Māori in the criminal justice system is a major focus for the whole sector but remains an area of significant concern.
  - Safety for frontline workers, victims and offenders is an increasing focus.
  - COVID-19 has had a marked and ongoing impact on some baseline activities and will continue to create some uncertainty.
  - [33]

### **Budget 2022-24 Spending Proposals**

- e **note** that the Justice Cluster has developed proposed packages that cover the upcoming three budget cycles, with a strong focus on addressing cost pressures and improving system performance
- f [33]

g

h

i [33]

**Reprioritisation**

j [33]

k

- [33]
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- 
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*Agree/disagree.*

**Further Action Over the Three-Year Spending Plan Period**

l [33]

- [33]
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- 
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- 
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m [33]

n

o [33]

*Agree/disagree.*

Oliver Parsons  
**Team Leader, System Design and Strategy**

Hon Grant Robertson  
**Minister of Finance**

Hon Kelvin Davis  
**Minister of Corrections**

Hon David Parker  
**The Attorney-General**

Hon Poto Williams  
**Minister of Police**

Hon Kris Faafoi  
**Minister of Justice**

Hon Aupito William Sio  
**Associate Minister of Justice**

# Treasury Report: Justice Cluster Final Report

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## Purpose of Report

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1. In December 2020, the Minister of Finance agreed to establish the Justice Cluster and undertake a spending review of the Justice Cluster agencies (New Zealand Police (Police), Ministry of Justice (MoJ), Department of Corrections (Corrections), Crown Law Office (Crown Law) and Serious Fraud Office (SFO)) [T2020/3726 refers].
2. The purpose of this report is to provide you with the key findings arising from the Spending Review in order to inform discussions about priorities and multi-year funding options, including assessments of proposed packages developed by the Cluster agencies covering Budgets 2022, 2023 and 2024.
3. On 29 July 2021 the Review Team submitted Terms of Reference which were agreed to by you [T2021/1765 refers]. This report is based on the objectives as set out in the Terms of Reference.
4. This report is divided into the following sections:
  - Section A sets out an overview of the Justice Cluster Spending Review.
  - Section B summarises the key findings of the Spending Review.
  - Section C provides advice on Budget 2022 funding options.
  - Appendix 1 (attached) sets out the individual assessments of Budget 2022 initiatives submitted by Cluster agencies.
  - Appendix 2 sets out relevant supporting evidence from the Spending Review.

## Section A: Justice Cluster Spending Review

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### Spending Review Approach

5. A team of Treasury officials and agency secondees has undertaken a spending review of the Justice Cluster agencies, covering value-for-money of key areas of agency baselines. Spending reviews are designed to provide Ministers with a degree of assurance about where departmental baseline funding is spent and how it contributes to achieving outcomes and priorities, as well as identifying cost pressures and opportunities for reprioritisation and new investment.

### Cluster Agencies and Ministerial Priorities

6. The Justice Cluster includes Police, MoJ, Corrections, Crown Law and SFO. How Justice cluster agencies interact and collaborate has significant implications for sector performance and demands on the criminal justice system in particular. The Justice Sector Leadership Board (JSLB) and individual agencies are strongly engaged a reform programme in order to address structural pressures in the system by reducing crime, keeping people safe and modernising the justice system.
7. The purpose of the criminal justice system is to improve New Zealand society by:
  - supporting the healing and safety of people who have been affected by criminal offending

- providing processes that ensure accountability and support the rehabilitation of people who have offended
  - upholding human rights and working to enable the restoration of mana of all individuals, whānau and communities affected by crime, and
  - working with communities and government agencies to help build resilience among families, whānau and communities to prevent crime.
8. Policies and approaches applied by one agency at any point in the system will have knock-on effects, as do legislative settings. Ensuring that agencies are working together effectively allows agencies to identify how their outputs have wider effects and implement changes that promote better outcomes for pathway participants and those affected by crime.
9. The Justice Cluster priorities as agreed by the Cluster Ministers are:
- Better outcomes for victims
  - Improving access to justice
  - Addressing issues with remand
  - Better enabled organisations and workforce

### **Focus of this Review**

10. The criminal justice system represents the most significant portion of the Justice Cluster's baseline and is currently the focus of significant reforms. Criminal justice is where the MoJ, Corrections, Crown Law, the SFO and Police converge, so is the area with highest benefits from collaboration. Accordingly, this was the primary focus of this spending review.
11. The spending review covered matters of interest within the following areas of focus:
- Prevention, response and enforcement.
  - Court system performance.
  - Custody and community.
  - Rehabilitation, reintegration and reducing reoffending.
  - Infrastructure and capital investment.
12. SFO and Crown Law were also covered as separate areas of focus, to ensure key issues were not obscured by the relative scale of the larger agencies.
13. In order to develop an overarching financial view of the criminal justice system, we mapped the Cluster's expenditure against six outcome themes as laid out in the Interim Report dated 29 July 2021 [T2021/1765 refers], which correspond to the pathways people take through the justice system (Figures 1 and 2 on the following A3). This illustrates how resources are mostly directed towards people already in the system, and that the costs of intervention increase significantly as people progress through the system.



## Key Themes from this Review

### ***Increased complexity of needs across the criminal justice sector, and a high number of complex cases, have led to rising demand and costs of services***

14. The criminal justice sector has experienced increased complexity across several elements and areas:
- Police has seen a significant increase in mental health and attempted suicide calls since 2011 (38% and 47% respectively). Alongside broader Police services, demand pressures have increased due to more sophisticated organised crime and new crime areas such as cyber and technology-enabled offending.
  - SFO has seen an increase in complexity of the cases requiring investigation while overall volume of investigations is declining. However, the average time for investigations has increased from 12 months to 20 months on average, reflecting workload pressures on specialist expertise.
  - Increasing complexity in interactions within the court system have contributed to structural congestion, manifesting as higher average events to dispose cases.
  - This increase, driven by the increased average events to case disposal, also has a significant impact on Crown Solicitors' workloads and wellbeing where Category 3 cases include jury trials, alongside driving increased Legal Aid costs.
  - In Corrections, analysis of the custodial population indicates a shift towards an older population with more complex, and often unmet, basic health needs and more complex unmet needs, such as mental health and addiction. This is especially acute for women who are more likely to experience mental health and substance disorders and be victims of family violence, requiring specialised trauma-based interventions. The increasing complexity of the prison population presents operational and logistical challenges and risks, including the increased need for segregation.

### ***Investments Across the Criminal Justice System are Directed Mostly to Those Already in the System***

15. Financial mapping of Justice Cluster shows that resources are mostly directed to those already in the criminal justice system, not to the prevention of their getting there. There is strong scientific evidence and fiscal benefits for investing relatively more resources into early intervention to identify and mitigate risk, and adequate rehabilitation and subsequent social inclusion for those already in the criminal justice system. In New Zealand approximately 80% of all sentenced prisoners were classified low-medium risk or below.

### ***Overrepresentation of Māori in the Criminal Justice System Remains an area of Significant Concern***

16. While there are some overall improvements and a decline in prison population, Māori continue to be overrepresented in the Criminal Justice system. The need for strategic responses focused on Māori was emphasised in Tū Mai Te Rangi, a Waitangi Tribunal report from 2017. This calls for responses that improve outcomes for Māori at all points of the criminal justice system, developed with Māori partners. This poses a challenge for the entire Justice Sector:
- Justice sector agencies are working together to shift their approach and there is strong strategic alignment to achieve more equitable outcomes for Māori through key initiatives and strategies developed with Māori partners, such as Te Pae Oranga, Te Ao Mārama, Hōkai Rangi and Māori Pathways.

- Police's strategy, Te Huringa o Te Tai recognises that staff may hold unconscious biases which can affect their decision-making. Police has implemented success measures through Te Huringa o Te Tai to mitigate these. Programmes such as Te Pae Oranga and supported resolution methods to reduce entry and/or escalation into the criminal justice to improve social outcomes, and to improve alignment with whanau-based approaches have shown early positive impacts.
- In the court system, the flow-on impact of increased case complexity and court congestion affects the amount of time spent on remand, and which is disproportionately made up of Māori. The percentage of the remand population that identifies as Māori is currently 57.3% for men and 65.7% for women.
- Across the total custodial population, 52% of men, and 65% of women are Māori. This is despite Māori only making up 16.7% of the total population. Māori represent 63.1% of those managed at high or maximum security. Corrections' approach is shifting under Hōkai Rangi to recognise the importance of wellbeing and incorporating Te Ao Māori approaches, to better support the needs of people on sentences and orders administered by Corrections and begin to address Māori overrepresentation. Hōkai Rangi recognises that Corrections cannot address Māori overrepresentation alone, and that this requires work across government in partnership with Māori.

### ***Safety for Frontline Workers, Victims and Offenders is an Increasing Focus***

17. Both Corrections' frontline staff and Courts security staff are required to work closely with people who have committed offences, including people who actively use manipulation and violence. This is a psychologically and physically challenging work environment. Hōkai Rangi is driving a cultural shift to strengthen and build workforce capability in a complex and challenging environment. Improving outcomes relies on Corrections prioritising the oranga of people in prison, addressing their often-complex needs, while also ensuring workforce safety. This requires a greater focus on supporting and developing frontline staff with key areas of Corrections workforce safety bid having been developed in partnership with the frontline workforce and union partners in response. Together with the remuneration component, this seeks to address the pay and working condition requirements that are evidenced as needed through the ongoing union bargaining and engagement.
18. Improving the safety of Police staff remains a priority given the increase in the propensity of some to use violence against Police. Over the past 12 months, the Frontline Safety Improvement Programme has identified opportunities to improve the frontline's capability and capacity to enable safety solutions that are right for New Zealanders and the style of policing that the public expect.

### ***COVID-19 has had a Marked and Ongoing Impact on Some Baseline Activities***

19. Considering the nature of justice services, the system has coped remarkably well with disruptions caused by the pandemic, adapting and innovating to manage pressures even with large proportions of services dependent on fixed assets that are not designed for varying operating models. Impacts have included the following:
  - Police is responding to breaches to COVID-19 legislation, managing and enforcing checkpoints, assisting with Managed Isolation and Quarantine facilities (MIQ), and having an increased presence in the community.
  - SFO received time limited funding from the COVID-19 Relief and Recovery Fund (CRRF) to lead activities aimed at reducing fraud against COVID-19 recovery funds and to respond to the anticipated increase in serious financial crime during an economic downturn.

- Funding from the CRRF was provided to MoJ, Police, Corrections, Oranga Tamariki, and Crown Law to support the work of a number of new District Court Judges, High Court Judges, and one acting Associate High Court Judge including associated registry staff, accommodation, and other support services across the justice sector to address court backlogs.
- Corrections rapidly changed operational procedures to ensure staff and people in its care were kept safe and protected by keeping COVID-19 out of prisons. CRRF funding was also applied against technology to maintain connectivity between people in prison and their whānau and lawyers (e.g. by increased access to Audio-Visual Links). Note that operational response to Delta (such as quarantine) have been baseline and not CRRF funded.
- A key focus for 2020, given the COVID-19 pandemic, was on workforce wellbeing and support. Agencies are experiencing recruitment pressures of highly specialised skill sets with the ongoing border closure, particularly in IT.

### ***Progress is Being Made on Collaboration for Criminal Justice System Reform***

20. The JSLB was created in 2011 to provide leadership and governance over major programmes in the justice sector by joining up and integrating parts of strategy and policy across agencies and the sector. Specific programmes and initiatives which highlight the benefits of collaboration across the Cluster and strategic alignment include supported resolution pathways, electronic monitoring as a more effective alternative to remand or imprisonment, the Criminal Process Improvement Programme and stronger community engagement by Police. [33]

## **Section B: Spending Review Key Findings for Each Outcome Theme**

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### **(1) Prevention Provides the Best Outcome for Everyone**

#### ***Key Findings***

21. Policing provides the initial point of contact with individuals entering the justice pathway and determining what criminal justice response is required. How Police responds to criminal justice demands has flow on effects for the rest of the criminal justice system.
22. Police continues to face ongoing challenges with increasing service demands and growing complexity of service delivery. Some of the key drivers of this complexity and demand include responding to unforeseen events (e.g. COVID-19), and emerging areas of crime or harm (such as organised crime and cyber-crime) and working more collaboratively with partners across the justice and social sector.
23. [33]

#### ***Addressing Key Findings***

24. [34]

25. [34]

## **(2) Timely and Effective Responses and Enduring Support for Victims**

### ***Key Findings***

26. Frontline safety is currently of concern, as Police are encountering a relatively higher proportion of violent offences (further detail in Appendix 2 regarding Prevention, response and enforcement).
27. There has been historically little investment in improving outcomes for victims, and this is currently a priority for Justice Ministers.
28. Using alternative resolution models and specialist courts has resulted in diverting cases from the mainstream courts, with an indirect impact on improving outcomes for victims.
29. The movement towards a person-centric oranga approach to Corrections considers the impact of crime on the offender's whanau, iwi and communities.

### ***Addressing Key Findings***

30. Additional training and uplifting capability of front-line staff to address needs of victims. For example, Police's Frontline Safety Improvement Programme to enhance frontline training and improve frontline access to specialist capability that support victims.
31. Increased use of alternative resolution pathways (e.g. Te Pae Oranga and Reframe) is a key contributor to reforming the criminal justice system, improving outcomes for victims and people in the system and reducing demand pressures elsewhere in the system.
32. Continued investment into shifting the justice pathway to focus on a more person centric approach which includes the needs of victims, whanau, iwi and communities.

## **(3) Timely and Fair Justice Process Through Courts and Alternative Resolution Processes, Enabled by Innovation and Cultural Shifts**

### ***Key Findings***

#### ***Court Performance***

33. Timeliness of the court system has deteriorated, particularly since 2014, primarily driven by an increased number of events to disposal for criminal Category 3 cases. The underlying causes of increased congestion in the Courts are likely to be behavioural responses to legislative and procedural settings, with justice sector interactions becoming increasingly complex – manifesting as additional court events per disposal. Recent research into later guilty pleas found that the main drivers were:
  - late disclosure of evidence making pleading early problematic
  - the Case review stage not driving early engagement as intended (i.e. engagement is not happening)
  - a lack of system incentives to plead early (perception that people get large sentence discounts late in the process), and

- people are rarely being held to account for not engaging or being unprepared.
34. The 2020 spending review of MOJ noted that the case for digitising the courts system is bolstered by the diseconomies of scale observed in courthouses. The larger the courthouses, the more time required to dispose of cases, with paper-based systems seemingly more prone to greater inefficiency as the size of the courthouse increases.
  35. [34]
  36. Crown Solicitor, Legal Aid and/or Public Defence Service resourcing is under pressure due to trends in court processes causing large increases in workload.
  37. Further detail is provided in Appendix 2 under Court System Performance.

### *Remand*

38. Court congestion is a major contributor to increasing time spent on remand. The proportion of prison sentences served in remand has roughly doubled since 2014 and suggests that addressing court performance will have significant positive flow-on impacts on Corrections.
39. The proportion of a person's sentence spent on remand may mean that the remainder of a sentence is too short for the person to engage in any meaningful rehabilitation. A greater proportion of time spent on remand limits the ability of people in remand to access rehabilitation programmes, which could otherwise be available if sentenced in a timely manner. Corrections is now revising their approach to providing rehabilitation to respond to the high and increasing proportion of the custodial population in remand.
40. The high remand population is also causing greater management complexity for Corrections, partly due to higher gang affiliation of people on remand.

### **Addressing Key Findings**

#### *Court Performance*

41. Addressing the absence of a modernised case management system (i.e. Caseflow) is necessary and urgent. In addition to the more immediately apparent increases in efficiency that could be generated by moving away from a paper-based system, court modernisation is likely necessary to address any gaming of current procedural settings, and to better enable effective evaluation of those settings.
42. The judiciary-led Criminal Process Improvement Programme (CPIP) that was established in immediate response to the system pressures caused by COVID-19, with support from Behavioural Science Aotearoa. Insights from this programme may contribute to the understanding of why defendants are delaying guilty pleas and unnecessarily extending the time required to dispose of cases.
43. The judiciary-led programme Te Ao Mārama is intended to improve effectiveness by expanding therapeutic approaches. Improved effectiveness may ultimately reduce pressure driven by 'failure demand' if it is successful in achieving enduring, improved outcomes for individuals in the system, but is likely to require additional resourcing for courts and associated services in the short-term (e.g. NGOs).
44. People working in the system report increased unnecessary procedural complexity and gaming behaviour and this is consistent with patterns in court data. Court modernisation and CPIP may help to address these issues, but our view is that review

of the legislative settings may ultimately be required to achieve the desired changes in behaviour from people in the court system.

45. Current resourcing pressures for Police Prosecutors, Crown Solicitors, Legal Aid and/or the Public Defence Service are likely to need addressing, as the high workloads driven by trends in the courts may undermine effectiveness (ultimately reducing efficiency).

#### *Remand*

46. [33]

47. Continuing to invest in alternatives to remand in custody has potential to improve outcomes, including expanding use of Electronic Monitoring (EM) if carefully balanced and managed with public risk / perception.

### **(4) The Outcomes of the Resolution Process, Including Compliance with Sentences and Orders, Supports Safety and Wellbeing for Everyone**

#### ***Key Findings***

48. The increasing complexity of the prison population (including due to gang affiliation, responding to violence and aggression and an increase to the number of people on segregation) presents operational and logistical risk, driving costs and posing challenges for lifting wellbeing outcomes, with impacts on workforce requirements and safety.
49. Despite a decrease in the total prison population, Māori continue to be overrepresented, especially amongst the women's population.
50. Workforce is a key issue for Corrections for safety, meeting the needs of people in custody and operational efficiency. In 2020/21, Corrections expended \$26.4 million on overtime payments – equivalent to 305 FTEs of work. While the use of overtime can be an effective resource management tool to accommodate fluctuating workloads, the current high reliance on the practice needs to be considered.
51. EM has proven to be a cost-effective tool (relative to imprisonment) which supports the wellbeing of people, whether used for remand on bail or for community-based sentences and orders. The limitations to wider roll-out of EM should be explored,  
[33]
52. Further detail is provided in Appendix 2 under Custody and Communities.

#### ***Addressing Key Findings***

53. [34]

Extending the rollout would mean reduced overtime, improved staff wellbeing, and people in prison benefitting from improved meal and medication times, and more whānau-friendly visiting times. Initial assessments of the Making Shifts Work programme indicate marked improvements across focus areas.

54. [33]

55. Reviewing the appropriateness of security classification for people on remand could improve overall efficiency and better enable service provision.

## **(5) A Focus on Unmet Needs Enables Better Rehabilitation in Partnership with Iwi, Whānau, Communities, and Wider Government Partners**

### ***Key Findings***

56. People in Corrections' care and management have increasingly complex needs. Corrections provides primary health, rehabilitation, education, employment and reintegration services to help increase oranga and reduce the likelihood of reoffending
57. The system providing rehabilitation services spans several departments within Corrections. This presents challenges evaluating the system as whole, assessing whether there are any gaps or duplication in the services provided, and the balance between services provided in prisons and the community. Services are being changed to better meet the needs of people in the system but much of this is currently small-scale, limited by capability and capacity (for both agencies and Treaty partners) or as part of the approach of starting small and testing and evaluating before rolling out wider where successful. These models have different resourcing demands and pressures.
58. Corrections' focus has shifted to a therapeutic, whānau-centric oranga focus to meet needs. This includes (but is not limited to) actions under a new Alcohol and Drugs Strategy, Hikitia (the Waikeria Prison Development mental health and addiction service) and Māori Pathways. Co-design of kaupapa Māori health services proposed, the framework is intended to include rongoā Māori practitioners to provide improved health services for Māori.
59. Māori Pathways is exploring and trying different ways to define and operationalise kaupapa Māori and whānau-centred approaches, and successfully incorporate change into Corrections' practices. The primary aim is to lower the proportion of Māori in the corrections system and support whānau wellbeing. The development of the Te Mana Wāhine Pathway for women in Christchurch commenced in 2019.
60. The proportion of people in prison attending programmes and interventions has decreased over the last five years. A review of a sample of programmes shows that decrease has disproportionately impacted Māori, Women and people under 34 years of age.
61. Further detail is provided in Appendix 2 under Rehabilitation, Reintegration and Reducing Reoffending.

### ***Addressing Key Findings***

62. [33]

## **(6) Effective Reintegration into Whānau and Communities Restores Mana, Promotes Safety and is Preventative**

### ***Key Findings***

63. Housing prisoners in their preferred region can have a positive impact on reintegration, and it maintains connection to whānau, and/or employment, education and rehabilitation programmes that meet the person's needs.

64. The use of alternatives to custodial prison such as EM and community sentences minimises the impact of taking a person away from their community and improves social connections with whānau and other positive supports.
65. The availability of housing and employment are essential wrap around services allowing reintegration. Wraparound services are used to support prisoners' reintegration into the community upon release, reducing the risk of re-offending. While wraparound services are provided to some people as part of the initial reintegration, ongoing support is often beyond the scope and control of the justice system (e.g. access to ongoing healthcare, education and suitable and safe housing).
66. Further detail is provided in Appendix 2 under Rehabilitation, Reintegration and Reducing Reoffending.

### ***Addressing Fey findings***

67. Corrections' Electronic Monitoring Strategy 2020-2023 involves a shift towards a people-centred approach, to prioritise wellbeing and deliver better outcomes. This involves supporting the wellbeing of the people Corrections manages and monitors, and their whānau. The strategy is underpinned by technology, staff and culture, and Corrections' values.
68. One focus of Hōkai Rangi is accommodating people in prison close to home and maintaining connections to whānau. Changes are being made to systems that enable case managers to enter more information about an individual's preferred location, whilst noting that preference is dynamic, and circumstances can change.
69. Continued investment in increasing access to housing made available by the social sector to people with more complex needs is important. Research shows people who have recently been in prison have higher wellbeing benefits from access to safe and stable housing than any other cohort.

## **(7) Enabling Infrastructure – Cross Cutting Themes in Capital and ICT**

### ***Key Findings***

70. Assets associated with offender employment may require reconfiguration in line with changing needs (to match labour market demand) and constraints (e.g. Zero Carbon).
71. Courts capital utilisation could be improved alongside asset renewal plans (considering changing needs of court processes).
72. Asset management strategy and planning is maturing, but there are still significant gaps that impede good investment prioritisation within agencies and across the Cluster.
73. IT presents significant challenges (e.g. integration) and pressures (e.g. transition to aaS) across the Cluster.
74. The Justice Cluster is capital intensive, and parts of the portfolio have become significantly run down due to investment deferrals and/or insufficient operating expenditure, requiring a scale-up in renewals.
75. Further detail is provided in Appendix 2 under Infrastructure and Capital Investment.

### ***Addressing Key Findings***

76. Aging infrastructure assets and assets not fit for purpose in each of the agencies will require careful prioritisation and investment decisions to ensure critical assets are maintained and are available to enable organisation and Justice Cluster strategies to be implemented. This includes optimisation of prison networks and better utilisation of

court assets. This may require investment to get fit for purpose assets and future benefits and divestment of underutilised assets across all agencies.

77. Continued investment in the transition to aaS to address aging technology risk and harness technology multipliers.
78. Continue to improve the level of collaboration across the justice cluster in refining the investment pipeline to schedule projects to enable sharing of experience and resources particularly in IT such as Cyber Security.

## Section C: Budget 2022 Funding Options

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### Indicative Envelopes

79. [33]

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### Multi-Year Funding and Exceptions

81. [33]

82.

[33]

83.

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## **Assessment of Spending Proposals**

### ***Process***

84. The Justice Cluster itself has run a process of strategic alignment, assessment of cost pressures and prioritisation, including phasing and scaling of bids that were deemed of sufficient quality to proceed. The Treasury-led Spending Review team has completed independent assessments of all bids submitted (comments included as Appendix 1), including assessing value for money, alignment and deliverability, and interrogating the basis of costings as for the normal Budget process. This has been undertaken in the context of the findings of the spending review where relevant, to ensure a good

information base for recommendations to Budget Ministers. Comments on individual initiatives are included as Appendix 1.

### ***Focus on Cost Pressures and System Performance***

85. The Justice Cluster has developed proposed packages with a strong focus on addressing cost pressures and improving system performance. We are supportive of this approach. Improving system performance is necessary to get the large demand-driven cost pressures under control, which is important to:
- improve fiscal sustainability, for investment in transformation to be affordable
  - ensure that introducing measures to improve effectiveness, which may be more time-intensive, don't reinforce the trends that are causing slowdowns in the system (e.g. causing time spent on remand to increase), offsetting the benefits, and
  - improve trust in and legitimacy of the system, by ensuring justice issues are resolved in a timely way.
86. This is proposed to be undertaken in a way that is consistent with longer-term objectives for transformation of the criminal justice system. However, it will be important to continue monitoring outcomes (including for Māori in particular) to determine whether benefits are being seen from key strategic initiatives (e.g. Reframe, Te Pae Oranga, Te Ao Mārama, Hikitia and Māori Pathways) and to whom they are accruing.
87. [33]

### ***Workforce and Remuneration***

88. While the total FTE sought is [33] a large proportion is made up of entry-level positions that should be manageable with more progressive phasing. There does not appear to be a great degree of competition for the same key skillsets within the Cluster, which is positive for deliverability, but we do note agencies may find it challenging to recruit and retain the numbers of new staff proposed.

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89 [38]

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90. [34]

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91. [33]

## **Options for Use of Tagged Contingencies**

92. [33]

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**Low Package:** [33]

*Overall value-for-money, alignment and deliverability*

94. The low package is dominated by largely non-discretionary cost pressures, and because of this is generally high value-for-money and has mostly minimal delivery concerns. [33]

[34]

95. In general, the focus on cost pressures limits the overall alignment of the low package to the Cluster priorities and would challenge the agencies' ability to deliver any meaningful transformation or deliver on Government or Cluster priorities.

*Risk/resilience and sustainability*

96. [33]

- [33]

- [33]
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97. [33]

There is risk that funding at this level is likely to result in agencies needing to absorb excess cost pressures over the three-Budget cycle period, resulting in erosion of capability and performance, potentially exacerbating demand-driven cost pressures.

**Medium Package:** [33]

*Overall value-for-money, alignment and deliverability*

98. The medium package, which uses the entire medium envelope, provides coverage for critical cost pressures, as well as some key priority initiatives. In general, this has been well-prioritised and appropriately scaled and presents good value-for-money. The medium package is likely better value for money overall than the low package, as it creates potential to deal with pressures to a point that performance issues can begin to be addressed.

99. [33], [34]

*Risk/resilience and sustainability*

100. At nearly twice the cost of the low package, the medium package presents a fair balance of cost pressures and new initiatives and is likely to put the Cluster on a more sustainable path than the low package. Unless demand pressures eventuate that are well-outside forecasts, it is more likely the Cluster can manage costs within the medium package, however the lack of general contingency remains a risk.

## **High Package:** [33]

### *Overall value-for-money, alignment and deliverability*

101. The Cluster has submitted a high package slightly above the medium package, but below the indicative high envelope that was set. The original instruction from the Minister of Finance was that the purpose of the high envelope is to draw out the full range of possible investment opportunities and to signal the maximum possible level of spending available, and that Clusters would need to present reprioritisation savings to make up the number.

102. In addition to the medium package initiatives, the high package includes larger remuneration bids and four key additional initiatives, including:

- [33], [34]
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103. All four have been assessed as representing fair value for money, and we are supportive of the Cluster's proposed 'test and learn' approach to implementation. [34]

104. The high package provides the best balance of investment across Cluster priorities of the packages put forward by the Cluster. As with the medium package, Ministers have options to reduce the overall fiscal costs or to create headroom for unexpected cost pressures across the forecast period, particularly by rephasing initiatives or by employing contingencies.

### *Risk/resilience and sustainability*

105. The high package would provide the Cluster with the most sustainable funding path, and greater capacity to absorb some unexpected cost pressures through reprioritisation. However, we note that no contingency has been recommended by the Cluster even in the high package. The risk remains that should significant cost pressures arise, and Cluster funding has already been allocated to high-profile or announced initiatives, there would be limited ability of agencies to reprioritise to absorb cost pressures.

## **Reprioritisation**

106. The Justice Cluster baselines are characterised by large demand-driven costs from services and associated assets which are largely non-discretionary, for example:

- frontline policing
- prosecution
- administering the courts and supporting the judiciary
- administering legislation
- legal services, and

- delivering sentences in the community and in custody.
107. Strictly speaking, more discretionary activities in the Cluster tend to be associated with research, evaluation, policy, strategy and reform work, and discrete services such as support to victims. In terms of driving overall value for money from the Justice Cluster, reductions in this activity are of relatively small magnitude relative to the large demand-driven costs. In addition, this can have the perverse outcome of worsening system performance, which drives cost pressures in excess of any savings.
108. Accordingly, in order to drive value for money the Cluster needs to ensure that these discretionary investments are prioritised towards actions which will improve system performance and get demand-driven pressures under control. The spending proposal submitted by the Justice Cluster includes several investments which are likely to produce some level of fiscal savings in the medium to longer-term relative to a counterfactual of business-as-usual.

[33]

### ***Improving Court System Performance***

112. [33]

[33]

113.

[33]

114. [33]

[33]

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[33]

115. [33]

116.

[33]

117. [33]

***Addressing Unmet Needs in the Custodial Environment***

118. [33]

119.

[33]

***Alternatives to Remand in Custody***

120. [33], [34]

121. [33]

[33]

**Funding Outside the Cluster Envelopes**

**Capital**

- 122. The Cluster has prioritised a single capital investment bid for Budget 2022 – Te Au Reka: Caseflow. We are generally supportive of prioritising this initiative, and it is consistent with the focus on system performance in the Justice Cluster spending proposal.
- 123. The Cluster contains three investment intensive agencies and has indicated a substantial 10-year capital pipeline that will be considered through future Budgets and business case processes, including accompanying operating expenditure that may be significant for some initiatives. While this is heavily focused on renewal and replacement across courts, Corrections facilities, IT/communications and Police equipment there are also some significant initiatives for progressing Cluster priorities. There are risks to achieving Cluster priorities and obtaining longer-term savings if some of these capital initiatives are not able to be funded outside the Cluster.

**Joint Venture for the Prevention of Family Violence and Sexual Violence**

- 124. [33]
  - [33]
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**Crown Entities**

- 125. [33]
  - [33]
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**Changes to the Charities Act**

- 126. The Minister for the Community and Voluntary Sector has submitted an initiative for implementing changes to the Charities Act. [33]

## ***Pre-Commitments***

127. [33]

## **Next Steps**

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128. The Minister of Finance and Cluster Ministers are meeting on 3<sup>rd</sup> March to discuss the Cluster spending proposal and findings of this report.
129. Following this meeting and any subsequent direction from you, the Justice Cluster will submit a final package to progress through the Budget on 10<sup>th</sup> March.







## Appendix 2: Relevant supporting evidence

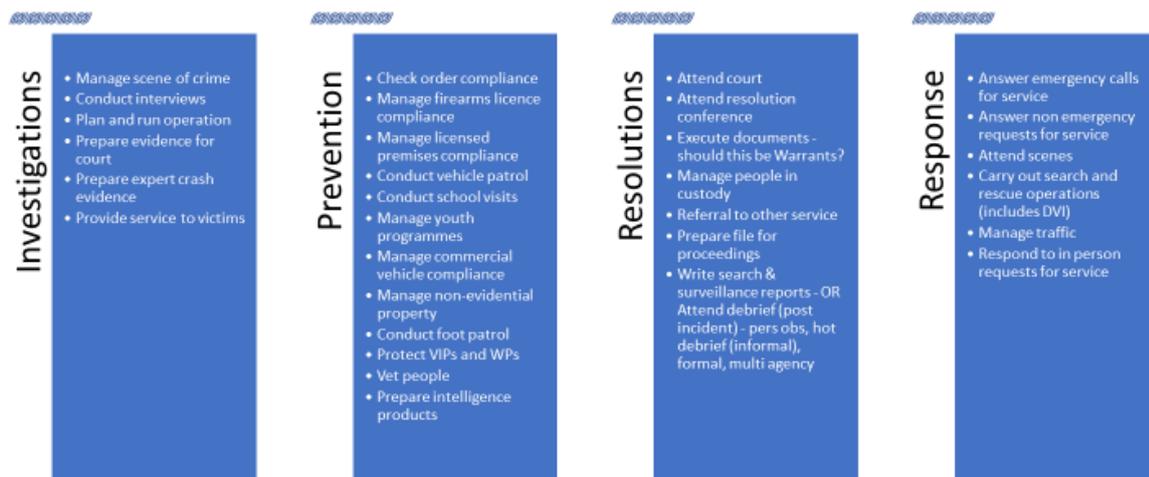
### Prevention, Response and Enforcement

130. Police spending is aggregated across four 'pillars' of prevention, response, investigation and resolutions. For the financial year 30 June 2021, the four pillars and their contribution to total spend of \$1.760 billion including:

- Prevention (includes General and Specific Crime) 27.4%
- Response 31.7%
- Investigation 30.4%
- Resolutions (includes Policy Advice) 10.6%

131. Between 2012 and 2017, Police expenditure towards these four output areas steadily increased by 9%. However, from 2017 to 2021, there has been an increase of 34% in total output expenditure. The most significant increases have been in Prevention, Response and Investigations. As at 30 June 2021, \$1.4 Billion (69%) of Police's budget is spent on personnel.

Figure 13: Police Services



[33], [34]

132. [33], [34]

133. Prior to 2018, resourcing of Police did not keep pace with changing crime trends and increased demand. Over the last four years, the number of constabulary staff has steadily increased from 8,898 in 2017 to 10,165 in 2021. Budget 2018 funded this to increase to 10,707 by 2023, with the ratio of constabulary staff to population decreasing from 1:541 in 2017 to 1:509 in 2021. This included an additional 1,800 Police officers and 485 support staff over and above attrition over six years to 2022/23 [CAB-19-MIN-0158-220 refers]. This ratio is expected to reduce to 1:481 once the additional 1,800 staff are in place by 2023. With New Zealand’s population forecast to increase around 11% by 2033, to maintain the current ratio of staff to population would require growth in FTEs of 0.9% per year.<sup>2</sup>

**Figure 16: ratio of population to total NZ Police FTEs (inversed)**



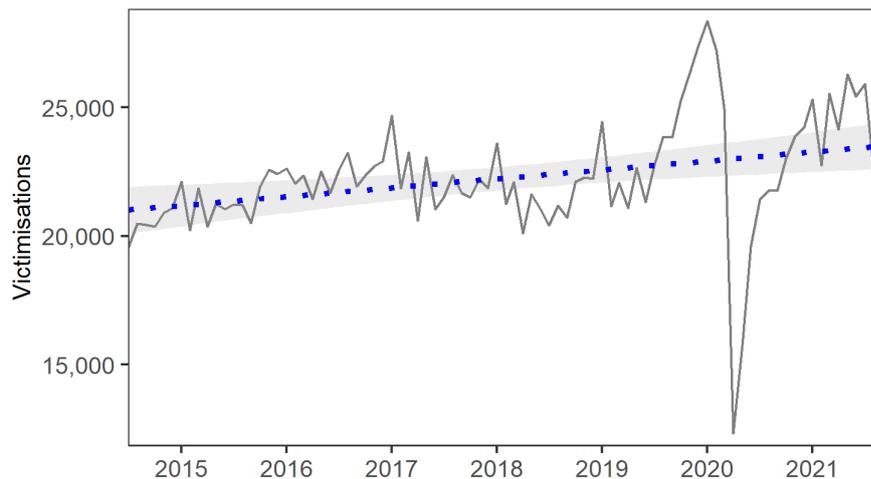
Source: NZ Police and StatsNZ

<sup>2</sup> StatsNZ subnational population projections, 2018(base) to 2048

## **Demand**

134. The level of crime victimisation in New Zealand has been on an upward trend since 2014, with a large part of this increase is concentrated across 6 of the Districts: *Bay of Plenty, Canterbury, Central, Eastern, Waikato, and Wellington*.
135. This trend increase has been driven by four of the six crime types, including:
- Theft and Related Offences,
  - Acts Intended to Cause Injury,
  - Sexual Assault and Related Offences, and
  - Abduction, Harassment and Other Related Offences Against a Person

**Figure 17: crime victimisations in New Zealand (2014-2021)**



Source: New Zealand Police

## **Police Services**

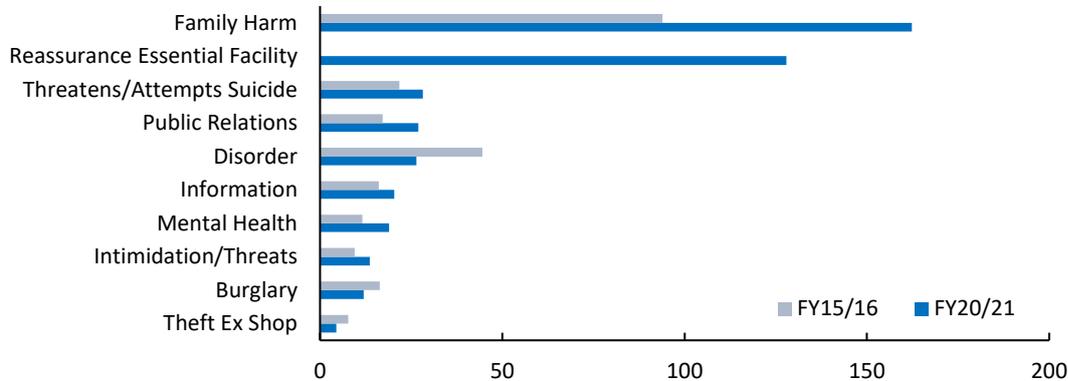
136. Overall calls for service in 2015/16 were recorded at 2.49 million, increasing to 2.79 million in 2020/21 – a 12% increase. [33]

[33]

137. Police has been able to utilise technology to continue improving its frontline response. However, improved accessibility has also resulted in increased reporting. Following

the introduction of new online reporting channels in 2019 and 2020 an additional 175,000 incidents were reported. Event types have also changed, with significant increases in unit attendance times at family harm events and COVID-19 related reassurance checks. COVID-19 represents a growing and evolving demand on Police, with online breach reports recording 69,000 calls between March 2020 and June 2021.

**Figure 19: Event Type Breakdown (thousands)**



Source: NZ Police

138. The increase in calls for service such as family harm, means Police needs to continue prioritising its response to these events. The increase in events which require a more comprehensive response, such as mental health and attempted suicide, also means Police needs to continue prioritising future investment in these areas.

***Increasing Use of Different Resolution Pathways is a Key Contributor to Reforming the Criminal Justice System***

139. Police’s Reframe programme is an important lever to effect change by strengthening the basics of policing, modernising current processes and developing new capabilities. Through the introduction of an end-to-end supportive resolution model, Police aims to increase the use of supported resolutions to respond to low level crime. Police will work to improve evidence collection to improve resolution decisions, that there are appropriate tools and support, to support increased resolution decision making, and improved resolution management and monitoring to ensure that the supported resolutions produce the outcomes Police seeks. Initiatives, such as Te Pae Oranga, AWHI and the decision and support services pilot in Waikato, are good examples of the progress being made in this space.

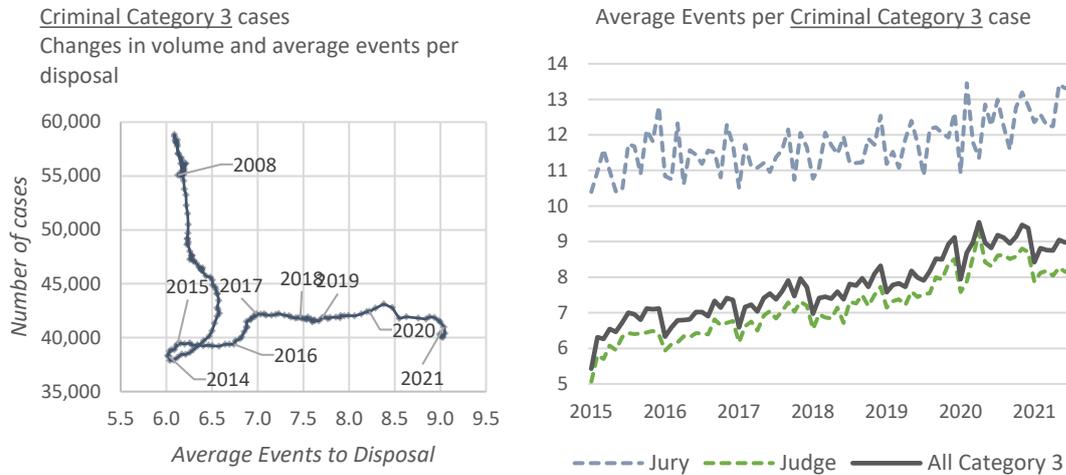
**Court System Performance**

140. Timeliness of the court system has deteriorated, particularly since 2014, primarily driven by an increased number of events to disposal for criminal category 3 cases. The Justice sector’s response to COVID-19 saw a sharp decline in court backlogs, particularly in judge-alone trials, resulting in an unexpected and significant reduction in the remand population. However, difficulties in disposing of jury trials have seen a significant increase in backlogs, which has mostly offset the gains from improved efficiency in judge-alone trials.

141. Combining new business with average events per case shows that in the five years prior to COVID-19, weighted workloads increased by almost one-quarter, driven by Criminal workloads, which has increased by 37.4%. The largest contribution to the criminal jurisdiction workload over this time was from Category 3 criminal cases, with Categories 1 and 2 being either flat or falling. Category 3 criminal cases now account for approximately 54.2% of total District Court workloads, compared to only 45.0% in 2015.

142. The increase in Criminal Category 3 has been driven by increased average events to disposal, rather than increased case volumes. As seen in Figure 20, there was negligible change in average events between 2008 and 2014, while the number of cases decreased markedly. However, since 2014 volumes have stabilised, while average events have steadily increased (Figure 21).

**Figures 20 and 21: Criminal Category 3 cases and average events**



Source:

MoJ Hotspot data

143. Although we understand that the increased time to dispose criminal cases is due to cases requiring more court events before resolving as defendants are increasingly delaying their guilty pleas, identifying the causal drivers of such trend, and subsequent levers for change, is difficult.

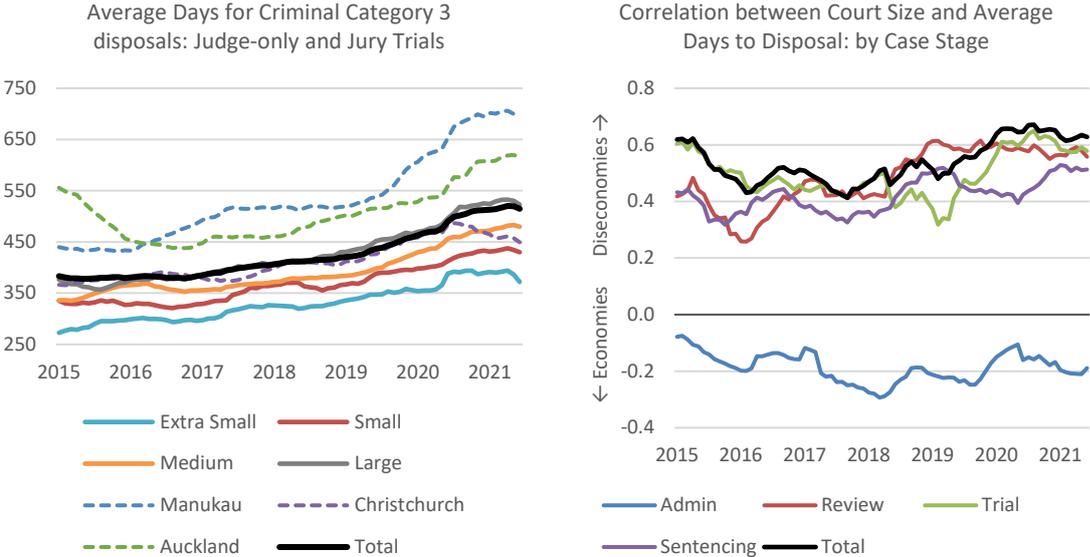
### **Criminal Category 3, by Size of Court**

144. As seen in Figures 22 and 23, there is a clear positive correlation between the size of courts and the average length of time required to dispose of Criminal Category 3 cases. Not only has there been clear diseconomies of scale apparent, but they are seemingly worsening – particularly at the trial stage. Breaking down the aggregate data requires careful interpretation, as it is difficult to discern correlation from causation. Anecdotally, smaller courts can better navigate complex criminal cases, due to closer personal relationships between judges, lawyers and prosecutors and less congested courtroom scheduling.

145. Other explanations for the observed diseconomies of scale include:

- the absence of a modernised case management system (i.e. Caseflow), which may be impacting the larger courts more than small courts
- capital constraints causing congestion within high-demand regions, particularly Auckland and Manukau, and
- Police Prosecutor resource allocation.

**Figures 22 and 23: Average age of Criminal Category 3 disposals and Court size correlation**



Source: MoJ Hotspot data

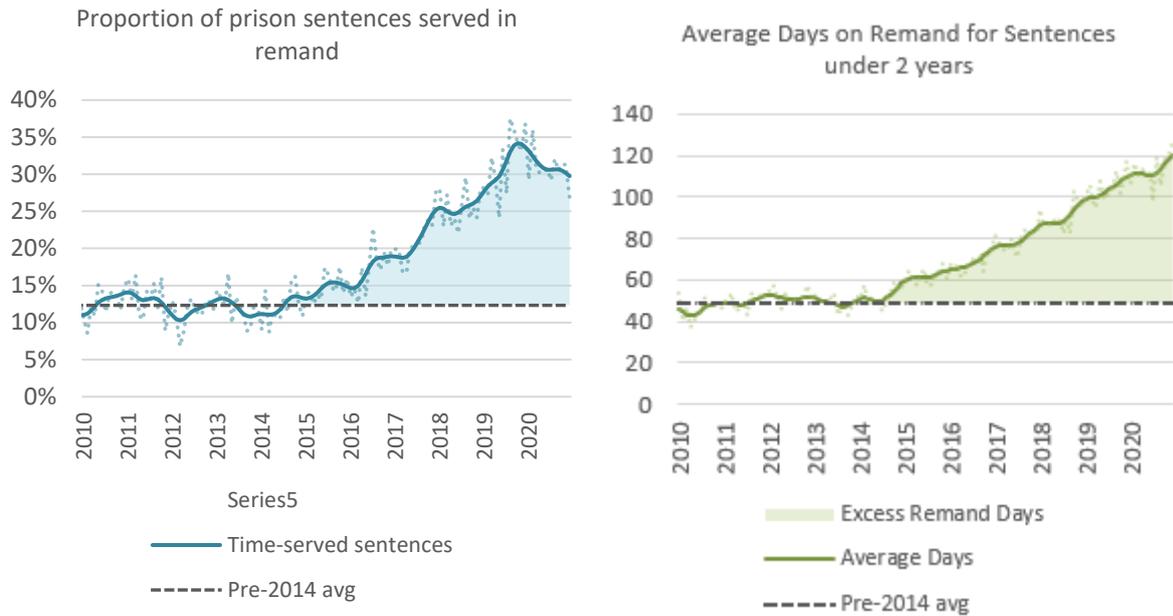
**Quantifying the Impact of Court Congestion on Remand**

- 146. There is strong correlation between increased court congestion since 2014 and the prevalence of cases where people are commuted to time served on remand. Figures 24 and 25 show the extent of sentences served in remand, and the impact on the number of average days served on remand for short sentences<sup>3</sup>.
- 147. The proportion of prison sentences served in remand has more than doubled since 2014, as have the average days of short sentences served in remand.
- 148. It is likely that the trends observed in Figures 24 and 25 are materially due to decreased court timeliness, as the increase in proportion of sentences served in remand and average days in remand has increased lockstep with congestion in the courts. The validity of this correlation is heightened by the decrease in the proportion of prison sentences served in remand since the focused response of the sector on reducing backlogs of Judge-alone trials during COVID-19. However, the shifting composition of cases towards Jury-trials is seeing a continued increase in average days spent on remand, suggesting that gains from addressing Judge-alone trial backlogs may be short lived.
- 149. Access to justice for both victims and offenders has been compromised by the increased inability for the courts system to dispose of cases in a timely manner since 2014. Had the trends in Figures 24 and 25 remained at their pre-2014 levels, expenditure on remand could have been up to \$43.5 million lower than otherwise (see Figure 26, below), including \$15.9 million in 2020/21 alone<sup>4</sup>.

<sup>3</sup> Data is provisional, with insights based on preliminary data and need to be confirmed to ensure consistency between MoJ and Corrections data. While it is likely that the overall trends are likely to hold true, final figures may include revisions.

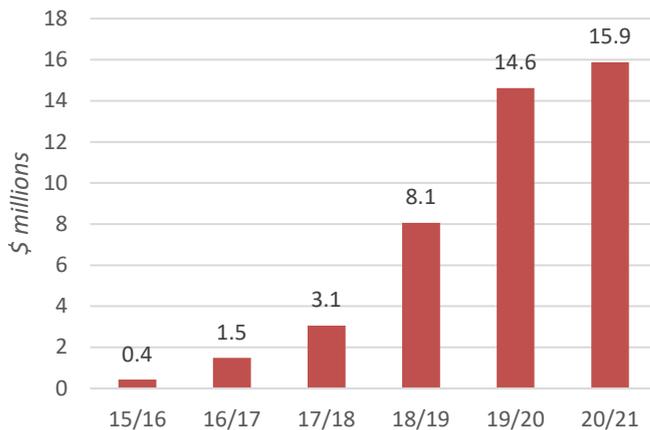
<sup>4</sup> These indicative estimates are an upper bound, as they multiply excess days in remand by the average daily cost of remand per person per day – from Corrections annual reports. A more accurate measure would be to multiply excess remand by the marginal cost per additional person, which is likely to be lower than the average cost but has been unavailable for the purposes of this review. Nonetheless, this counterfactual excludes the costs associated with offenders being placed in effective rehabilitative programmes – or forgone productive income from time spent in prison that would otherwise be spent outside the prison system.

**Figures 24 and 25: Measuring remand caused by court congestion**



Source: Ministry of Justice

**Figure 26: Counterfactual cost of remand above pre-2014 rates (\$m): Upper bound**



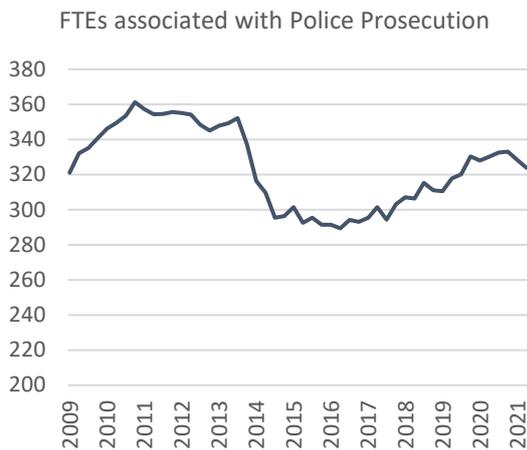
Source: Review Team calculations using MoJ Hotspot data

**The Role of Police Prosecutors**

150. The number of FTEs<sup>5</sup> associated with Police prosecution teams has remained broadly stable over the past 12 years. In particular, it is unlikely that the number of FTEs has remained commensurate with the increasing workloads – particularly since 2014 (see Figure 27). FTEs have grown by only 11.1% between 2014/15 and 2020/21, while workloads have increased by 33%.

<sup>5</sup> Police Prosecutor FTEs are defined as those that are explicitly assigned cost centres titled ‘Prosecutions’, plus those with other identify markers – such as Job Types or Business Units that are designated ‘Prosecutions’.

**Figure 27: Police Prosecutor FTEs**

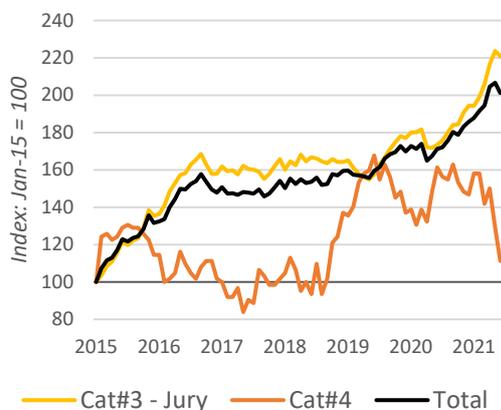


Source: NZ Police

### The Role of Crown Solicitors

151. The Crown Solicitors network is a collection of private sector lawyers holding Crown warrants around New Zealand to prosecute criminal offences and who are funded directly by the Crown for this service. This is managed by Crown Law. Crown Solicitors cover serious Category 3 and Category 4 cases, particularly jury trials.
152. Prior to 2020/21, congestion was driven by an increase in the number of events per case, and/or because more time is needed between each event. This was particularly acute for criminal Category 3 jury cases. However, since the initial lockdowns of 2020, Category 3 jury trials have faced significantly increased backlogs (see Figure 28), which is placing strain on the existing resources of Crown prosecutors.

**Figure 28: New business: category 3 jury trials and category 4 cases**



Source: MoJ Hotspot data and Review Team calculations

### Custody and Communities

153. The increasing complexity of the prison population (including due to gang affiliation, responding to violence and aggression and a corresponding increase to the number of people on segregation) presents operational and logistical risk, driving costs and posing challenges for lifting wellbeing outcomes, which impacts workforce requirements.
154. Overall volumes of community-based sentences and orders have remained broadly level in recent years, whilst costs increase. This is likely attributable to a shift to higher intensity sentences and orders, including extended supervision orders, intensive supervision and parole. A new risk-based operating model for EM is expected to reduce inefficiency by directing resources where they are most needed, as opposed to

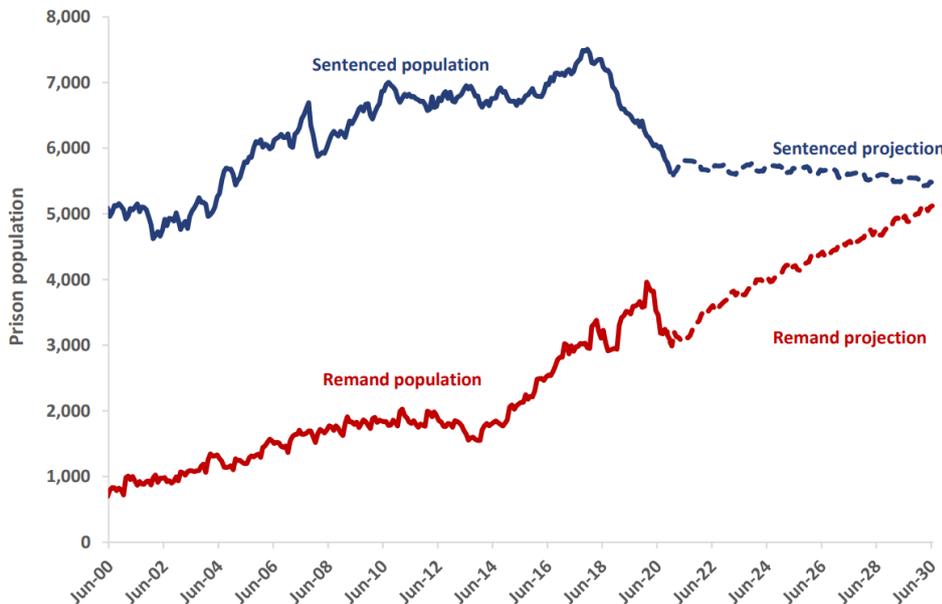
the previous one-size-fits-all approach; however, it is not expected that this will reduce costs overall.

- 155. Despite some reprieve during 2020, court system delays continue to apply upward pressure on the remand population, which can lead to greater complexity, partly due to higher gang affiliation.
- 156. EM has proven to be a cost-effective tool which supports the wellbeing of people, whether used for remand on bail or for community-based sentences and orders where it provides an alternative to imprisonment. Demand for EM will likely increase, given judicial preferences, particularly considering ongoing court system performance issues, and the expansion of initiatives such as Bail Support Services.

### The Population

- 157. During the mid-2010s, appropriations increased broadly in line with the growth in the total prison population, which had increased sharply from 2013 onwards, however from 2018 the total population began to decline, whilst costs continued to rise.
- 158. After peaking in 2018, the sentenced prison population has steadily decreased. Across the same period, the remand population sharply increased, before dropping further during COVID-19. The Ministry of Justice projects that without intervention under current system settings, the remand population will resume its long-term growth and by June 2030 and will make up 48% of the total prison population. The projection report cites increased time on custodial remand as the main driver for the rising remand population.

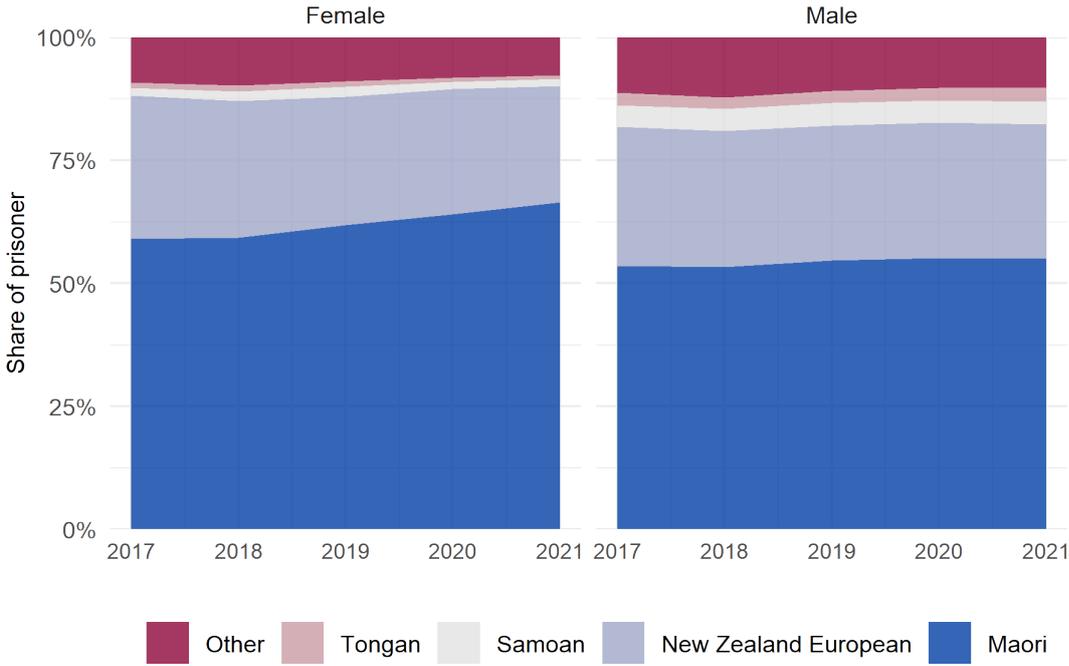
**Figure 29: Prison population broken down into sentenced and remand populations, actual and projected 2020-2030**



Source: Justice Sector Projection Report 2020-2030

- 159. Over recent years, the male population ethnic composition has remained broadly level. However, Figure 30 shows that in the share of Māori women has increased whereas the share of New Zealand European women has decreased.

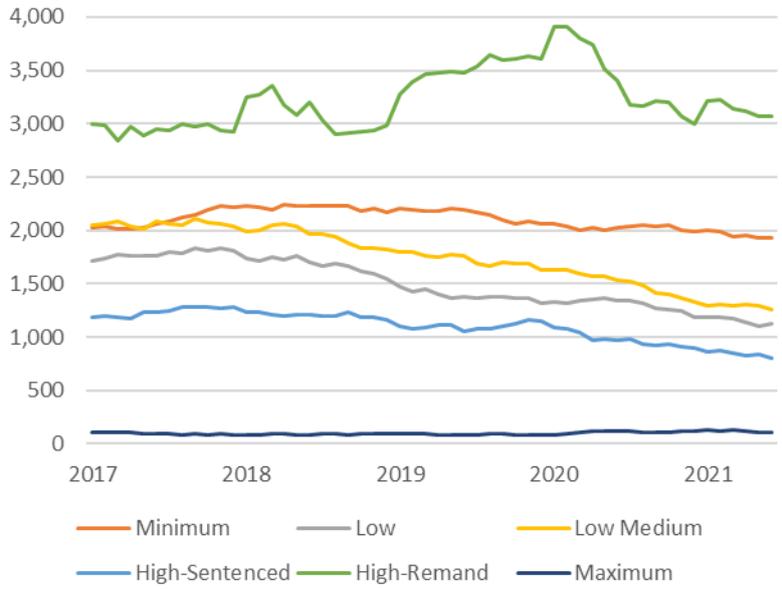
**Figure 30: General trend of people in prison by ethnicity: 2017-2021**



Source: Corrections Integrated Prison Population Dataset

160. People being held on custodial remand have not had a security classification assessment; instead, they are automatically managed as “high security” by Corrections. People on custodial remand (both those who are accused, and those who are convicted but awaiting sentencing) are separated out as “High-Remand” to distinguish them from those people who have been sentenced and assessed as high security, which are expressed in these charts as “High-Sentenced”. They are separated out here for two primary reasons: practically, because the remand population must generally be kept separate from the sentenced population, and to demonstrate the impact of the longer time on remand on the overall makeup of the prison population.

**Figure 31: Security classification of people in prison: 2017-2021**



Source: Corrections

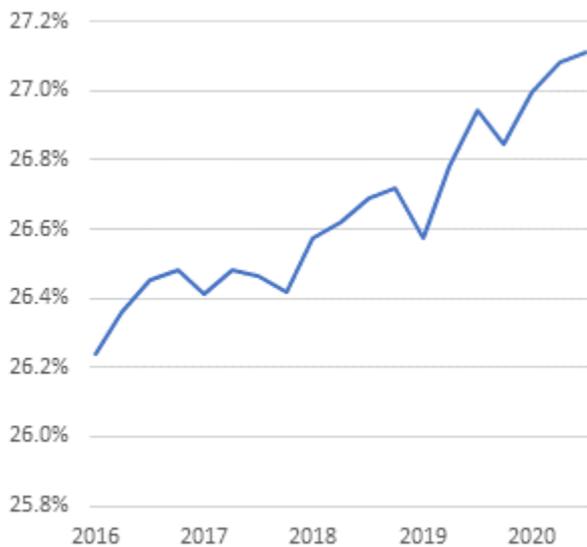
161. Gang affiliation is another driver of operational complexity for Corrections. Since 2017, this has been increasing in both the sentenced and remand populations, to 35% and 45% respectively at June 2021. Corrections states that some of this increase may be attributable to improved information gathering practices.



**Expenditure and Reliance on Overtime**

166. In 2020/21, Corrections expended \$26.4 million on overtime payments – equivalent to 305 FTEs of work. Since 2016, there is a slight increasing trend in the time-multiple paid for overtime, up almost 1 percentage point over the past 4 years, implying that Corrections is increasingly relying on overtime that attracts higher wage multiples.

**Figure 36: Average wage-multiple paid on Overtime (rolling annual average)**



<sup>6</sup> Corrections Annual Report 2020/21

167. [38]

168.

## **Rehabilitation, Reintegration and Reducing Re-Offending**

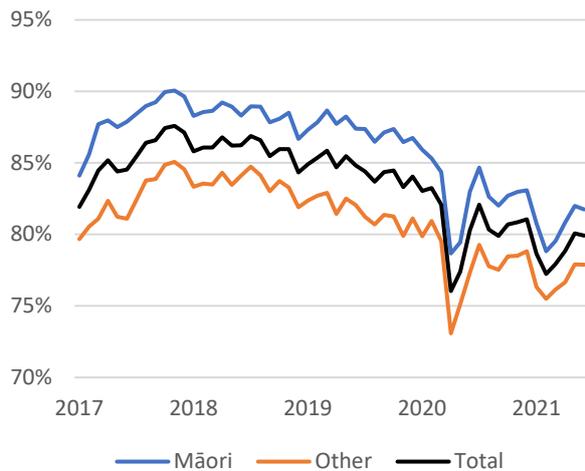
169. Corrections provides primary health, mental health, addiction, rehabilitation, education, employment and reintegration services to help increase *oranga* and reduce the likelihood of reoffending. Corrections' focus has shifted to a therapeutic *oranga* focus under *Hōkai Rangī* to meet needs. This includes the action plan under Corrections' Alcohol and Drugs Strategy 2021, *Hikitia* (the Waikeria Prison Development mental health and addiction service) and the Māori Pathways.
170. The system providing services spans several departments within Corrections. This presents challenges evaluating the system as whole, assessing whether there are any gaps or duplication in the services provided, and the balance between services provided in prisons and the community. One system evaluation of rehabilitation and reintegration programmes was completed in 2017, which led to minor adjustments being made. The Review Team has not been able to obtain a complete list of programmes and interventions offered by Corrections for rehabilitation and reintegration to make the assessment.
171. An integrated planning review is under way to better enable access to the rehabilitation and reintegration interventions required to meet the needs of those in prison, including access to interventions for people on remand. Corrections advised the review intends to focus on ensuring that rehabilitation services are evidence-based, culturally responsive, integrated with broader services, and promote healing while building the foundations for participation in society.
172. The proportion of a person's sentence spent on remand has increased over the last 10 years, with longer time spent on remand often meaning that the remainder of a sentence is too short for persons to engage in any meaningful rehabilitation.
173. The proportion of people in prison attending programmes and interventions has decreased over the last five years by approximately 8 percentage points from 87% to 79%. Completion rates for programmes are also generally on the decline in both prisons and the community. A review of a sample of programmes shows that decrease has disproportionately impacted Māori, women and people under 34 years of age.
174. The tools used to evaluate the effectiveness of the programmes and interventions include annual Rehabilitation Quotient (RQ) assessment, internal reviews, quality assurance and routine monitoring. *Kaupapa Māori* evaluations were implemented for Māori Pathways. The RQ results generally do not meet statistical significance, and a review of the measure is recommended.

### ***Participation Rates in Programmes and Interventions – Prison Data Only***

175. Figure 37 shows the overall proportion of people in prison attending programmes and interventions has decreased over the last five years, even after considering temporary

declines due to COVID-19 lockdowns. The proportion of Māori attending programmes is higher than the Total as Māori make-up more than 50% of total prison population.

**Figure 37: Share of Prison Population Attending Programmes and Interventions**



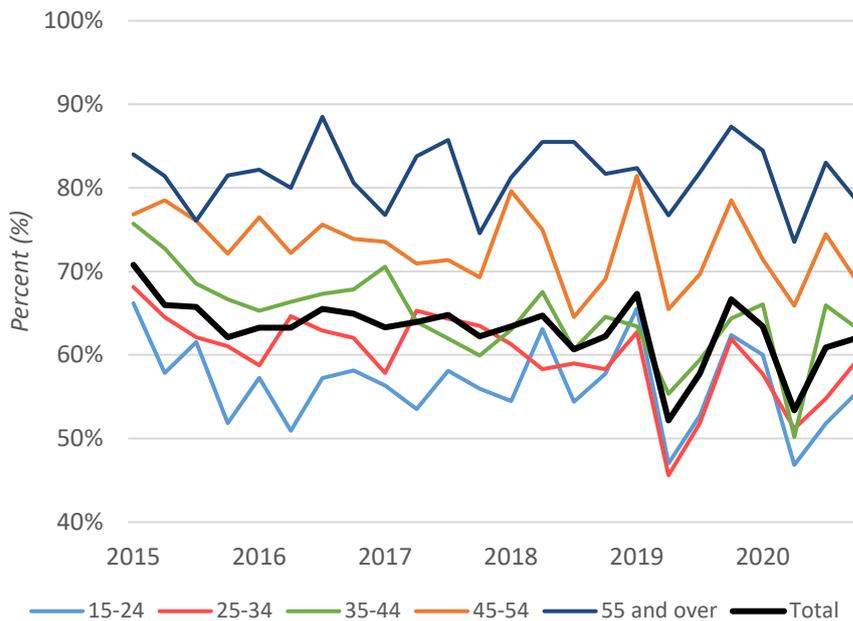
Source: Corrections data and Review Team calculations

**Completion Rates – Sample Programmes**

*Community alcohol and drug programmes*

176. The Community Alcohol and Drug Programme accounts for 38% of the data (or 21,279 individuals). The completion rate is generally on a decline by roughly 5% over the last 5 years. Completion rates are highest for over 55 and the lowest for under 34.

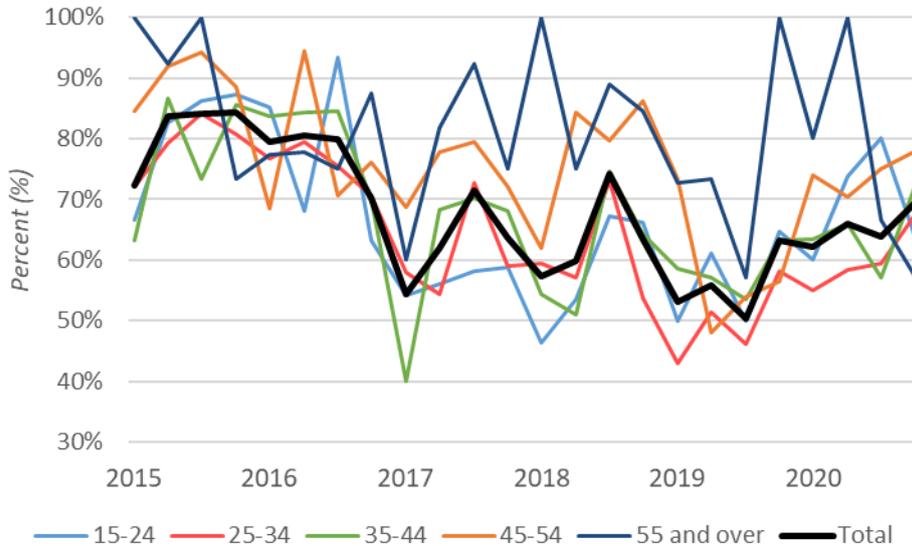
**Figure 38: Completion rates by age group: community alcohol and drug programme (%)**



*Prison addiction programmes and medium intensity programmes*

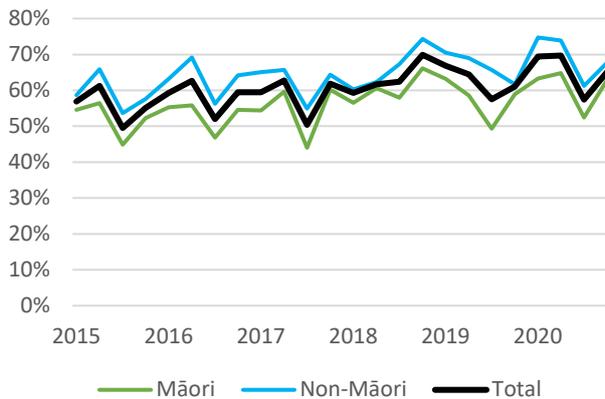
177. There is a sharp decline in completion rates for Addiction Programmes, with a trend of 20% decline over the last 5 years. Again, the completion rates for over 55 is much higher than the completion rates for under 34.

**Figure 39: completion rates by age group: Mental Health & Addiction Programmes**



178. Figure 40, below, shows that Medium Intensity Programmes have a strong seasonal pattern – with the rate of completions dropping during March quarters. This might be an artefact of how data is collected and the timing of individual programmes. However, this seems unlikely as Starts and Exits for this programme do not exhibit any seasonal pattern. It seems that people are more likely to quit during the early part of the year. If this can be confirmed, the programme would be made more successful by shifting activity away from the early part of the calendar year.

**Figure 40: completion rates by ethnicity: medium intensity programmes (%)**



### Rehabilitation Quotient

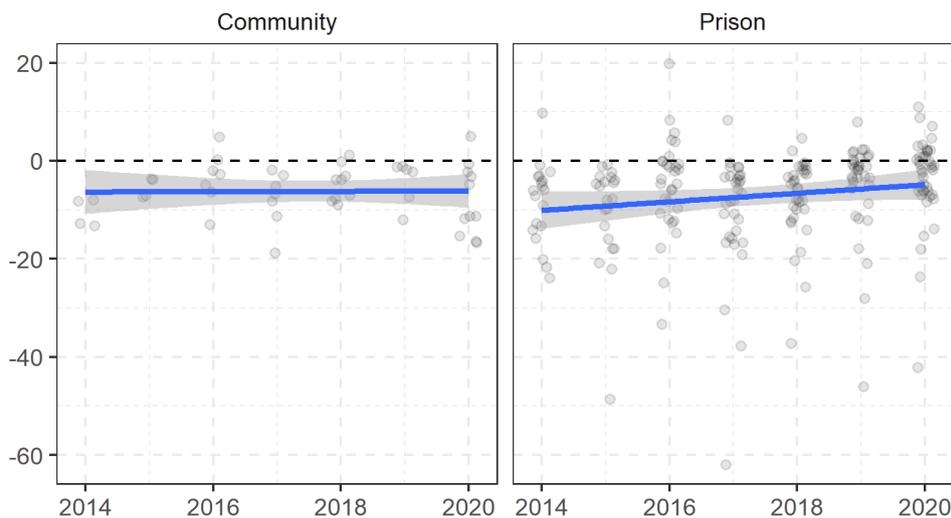
179. The ‘Rehabilitation Quotient’ (RQ) method is one mechanism used to assess programme performance and measure success. A selection of programmes and interventions are formally evaluated annually using the RQ and the results are published in the Annual Reports. Whether a programme is measured depends on the type of intervention and whether Corrections thinks it would have a bearing on reoffending. It also depends on whether the numbers of “Completes” provides sufficient numbers to run an RQ analysis. Based on this, programmes that have larger incompletes may not be captured within the RQ. Approximately 30% of total programmes are measured each year.

180. The RQ is intended to be a measure of the impact of the department’s rehabilitative programmes, through comparing the rates of re-sentencing and reimprisonment among ‘treated’ offenders (those who have completed a rehabilitative intervention) with the rates observed among ‘untreated’ offenders (those who are matched based on a range of risk-related factors, but were not involved in that specific programme).

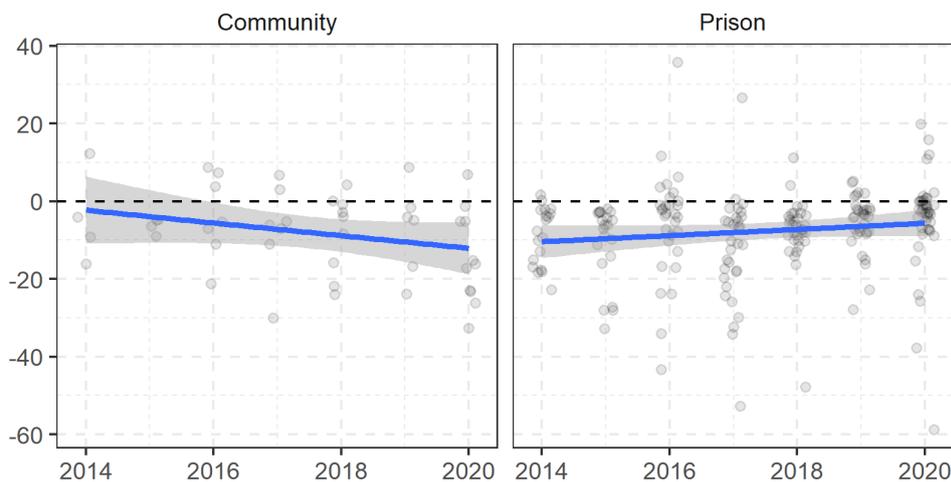
181. The negative rates represented below shows the level of success – the more negative, the better. For example, a reimprisonment score of -10.0% indicates that the rate of reimprisonment for ‘treated’ offenders was 10% lower than for the comparable ‘untreated’ offenders (i.e. 12% compared to 22%).
182. The trendlines in the figures below show that programmes and interventions accessed by an offender in the community are generally more effective at reducing the likelihood of resentencing than the programmes and interventions received in prison. A similar trend is evident for re-imprisonment, where the trendline supports that the impact on reducing re-imprisonment rates between people who attended a programme or intervention is reasonably stable for the community test group but has been reducing in effectiveness for the prison population.

**Figures 41 and 42: trends of treated population re-imprisoned and resentenced by location**

***Re-imprisoned:***



***Resentenced:***



Source: Corrections Programmes and Interventions Model; Sample Sizes Data

**Infrastructure and Capital Investment**

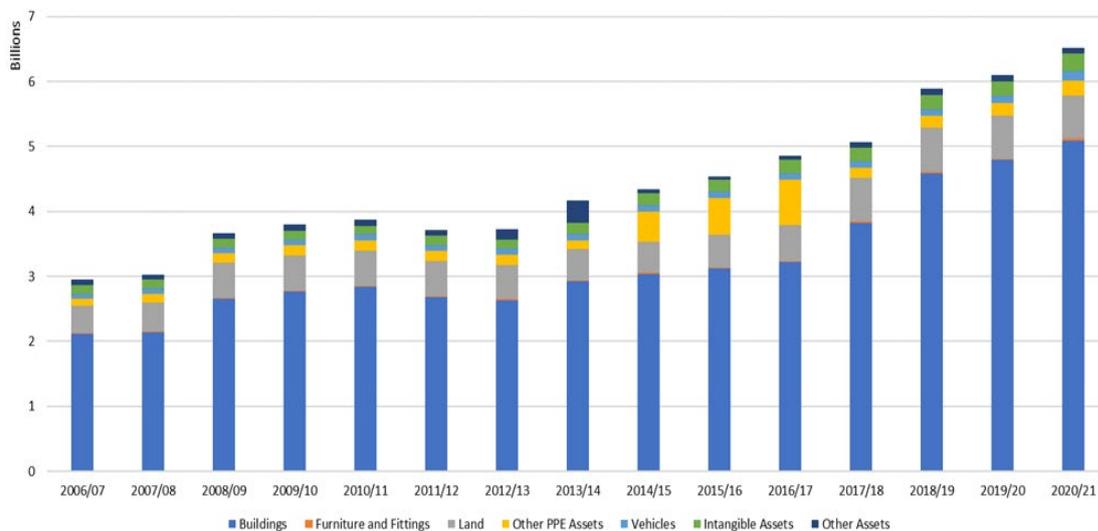
183. [33]

- 184. Some external Business Cases have required a number of iterations to clearly articulate the case for investment and asking and answering the key questions such as impacts across the programme of work (this includes those developed by contractors / consultants) suggesting increased capability is required in the work programme planning and the associated development of external Business Cases.
- 185. There may be opportunities for better use of technology to improve effectiveness of processes and efficiency of resources. COVID-19 drove rapid adaptation of processes and technology to enable remote working (both through IT infrastructure changes and devices for staff), improved communication via Audio Visual technology for people in care for court and Parole Board appearances, contact with support agencies and with whanau, and for broader court processes to address court backlogs. These changes now need to be implemented for the longer-term post COVID-19. Other opportunities to harness technology should continue to be investigated such as extension of EM options to more remote areas which is being addressed by the new EM contract which will include expanded coverage.
- 186. Changes required to meet Government Environmental targets and timelines will need either additional investment or reprioritisation of existing baselines, including any carbon offset costs where targets are not achieved.
- 187. There will be ongoing cost pressures as agencies continue to transition to as a Service (aaS) due to cost premiums, and other flow-on costs such as network bandwidth and capacity and increased data storage and capital to operating expenditure swaps not providing sufficient mitigation for IT assets transferring.

**Asset Values**

- 188. The justice sector has significant property and IT asset portfolios, with Corrections and Police have two of the largest vehicle fleets within government.

**Figure 43: Justice Cluster Asset Values by Category (\$ billions)**



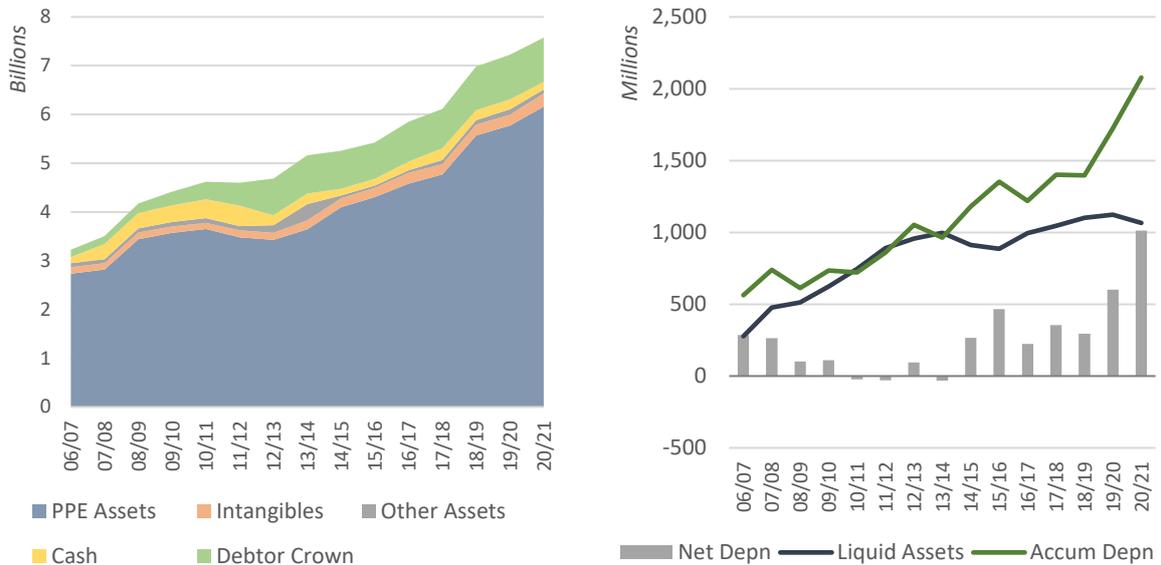
**Capital Sustainability**

- 189. The sustainability of capital investment to maintain and replace existing assets is a challenge faced by all the Justice Cluster agencies. Existing investment funding

through accumulated depreciation will normally still leave a shortfall in replacing assets and that is larger in some asset categories such as property assets. Recent years have seen an increasing gap between the cost of replacing existing assets across the sector and the funds available on the balance sheet.

190. Figures 44 and 45 demonstrate the gap between the future liability to replace assets ('accumulated depreciation') and the funding available on the balance sheet to meet this liability ('liquid assets'). Recent years show increasing gaps between accumulated depreciation and liquid assets across each agency ('net depreciation').

**Figures 44 and 45: Total Net Asset by Composition (LHS) and Liquid Assets, Accumulated Depreciation and the Net Position (RHS): Justice Cluster**

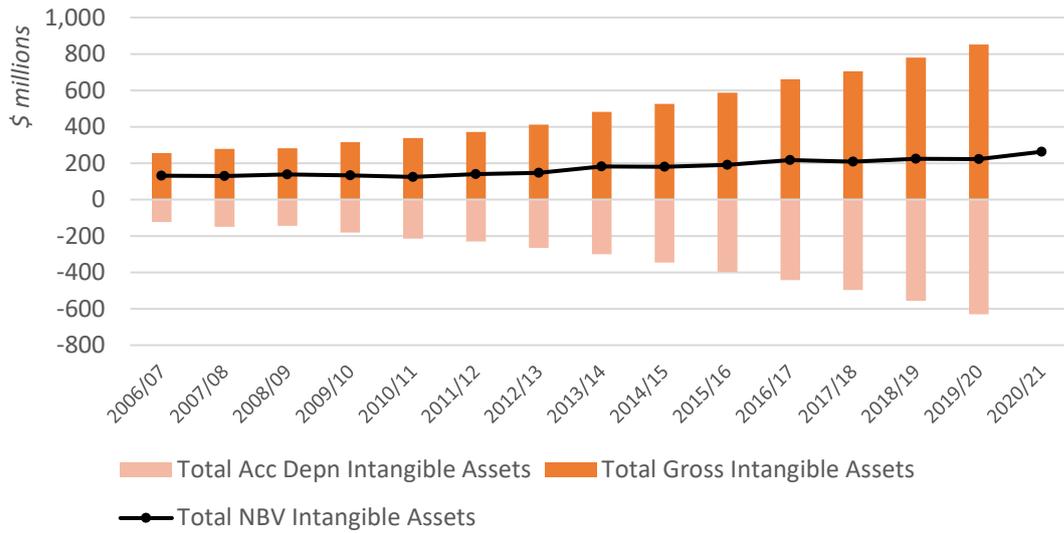


Source: CFISnet

### Age and Fitness for Purpose of Existing Infrastructure

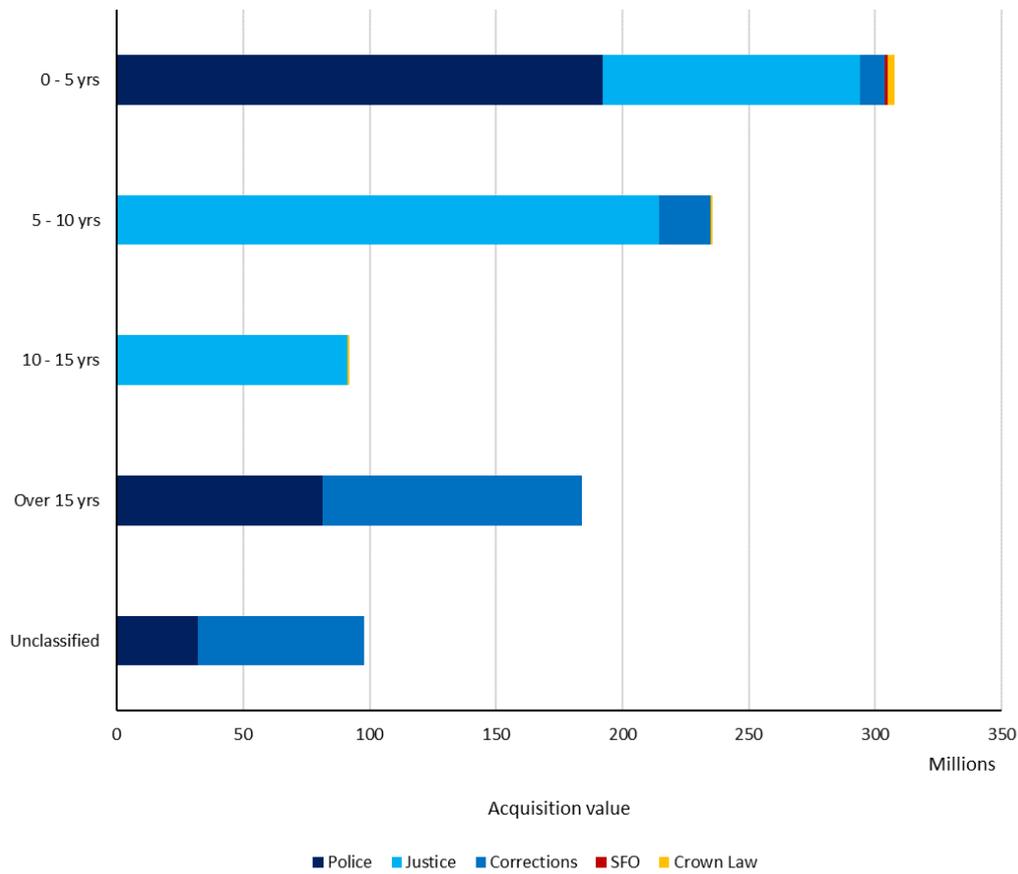
191. All the Justice Cluster investment intensive agencies face challenges of aging infrastructure and assets that are no longer fit for purpose. Insufficient capital, and the associated operating, for investment programmes has resulted in prioritisation of which assets are replaced and 'sweating' of some assets.
192. Figure 46 shows that Intangible Assets have moved from 63% depreciated in 2010/11 to 74% depreciated in 2020/21 indicating that they are getting older prior to replacement.

**Figure 46: Justice Cluster Intangible Assets NBV Breakdown (NBV = ACC + GROSS)**



**Figure 47: Justice Cluster Age of Core IT Platforms GCDO return October 2021**

**Age of Core Platform, Justice Cluster**



**Figure 48: Justice Cluster Key Data on Age of Core IT Platforms as at 30 June 2021**

Police / Corrections / MoJ	Police	Corrections	MoJ
Acquisition Value <b>998.75M</b>	Acquisition Value <b>340.32M</b>	Acquisition Value <b>221.08M</b>	Acquisition Value <b>437.35M</b>
% Over 5 years <b>64%</b>	% Over 5 years <b>37%</b>	% Over 5 years <b>96%</b>	% Over 5 years <b>70%</b>
% Depreciated <b>79%</b>	% Depreciated <b>83%</b>	% Depreciated <b>86%</b>	% Depreciated <b>74%</b>

193. Figure 47 and 48 are showing that based on the latest GCDO Digital and Data Investments return from agencies there are large percentages of assets over 5 years old in Corrections and MoJ, and high levels of depreciated assets in Police and Corrections. This indicates substantial investments are likely to be required soon. Police appear to be the best positioned with a larger percentage of assets under 5 years however these may be assets with short lives given that overall, their assets are 83% depreciated.

194. Police refreshed its strategy soon after the new Commissioner was appointed in April 2020. The new strategy is themed on stewardship and governance of assets. The change in strategy has triggered ownership and investment prioritisation in both Property and ICT infrastructure. [33]

195. [34]

196. [33]

197. Analysis of the MoJ Facilities Management SPM data as part of the Baseline Review showed that 8%, or \$35 million, of the property portfolio was currently in either poor (C4) or very poor (C5) condition. There has been subsequent increased baseline funding for property investments in the short to medium term to deliver a work programme to resolve deferred investment.

**Crown Law Office**

**Key Findings**

198. Trends in the courts, the sizeable shift towards jury trials and longer times to case disposal, are likely to continue to increase pressure on Crown Law, given they are responsible for many of the more serious criminal cases entering the courts. This presents challenges for sustainability of the funding model (refer to Court System Performance section for analysis).

199. The key 'planning' documents of Workforce Strategy and Information Systems Strategic Plan (ISSP) are not due to be completed until June 2022 which will provide a better foundation for outyear investment decisions. Non urgent pressures may be 'tagged' / contingent in the interim.
200. [33]

## **Serious Fraud Office**

### ***Key Findings***

201. The volume of new investigations and prosecutions has decreased over the last seven years, however the time to dispose of the cases has increased. The number of weeks in trial (which reflects complexity) has doubled. Additional funding was provided in Budget 2020 to address cost pressures and increase investigation and prosecution capacity. The impact of the newly created capacity will be evident in Financial Year 2022.
202. The increase in the time to dispose is disproportionately impacting on non-complex investigations (50% increase compared to 25% increase in complex cases). This is due to deprioritising non-complex cases which could lead to reputational risks.
203. There is evidence the size and complexity of the evidence base collected for complex cases has increased over the last 5 years. This creates corresponding ICT cost pressures.
204. Attraction and retention of staff has been challenging due to shortage in specialised skills, salary pressures and time limited funding requiring fixed term contracts.
205. As a small agency, the SFO has limited capacity to absorb overhead cost pressures. For example, accommodation has increased by 67%, and cyber security capability is expensive at small scales. There is likely considerable benefit if SFO can join with Justice sector partners to address cyber security capability.
206. The SFO received time-limited funding to establish its Counter Fraud Centre, using international best practice to prevent and reduce financial crime, primarily in the public sector, with potential to save costs across the system. Further funding would be required to extend this capability beyond 2023.