

PART B: *Financial Summary*

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Statement of RESPONSIBILITY

In terms of sections 35 and 37 of the Public Finance Act 1989, I am responsible, as Chief Executive of the Department of Corrections, for the preparation of the Department's financial statements and the judgements made in the process of producing those statements.

I have the responsibility of establishing and maintaining, and I have established and maintained, a system of internal control procedures that provide reasonable assurance as to the integrity and reliability of financial reporting.

In my opinion, these financial statements fairly reflect the financial position and operations of the Department for the year ended 30 June 2003.

Signed



Mark Byers
Chief Executive

Dated 26 September 2003

Countersigned



Richard Morris
Chief Financial Officer



Report of the AUDITOR GENERAL

To the readers of the financial statements of the Department of Corrections for the year ended 30 June 2003.

We have audited the financial statements on pages 55 to 127. The financial statements provide information about the past financial and service performance of the Department of Corrections and its financial position as at 30 June 2003. This information is stated in accordance with the accounting policies set out on pages 55 to 59.

RESPONSIBILITIES OF THE CHIEF EXECUTIVE

The Public Finance Act 1989 requires the Chief Executive to prepare financial statements in accordance with generally accepted accounting practice in New Zealand that fairly reflect the financial position of the Department of Corrections as at 30 June 2003, the results of its operations and cash flows and service performance achievements for the year ended on that date.

AUDITOR'S RESPONSIBILITIES

Section 15 of the Public Audit Act 2001 and section 38(1) of the Public Finance Act 1989 require the Auditor-General to audit the financial statements presented by the Chief Executive. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and report that opinion to you.

The Auditor-General has appointed A J Shaw, of Audit New Zealand, to undertake the audit.

BASIS OF OPINION

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Chief Executive in the preparation of the financial statements; and
- whether the accounting policies are appropriate to the Department of Corrections' circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with the Auditing Standards published by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have carried out assurance related assignments for the Department of Corrections in the areas of tendering and project management and policies and procedures reviews. We have also carried out other assignments providing assistance to the Department of Corrections' Internal Audit Group.

Other than these assignments and in our capacity as auditor acting on behalf of the Auditor-General, we have no relationship with or interests in the Department of Corrections.

UNQUALIFIED OPINION

We have obtained all the information and explanations we have required.

In our opinion the financial statements of the Department of Corrections on pages 55 to 127:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
 - the Department of Corrections' financial position as at 30 June 2003;
 - the results of its operations and cash flows for the year ended on that date; and
 - its service performance achievements in relation to the performance targets and other measures set out in the forecast financial statements for the year ended on that date.

Our audit was completed on 26 September 2003 and our unqualified opinion is expressed as at that date.



A J Shaw
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of the Department of Corrections for the year ended 30 June 2003 included on the Department of Corrections website. The Chief Executive is responsible for the maintenance and integrity of the Department of Corrections website. We have not been engaged to report on the integrity of the Department of Corrections website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

We have not been engaged to report on any other electronic versions of the Department of Corrections financial statements, and accept no responsibility for any changes that may have occurred to electronic versions of the financial statements published on other websites and/or published by other electronic means.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 26 September 2003 to confirm the information included in the audited financial statements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

FINANCIAL *Statements*

STATEMENT OF ACCOUNTING POLICIES for the year ending 30 June 2003

Reporting Entity

The Department of Corrections is a government department as defined by section 2 of the Public Finance Act 1989.

These are the financial statements of the Department of Corrections prepared pursuant to section 35 of the Public Finance Act 1989.

The Department has reported the Crown activities and trust monies which it administers.

Reporting Period

The reporting period covers the 12 months from 1 July 2002 to 30 June 2003. Comparative figures for the year ended 30 June 2002 are provided.

Measurement System

The financial statements have been prepared on the basis of modified historical cost.

Accounting Policies

The following particular accounting policies, which materially affect the measurement of financial results and financial position, have been applied.

Principles of Consolidation

Interdivisional transactions and internal charges have been eliminated on consolidation.

Budget Figures

The Budget figures are those presented in the Statement of Intent (Main Estimates) and those amended by the Supplementary Estimates (Supp. Estimates) and any transfer made by Order in Council under section 5 of the Public Finance Act 1989.

Revenue

The Department derives revenue through the provision of outputs to the Crown and from the sale of goods and services to third parties. Such revenue is recognised when earned and is reported in the financial period to which it relates.

Cost Allocation

Salaries and related costs of service delivery divisions are charged to outputs on the basis of activity analysis. Activities that are directly related to individual outputs are regarded as direct costs and charged accordingly.

All other costs of service delivery divisions and total costs of support groups are regarded as indirect costs to outputs and are allocated to outputs on the basis of measurement of resource consumption or activity analysis.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED) for the year ending 30 June 2003

Debtors and Receivables

Receivables are recorded at estimated realisable value, after providing for doubtful and uncollectable debts.

Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease expenses are recognised on a systematic basis over the period of the lease.

Property, Plant and Equipment

Land and buildings are stated at fair value as determined by an independent registered valuer. Fair value is determined using market-based evidence; except for prison buildings which are valued at optimised depreciated replacement cost. Land and buildings are revalued at least every three years. Additions between revaluations are recorded at cost.

The three-year cycle is subject to a reasonableness test on an annual basis to ensure it does not result in material differences in fair value.

The results of revaluing land and buildings are credited or debited to the asset revaluation reserve. Where a revaluation results in a debit balance in the revaluation reserve, the debit balance will be expensed in the Statement of Financial Performance.

Land and buildings were last revalued as at 30 June 2002.

All other fixed assets, or groups of assets forming part of a network which are material in aggregate, costing more than \$3,000 are capitalised and recorded at cost. Any write-down of an item to its recoverable amount is recognised in the Statement of Financial Performance.

Forests

The tree crop is valued annually at market value on the basis that the Department retains the forests to maturity. The market value is based on a three-year rolling average of prices published by the Ministry of Agriculture and Forestry.

The result of revaluing forestry is credited or debited to an asset revaluation reserve for that class of asset. Where a revaluation results in a debit balance in the revaluation reserve, the debit balance will be expensed in the Statement of Financial Performance.

Depreciation

Depreciation is provided on a straight-line basis on all fixed assets, other than freehold land, forestry and items under construction, over their estimated economic useful lives. There is no allowance for residual values, except for "motor vehicles – other", which have a residual value of 20 percent of cost. Revalued assets are depreciated on their revalued amount on a straight-line basis over their remaining useful lives.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
for the year ending 30 June 2003

The economic useful lives and associated depreciation rates of classes of assets have been estimated as follows:

Buildings	50 years	(2%)
Buildings – fit-outs	3 to 20 years	(5% to 33.3%)
Hut complexes	25 years	(4%)
Hut fit-outs	3 to 20 years	(5% to 33.3%)
Leasehold improvements	10 years	(10%)
Plant and machinery	10 years	(10%)
Office equipment	5 years	(20%)
Tools and equipment	5 years	(20%)
Furniture and fittings – office	5 years	(20%)
Furniture and fittings – inmate	3 years	(33.3%)
Information technology – network	5 years	(20%)
Information technology – specialised	3 to 8 years	(12.5% to 33.3%)
Information technology – PC based	3 years	(33.3%)
Motor vehicles – heavy duty	8 years	(12.5%)
Motor vehicles – other	5 years	(20%)

The useful life of buildings is reassessed following any revaluation.

Where the fixed term of a lease is for less than 10 years, excluding rights of renewal, the useful life for leasehold improvements is set at that lesser period.

Depreciation is not provided on items under construction, land or forests.

Inventory

Finished goods, raw materials and work in progress are valued at the lower of cost or net realisable value. Costs have been assigned to inventory quantities on hand at balance date using the first-in first-out basis for finished goods and work in progress, and the weighted-average basis for raw materials. Cost comprises direct material and direct labour together with an appropriate portion of fixed and variable production overheads.

Employee Entitlements

Provision is made in respect of the Department's liability for annual, long service and retirement leave. Annual leave is measured at nominal values on an actual entitlement basis at current rates of pay.

Entitlements that are payable beyond 12 months, such as long service leave and retirement leave, have been calculated on an actuarial basis based on the present value of expected future entitlements.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED) for the year ending 30 June 2003

Statement of Cash Flows

Cash means cash balances on hand and held in bank accounts.

Operating activities include cash received from all income sources of the Department and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise capital injections by, or repayment of capital to, the Crown.

Livestock

Livestock is valued annually using Inland Revenue's national average market value. Gains due to changes in the per head value of the livestock at balance date are taken to the revaluation reserve. Losses due to changes in the per head value are applied against the revaluation reserve to the extent that there are sufficient reserves; otherwise they are taken to the Statement of Financial Performance. Gains and losses due to changes in livestock numbers are taken directly to the Statement of Financial Performance.

Investments

Investments are valued at the lower of cost or net realisable value. Investments arise from the Department's dealings with companies in the farming industry.

Foreign Currency

Foreign currency transactions are converted into New Zealand dollars at the exchange rate at the date of the transaction. Where a forward exchange contract has been used to establish the price of a transaction, the forward rate specified in that foreign exchange contract is used to convert that transaction to New Zealand dollars. Consequently, no exchange gain or loss resulting from the difference between the forward exchange contract rate and the spot exchange rate on date of settlement is recognised.

Financial Instruments

The Department is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, debtors and creditors. All financial instruments are recognised in the Statement of Financial Position and all revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

Except for those items covered by a separate accounting policy all financial instruments are shown at their estimated fair value.

Goods and Services Tax (GST)

The Statement of Unappropriated Expenditure and the Statement of Departmental Expenditure and Appropriations are inclusive of GST. The Statement of Financial Position is exclusive of GST except for Creditors and Payables and Debtors and Receivables, which are GST inclusive. All other statements are GST exclusive.

The amount of GST owing to the Inland Revenue Department at balance date, being the difference between Output GST and Input GST, is included in Creditors and Payables.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED) for the year ending 30 June 2003

Taxation

Government departments are exempt from the payment of income tax in terms of the Income Tax Act 1994. Accordingly, no charge for income tax has been provided for.

Commitments

Future expenses and liabilities to be incurred on capital and operating contracts that have been entered into at balance date are disclosed as commitments to the extent that there are equally unperformed obligations. Commitments relating to employment contracts are not disclosed.

Contingent Liabilities

Contingent liabilities are disclosed at the point at which the contingency is evident.

Taxpayers' Funds

This is the Crown's net investment in the Department.

Changes in Accounting Policies

There have been no changes in accounting policies, including cost allocation accounting policies, since the date of the last audited financial statements.

All policies have been applied on a basis consistent with the previous year.

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2003

30/06/02 Actual		30/06/03 Actual	30/06/03 Main Estimates	30/06/03 Supp. Estimates
\$000	Notes	\$000	\$000	\$000
	Revenue			
424,178	Crown	431,389	435,207	431,389
-	Departmental	734	-	924
27,738	Other 1	24,027	23,498	26,498
451,916	Total operating revenue	456,150	458,705	458,811
	Expenditure			
215,337	Personnel costs 2	219,191	216,143	220,257
138,496	Operating costs 3	145,313	146,936	144,948
41,313	Depreciation 4	44,084	45,000	45,000
50,098	Capital charge 5	48,606	50,626	48,606
445,244	Total output expenses	457,194	458,705	458,811
11,559	Other expenses	-	-	-
456,803	Total expenses	457,194	458,705	458,811
(4,887)	Net surplus/(deficit)	(1,044)	-	-

*The accompanying accounting policies and notes form part of these financial statements.
For information on major variances against budget refer to Note 18 (page 75).*

STATEMENT OF MOVEMENT IN TAXPAYERS' FUNDS *for the year ended 30 June 2003*

30/06/02 Actual		30/06/03 Actual	30/06/03 Main Estimates	30/06/03 Supp. Estimates
\$000	Notes	\$000	\$000	\$000
(4,887)	Net operating surplus/(deficit)	(1,044)	-	-
-	<i>Other recognised revenues and expenses</i>	-	-	-
(959)	Increase/(decrease) in revaluation reserves 6	(3,289)	-	-
(5,846)	Total recognised revenues and expenses for the year	(4,333)	-	-
30,000	Capital contribution 6	56,695	84,339	56,695
(6,672)	Provision for repayment of surplus to the Crown	(1,146)	-	-
17,482	Movements in taxpayers' funds for the year	51,216	84,339	56,695
541,859	Taxpayers' funds as at 1 July 2002	559,341	553,429	559,341
559,341	Taxpayers' funds as at 30 June 2003	610,557	637,768	616,036

The accompanying accounting policies and notes form part of these financial statements.
 For information on major variances against budget refer to Note 18 (page 75).

STATEMENT OF FINANCIAL POSITION

as at 30 June 2003

30/06/02 Actual		Notes	30/06/03 Actual	30/06/03 Main Estimates	30/06/03 Supp. Estimates
\$000			\$000	\$000	\$000
	Taxpayers' funds				
555,834	General funds	6	610,339	633,732	612,529
3,507	Revaluation reserves	6	218	4,036	3,507
559,341	Total taxpayers' funds		610,557	637,768	616,036
	Represented by:				
	Current assets				
56,972	Cash	7	64,369	5,704	37,837
502	Prepayments		897	650	600
2,472	Debtors and receivables	8	4,306	3,900	2,900
3,240	Inventories		4,143	3,500	3,500
63,186	Total current assets		73,715	13,754	44,837
	Non-current assets				
8,487	Livestock		6,526	9,317	9,287
-	Long-term receivables		-		-
3,714	Investments	9	5,377	1,470	3,700
568,391	Fixed assets	10	604,112	675,727	635,212
580,592	Total non-current assets		616,015	686,514	648,199
643,778	Total assets		689,730	700,268	693,036
	Current liabilities				
44,848	Creditors and payables	11	42,971	31,500	44,000
6,672	Provision for repayment of surplus to the Crown	12	1,146	-	-
23,957	Employee entitlements	13	26,220	22,000	24,000
75,477	Total current liabilities		70,337	53,500	68,000
	Non-current liabilities				
8,960	Employee entitlements	13	8,836	9,000	9,000
8,960	Total non-current liabilities		8,836	9,000	9,000
84,437	Total liabilities		79,173	62,500	77,000
559,341	Net assets		610,557	637,768	616,036

*The accompanying accounting policies and notes form part of these financial statements.
For information on major variances against budget refer to Note 18 (page 75).*

STATEMENT OF CASH FLOWS

for the year ended 30 June 2003

30/06/02 Actual		30/06/03 Actual	30/06/03 Main Estimates	30/06/03 Supp. Estimates
\$000	Notes	\$000	\$000	\$000
	Cash flows – operating activities			
	Cash was provided from:			
	Supply of outputs to			
424,178	Crown	431,389	435,207	431,389
-	Departmental	734	-	924
25,228	Other	21,895	23,498	26,070
449,406		454,018	458,705	458,383
	Cash was applied to:			
	Produce outputs			
213,673	Personnel	217,052	216,143	220,257
134,268	Operating	142,228	146,936	144,201
318	Net GST paid	260	-	21
50,098	Capital charge	48,606	50,626	48,606
398,357		408,146	413,705	413,085
51,049	Net cash inflow/(outflow) from operating activities 14	45,872	45,000	45,298
	Cash flows – investing activities			
	Cash provided from:			
158	Sale of investments	-	-	14
2,587	Sale of fixed assets	5,505	2,000	2,550
	Cash disbursed for:			
431	Purchase of investments	962	-	-
-	Purchase of livestock	-	-	-
78,326	Purchase of fixed assets	93,041	151,472	117,020
(76,012)	Net cash inflow/(outflow) from investing activities	(88,498)	(149,472)	(114,456)
	Cash flows – financing activities			
	Cash provided from:			
30,000	Capital contributions	56,695	84,339	56,695
	Cash disbursed for:			
3,105	Repayment of surplus	6,672	-	6,672
26,895	Net cash inflow/(outflow) from financing activities	50,023	84,339	50,023
1,932	Net increase/(decrease) in cash held	7,397	(20,133)	(19,135)
55,040	Add opening cash	56,972	25,837	56,972
56,972	Closing cash	64,369	5,704	37,837

The accompanying accounting policies and notes form part of these financial statements.

For information on major variances against budget refer to Note 18 (page 75).

STATEMENT OF COMMITMENTS *as at 30 June 2003*

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

Operating leases include lease payments for premises and photocopiers.

30/06/02		30/06/03
Actual		Actual
\$000		\$000
	Operating lease commitments	
24,139	Less than one year	29,001
21,867	One to two years	19,034
26,975	Two to five years	9,989
7,132	More than five years	3,642
80,113	Total operating lease commitments	61,666
40,576	Capital commitments	91,963
120,689	Total commitments	153,629

The decrease in operating commitments is largely due to the contract entered into with Australasian Correctional Management Limited, who has the management contract of Auckland Central Remand Prison. This commitment will progressively decrease due to the contract being for a fixed term.

The increase in capital commitments is largely due to the contracts entered into for the construction of Northland Region Corrections Facility.

The accompanying accounting policies and notes form part of these financial statements.

STATEMENT OF CONTINGENT LIABILITIES

as at 30 June 2003

30/06/02		30/06/03
Actual		Actual
\$000		\$000
5,506	Legal proceedings	5,719
1,231	Personal grievances	1,074
6,737	Total contingent liabilities	6,793

The Department is defending 22 legal proceedings claims by inmates and external parties as at 30 June 2003. They cover a range of areas, including Breach of NZ Bill of Rights and Breach of Contract.

The Department is also defending personal grievances made by 19 staff members.

The Department considers over 40 percent of these claims to be low risk.

Guarantees and Indemnities:

The contracts entered into by the Department have been reviewed and all guarantees and indemnities fall into normal business guarantees and indemnities, which are non-quantifiable.

STATEMENT OF UNAPPROPRIATED EXPENDITURE

for the year ended 30 June 2003

The Department had no unappropriated expenditure for the financial year ended 30 June 2003 (2002: nil).

The accompanying accounting policies and notes form part of these financial statements.

STATEMENT OF DEPARTMENTAL EXPENDITURE AND APPROPRIATIONS

for the year ended 30 June 2003

(FIGURES ARE GST-INCLUSIVE WHERE APPLICABLE)

	30/06/03 Expenditure Actual \$000	30/06/03 Appropriation Voted* \$000
Vote: Corrections		
Appropriations for classes of outputs		
D1: Information Services	26,472	26,576
D2: Community-based Sentences and Orders	60,025	60,076
D3: Custody of Remand Inmates	54,929	55,108
D4: Escorts and Custodial Supervision	6,084	6,129
D5: Custodial Services	263,263	264,099
D6: Inmate Employment	41,839	42,214
D7: Rehabilitative Programmes and Reintegrative Services	48,276	48,369
D8: Services to the New Zealand Parole Board	4,752	4,830
D9: Policy Advice and Development	4,645	4,673
D10: Service Purchase and Monitoring	3,928	4,089
Sub-total	514,213	516,163
Appropriation for capital contributions	56,695	56,695
Sub-total	570,908	572,858
Appropriation for other expenses		
Revaluation Losses	-	-
Sub-total	570,908	572,858
Total	570,908	572,858

*These amounts include adjustments made in the Supplementary Estimates and the following transfers under section 5 of the Public Finance Act 1989:

Output Class	Supplementary Estimates \$000	Section 5 Transfers \$000	Final Appropriation \$000
D3: Custody of Remand Inmates	54,545	563	55,108
D5: Custodial Services	264,775	(676)	264,099
D10: Service Purchase and Monitoring	3,976	113	4,089
Net Adjustment		0	

The transfers were made because of a higher proportion of remand inmates to total inmate numbers and as a result of a head office restructure.

The accompanying accounting policies and notes form part of these financial statements.

STATEMENT OF TRUST MONIES *for the year ended 30 June 2003*

Account	As at 01/07/02 \$000	Contribution \$000	Distribution \$000	Revenue \$000	Expenses \$000	As at 30/06/03 \$000
Prison Trust Accounts	353	7,271	7,229	-	-	395
	353	7,271	7,229	-	-	395

These accounts represent amounts held at each prison on behalf of inmates for the purchase of toiletries and other miscellaneous items.

SCHEDULE OF NON-DEPARTMENTAL ASSETS *for the year ended 30 June 2003*

30/06/02 Actual \$000		30/06/03 Actual \$000	30/06/03 Main Estimates \$000	30/06/03 Supp. Estimates \$000
-	Vote Corrections Non-current assets Investments	348	-	-
-	Total Non-Departmental Assets	348	-	-

As these assets are neither controlled by the Department nor used in the production of the Department's outputs, they are not reported in the Statement of Financial Position.

The Department has no revenue, expenditure, liabilities, commitments or contingencies in relation to non-departmental activities.

Statement of Accounting Policy for Non-Departmental Information

Measurement and recognition rules applied in the preparation of this schedule are consistent with generally accepted accounting practice and crown accounting policies.

Investments are valued at the lower of cost or net realisable value.

This non-departmental balance is consolidated into the Crown Financial Statements and therefore readers of this schedule should also refer to the Crown Financial Statements for 2002/03.

The accompanying accounting policies and notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2003

NOTE 1: OTHER REVENUE

30/06/02 Actual		30/06/03 Actual	30/06/03 Main Estimates	30/06/03 Supp. Estimates
\$000		\$000	\$000	\$000
18,201	Timber and livestock	14,549	17,025	15,189
1,000	Rents	1,063	1,009	1,009
8,397	Prison industry sales	8,076	5,314	10,080
140	Other	339	150	220
27,738	Total other revenue	24,027	23,498	26,498

NOTE 2: PERSONNEL COSTS

30/06/02 Actual		30/06/03 Actual	30/06/03 Main Estimates	30/06/03 Supp. Estimates
\$000		\$000	\$000	\$000
214,517	Salaries and wages	218,329	216,143	220,257
820	Retirement and long service leave	862	-	-
215,337	Total personnel costs	219,191	216,143	220,257

NOTE 3: OPERATING COSTS

30/06/02 Actual		30/06/03 Actual	30/06/03 Main Estimates	30/06/03 Supp. Estimates
\$000		\$000	\$000	\$000
7,306	Operating lease rentals	7,558	7,667	7,415
210	Audit fees to auditors for audit of the financial statements	210	210	210
104	Fees to auditors for other services provided	115	-	-
20,865	Facilities maintenance	22,023	19,599	19,493
20,427	Offender management costs	21,941	22,005	22,169
12,865	Computer costs	12,539	10,954	12,277
15,352	Contract management	15,908	15,722	15,722
37,230	Administration	37,946	43,855	43,487
23,350	Other operating costs	21,660	26,924	24,175
787	Write down of fixed assets	5,413	-	-
138,496	Total operating costs	145,313	146,936	144,948

Contract management represents contracts with Australasian Correctional Management Limited, Chubb New Zealand Limited and the New Zealand Prisoners' Aid and Rehabilitation Society Incorporated.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2003 (CONTINUED)

NOTE 4: DEPRECIATION

30/06/02 Actual		30/06/03 Actual	30/06/03 Main Estimates	30/06/03 Supp. Estimates
\$000		\$000	\$000	\$000
25,871	Buildings	27,046	26,600	26,600
742	Leasehold improvements	731	600	600
2,320	Plant and equipment	2,502	3,400	3,400
550	Furniture and fittings	667	1,500	1,500
8,514	Computer equipment	9,707	9,600	9,600
3,316	Motor vehicles	3,431	3,300	3,300
41,313	Total depreciation charge	44,084	45,000	45,000

NOTE 5: CAPITAL CHARGE

The Department pays a capital charge to the Crown on its taxpayers' funds as at 30 June and 31 December each year.

The capital charge rate for the year ended 30 June 2003 was 8.5% per annum (2002: 9%).

NOTE 6: TAXPAYERS' FUNDS

Taxpayers' funds comprises two components:

GENERAL FUNDS

30/06/02 Actual		30/06/03 Actual	30/06/03 Main Estimates	30/06/03 Supp. Estimates
\$000		\$000	\$000	\$000
537,393	General funds as at 1 July	555,834	549,393	555,834
(4,887)	Net operating surplus/(deficit)	(1,044)	-	-
30,000	Capital contribution	56,695	84,339	56,695
25,113		55,651	84,339	56,695
(6,672)	Provision for repayment of surplus to the Crown	(1,146)	-	-
555,834	General funds as at 30 June	610,339	633,732	612,529

REVALUATION RESERVE

30/06/02 Total Actual		30/06/03 Livestock	30/06/03 Forests	30/06/03 Investments	30/06/03 Total Actual
\$000		\$000	\$000	\$000	\$000
4,466	Balance brought forward	2,622	885	-	3,507
(959)	Revaluation changes at 30 June	(2,404)	(885)	-	(3,289)
3,507	Balance at 30 June	218	-	-	218

NOTES TO THE FINANCIAL STATEMENTS *for the year ended 30 June 2003 (CONTINUED)*

NOTE 7: CASH

The Department did not enter into any forward exchange contracts during the financial year.

NOTE 8: DEBTORS AND RECEIVABLES

30/06/02		30/06/03
Actual		Actual
\$000		\$000
2,849	Trade debtors	4,412
9	Other	228
(386)	Provision for doubtful debts	(334)
2,472	Total debtors and receivables	4,306

NOTE 9: INVESTMENTS

The increase in investments is primarily due to the issue of shares by the Fonterra Co-operative Group to Corrections Inmate Employment in lieu of dividends. In order to continue business with the Fonterra Co-operative Group, Corrections Inmate Employment must hold shares given to it by the Group.

NOTE 10: FIXED ASSETS

30/06/02		30/06/03
Actual		Actual
\$000		\$000
-	Freehold land At cost	769
74,375	At valuation – 30 June 2002	74,375
74,375	Land – net book value	75,144
-	Buildings At cost	60,044
344,576	At valuation – 30 June 2002	344,576
-	Accumulated depreciation	(27,020)
344,576	Buildings – net book value	377,600
6,636	Leasehold improvements At cost	8,136
(4,265)	Accumulated depreciation	(4,492)
2,371	Leasehold improvements – net book value	3,644
38,427	Forests At valuation	37,277
38,427	Forests – net market value	37,277
25,725	Plant and equipment At cost	27,680
(16,321)	Accumulated depreciation	(17,134)
9,404	Plant and equipment – net book value	10,546

NOTES TO THE FINANCIAL STATEMENTS *for the year ended 30 June 2003 (CONTINUED)*

NOTE 10: FIXED ASSETS *continued*

30/06/02 Actual \$000		30/06/03 Actual \$000
5,713	Furniture and Fittings	6,238
(4,038)	At cost	(4,466)
	Accumulated depreciation	
1,675	Furniture and fittings – net book value	1,772
60,688	Computer equipment (incl software)	60,424
(34,782)	At cost	(35,071)
	Accumulated depreciation	
25,906	Computer equipment – net book value	25,353
28,838	Motor vehicles	30,601
(13,439)	At cost	(15,909)
	Accumulated depreciation	
15,399	Motor vehicles – net book value	14,692
43,128	Items under construction	50,029
13,130	Buildings	8,055
	Computer equipment	
56,258	Items under construction – net book value	58,084
641,236	Total fixed assets	708,204
(72,845)	At cost and valuation	(104,092)
	Accumulated depreciation	
568,391	Total carrying amount of fixed assets	604,112

Freehold land and buildings were valued at fair value as at 30 June 2002 by an independent registered valuer, *valuersnet.NZ*.

The annual valuation of forests was undertaken by departmental staff and was reviewed by an independent registered valuer, P F Olsen and Company Limited, on 30 June 2003.

The land holdings of the Department are subject to general Treaty of Waitangi claims. No reduction in value has been recognised in these financial statements but there may be restrictions on the Department disposing of the holdings except under Treaty claims procedures.

NOTE 11: CREDITORS AND PAYABLES

30/06/02 Actual \$000		30/06/03 Actual \$000
11,674	Trade creditors	12,716
30,695	Accrued expenses	28,036
2,479	GST payable	2,219
44,848	Total creditors and payables	42,971

NOTES TO THE FINANCIAL STATEMENTS *for the year ended 30 June 2003 (CONTINUED)*

NOTE 12: PROVISION FOR REPAYMENT OF SURPLUS TO THE CROWN

30/06/02		30/06/03
Actual		Actual
\$000		\$000
(4,887)	Net surplus/(deficit)	(1,044)
11,559	Add: Other expenses (not for production of outputs)	-
6,672	Net surplus/(deficit) from delivery of outputs	(1,044)
-	Net gain on sale of fixed assets	1,146
6,672	Total provision for repayment of surplus to the Crown	1,146

NOTE 13: EMPLOYEE ENTITLEMENTS

30/06/02		30/06/03
Actual		Actual
\$000		\$000
	Current liabilities	
7,279	Retirement and long service leave	8,278
16,678	Annual leave	17,942
23,957	Total current portion	26,220
	Non-current liabilities	
8,960	Retirement and long service leave	8,836
8,960	Total non-current portion	8,836
32,917	Total provision for employee entitlements	35,056

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2003 (CONTINUED)

NOTE 14: RECONCILIATION OF NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2003

30/06/02 Actual		30/06/03 Actual	30/06/03 Main Estimates	30/06/03 Supp. Estimates
\$000		\$000	\$000	\$000
(4,887)	Net surplus/(deficit)	(1,044)	-	-
	Add/(less) non-cash items			
41,313	Depreciation	44,084	45,000	45,000
(4)	Inc/(dec) in non-current employee entitlements	(124)	-	-
6,776	Inc/(dec) other non-cash items	5,712	-	-
48,085	Total non-cash items	49,672	45,000	45,000
	Working capital movements			
1,506	(Inc)/dec in receivables	(1,834)	-	(428)
(212)	(Inc)/dec in inventories	(903)	-	(260)
153	(Inc)/dec in prepayments	(395)	-	(98)
3,949	Inc/(dec) in creditors and payables	(741)	-	1,001
1,668	Inc/(dec) in employee entitlements	2,263	-	83
-	Other items	-	-	-
7,064	Working capital movements – net	(1,610)	-	298
-	Add/(less) investing activity items	-	-	-
787	Net loss/(gain) on sale of fixed assets	(1,146)	-	-
787	Total investing activity items	(1,146)	-	-
51,049	Net cash flow from operating activities	45,872	45,000	45,298

NOTES TO THE FINANCIAL STATEMENTS *for the year ended 30 June 2003 (CONTINUED)*

NOTE 15: FINANCIAL INSTRUMENTS

The Department is party to financial instrument arrangements as part of its everyday operations. These include instruments such as bank balances, investments, accounts receivable and trade creditors.

CREDIT RISK

Credit risk is the risk that a third party will default on its obligations to the Department, causing the Department to incur a loss. In the normal course of business, the Department incurs credit risk from trade debtors, and transactions with financial institutions.

The Department does not require any collateral or security to support financial instruments with financial institutions that the Department deals with, as these entities have high credit ratings. For its other financial instruments, the Department does not have significant concentrations of credit risk.

FAIR VALUE

The fair value of all financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position.

CURRENCY RISK

Currency risk is the risk that debtors and creditors due in foreign currency will fluctuate because of changes in foreign exchange rates.

INTEREST RATE RISK

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This could impact on the return on investments or the cost of borrowing. The Department has no significant exposure to interest rate risk on its financial instruments.

Under section 46 of the Public Finance Act the Department cannot raise a loan without Ministerial approval and no such loans have been raised. Accordingly, there is no interest rate exposure for funds borrowed.

NOTE 16: CONTINGENCIES

The Department does not have any contingent assets as at 30 June 2003 (30 June 2002: nil).

Contingent liabilities are separately disclosed in the Statement of Contingent Liabilities.

NOTE 17: RELATED PARTY INFORMATION

The Department is a wholly owned entity of the Crown. The Government significantly influences the roles of the Department as well as being its major source of revenue.

The Department enters into numerous transactions with other government departments, Crown agencies and state-owned enterprises on an "arm's length" basis. Where those parties are acting in the course of their normal dealings with the Department, related party disclosures have not been made for transactions of this nature.

Apart from those transactions described above, the Department has not entered into any related party transactions.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2003 (CONTINUED)

NOTE 18: MAJOR BUDGET VARIATIONS

Statement of Financial Position, Statement of Movement in Taxpayers' Funds, Statement of Cash Flows.

General funds are less than projected in the Mains Estimates process due to the transfer of capital contributions from 2002/03 to 2004/05.

Revaluation reserves are less than projected in the Mains Estimates process due to a decrease in value of livestock and forests.

The increase in cash reflects the decrease in fixed asset spending. This is also reflected in the Statement of Cash Flows. While the cash received in respect of operating activities was close to budget, the net cash outflow from investing activities was approximately \$61 million less than budgeted. This resulted in an increased closing cash position.

Creditors and payables were higher than projected in the Mains Estimates primarily due to timing issues arising from when payments were made at the end of the financial year.

NOTE 19: POST BALANCE DATE EVENTS

There were no post balance date events that required adjustment to the financial statements.

SERVICE PERFORMANCE OBJECTIVES

Output Performance

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SERVICE PERFORMANCE OBJECTIVES – *Output Performance for the year ended 30 June 2003*

OUTPUT CLASS 1: INFORMATION SERVICES

This output class covers the provision of information as requested by the courts and the New Zealand Parole Board to inform their respective decision-making processes. It includes the provision of psychological reports, remand pre-sentence reports (level 2 assessment reports), reparation reports, same-day reports (level 1 assessment reports), home detention reports and assessments, oral information reports, home leave reports for prisons and pre-release reports. Special purpose reports, emotional harm reports and advice are prepared for other entities. Also included is the time Probation Officers spend attending court and status court hearings.

OUTPUT CLASS STATEMENT: INFORMATION SERVICES for the year ended 30 June 2003

30/06/02 Actual \$000		30/06/03 Actual \$000	Main Estimates \$000	Supp. Estimates \$000
25,842	Revenue	23,623	24,095	23,623
0	Crown	0	0	0
	Other			
25,842	Total Revenue	23,623	24,095	23,623
25,238	Total Expenses	23,519	24,095	23,623
604	Net Surplus	104	0	0

Output 1.1: SENTENCING INFORMATION AND ADVICE TO COURTS

This output entails the preparation of reports – relating to remand pre-sentence (level 2), reparation, same-day (level 1), special purpose reports and oral information – that provide the sentencing judge with information on offenders, to assist with the sentencing process. Also included is the time a Probation Officer spends attending court. This service includes attendance at court, prosecutions, and attendance at sentencing resulting from Community Probation Service initiated proceedings; and the time spent at courts, and preparation of reports including emotional harm.

	Budget	Actual	Variance
QUANTITY			
The number of reports to courts ⁷	30,000-34,000	25,493	-4,507 (-15%)
The number of hours for attendance at courts:	50,000-55,000	58,845	3,845 (+7%)
QUALITY			
The percentage of reports provided to the standards contained in the relevant service descriptions and Community Probation Service Manual to be no less than:	95%	96%	1%
<ul style="list-style-type: none"> • reports to specified formats and in writing • verification process specified/or rationale for the lack of verification • concise, logical and grammatically correct • clear statement of recommendation consistent with the law. 			
The number of written complaints from judges to be no more than:	15	3	-12
TIMELINESS			
The percentage of reports to courts provided to a timetable set through service level agreements to be no less than:	98%	93%	-5%

COMMENT

This is a demand-driven output, and the result has been mostly driven by changes in demand since the introduction of the Sentencing Act 2002 and Parole Act 2002. The greatest reduction has been the number of level 1 reports, which has decreased by around 20 percent from last year (level 1 reports are not required for the sentence of Community Work, but were previously required for Periodic Detention and Community Service sentences). Community Work volumes have increased significantly over the original Statement of Intent target (See page 84 of this report).

Any number of written complaints from judges should be viewed with concern. However, the annual figure is well below the allowance, suggesting that the judiciary did not have major issues with the performance of the Community Probation Service this financial year.

The pattern which emerged this year – fewer reports than budgeted but more court hours than forecast – is mostly a result of changing patterns of sentencing and report requirements, and court activity, following the introduction of the Sentencing Act 2002 and Parole Act 2002. Some of the volume changes were not anticipated prior to the introduction of the new legislation.

⁷ Reports include pre-sentence (level 1 and level 2), reparation, and oral information reports.

Output 1.2: PAROLE INFORMATION AND ADVICE TO THE NEW ZEALAND PAROLE BOARD

This output entails the preparation of pre-release reports that provide information to the New Zealand Parole Board about an inmate's proposed residence and work, and the potential programmes that the inmate should undertake on release from prison. Included is the time spent investigating release options and reporting on those and appropriate conditions.

	Budget	Actual	Variance
QUANTITY			
The number of New Zealand Parole Board reports:	4,181-4,619	4,007	-174 (-4%)
QUALITY			
The percentage of New Zealand Parole Board reports provided to the standards contained in the relevant service descriptions, Public Prisons Service Manual and Public Prisons Service Sentence Management Manual:	100%	100%	Nil
<ul style="list-style-type: none"> • the reports are clear and concise, identifying major points to enable the Board to make a decision on the inmate's release • the reports must identify whether statements are fact or opinion; findings are to be derived from the body of the report; recommendations are to address issues, be capable of being implemented and demonstrate that they will achieve the results required • each inmate is involved in the development of his or her report • reports for the New Zealand Parole Board are provided at least one month before the Board sits. 			
TIMELINESS			
The percentage of New Zealand Parole Board reports provided within deadlines set by the board:	100%	100%	Nil

Output 1.3: HOME LEAVE REPORTS

This output entails the provision of home leave reports including investigating the suitability of the sponsor and residence. The Public Prisons Service has the delegated authority to consider and approve home leave proposals. Community reaction to the planned home leave and the suitability of the proposed accommodation by an inmate is also assessed.

	Budget	Actual	Variance
QUANTITY			
The number of home leave reports:	1,300-1,500	1,109	-191 (-15%)
QUALITY			
The percentage of home leave reports provided to the standards contained in the relevant service descriptions and Community Probation Service Manual to be no less than:	98%	99%	1%
<ul style="list-style-type: none"> • reports completed and all questions addressed • concise, logical and grammatically correct. 			
TIMELINESS			
The percentage of home leave reports provided within two weeks of request to be no less than:	98%	96%	-2%

COMMENT

The number of home leave reports produced varies according to demand. The number produced this year is below that expected and is likely to be related to lower than forecast numbers of inmates in prison earlier in the year, which in turn impacts on the number of applications made for home leave.

Output 1.4: HOME DETENTION ASSESSMENTS TO THE NEW ZEALAND PAROLE BOARD

This output entails the preparation of reports and assessments to the New Zealand Parole Board. The reports are to meet the application criteria including an assessment of the rehabilitative needs of the offender and the suitability to serve their sentence under home detention.

	Budget	Actual	Variance
QUANTITY The number of home detention specialist reports:	2,200-2,400	3,095	695 (29%)
QUALITY The percentage of home detention specialist reports provided to the standards contained in the relevant service descriptions and Community Probation Service Manual to be no less than: <ul style="list-style-type: none"> • written reports in a specified format • verification process specified or reason for no verification • concise, logical and grammatically correct • statement of recommendations consistent with the law. 	98%	97%	-1%
TIMELINESS The percentage of home detention specialist reports provided within two weeks of request to be no less than:	98%	89%	-9%

COMMENT

Use of home detention as a sentencing option has continued to find increasing favour with the judiciary. In addition, the number of reports requested has increased since the implementation of the Sentencing Act 2002 and Parole Act 2002. As the suspended sentence option is no longer available, this impacted on the total number of reports requested, which was above anticipated demand. Accordingly the Department has revisited the number of these reports likely to be required in 2003/04 and has revised the performance standard to range between 3,000 and 3,600 reports.

It is likely that the ability to meet timeliness standards has been compromised by the high volume of reports demanded in several parts of the country – particularly during the final quarter of the 2002/03 financial year.

Output 1.5: PSYCHOLOGICAL SERVICE INFORMATION AND ADVICE TO COURTS AND THE NEW ZEALAND PAROLE BOARD

This output entails the preparation of reports that provide the sentencing judge with information on offenders and also entails the assessment, analysis and reporting on offenders who are to appear before the New Zealand Parole Board.

	Budget	Actual	Variance
QUANTITY			
The number of New Zealand Parole Board reports:	570-630 ⁸	634	4 (1%)
The number of reports to courts:	100	126	26 (26%)
QUALITY			
The percentage of New Zealand Parole Board reports provided to the standards contained in service descriptions and Psychological Service Manual to be no less than:	98%	100%	2%
The percentage of reports to courts provided to the standards contained in the service descriptions and Psychological Service Manual to be no less than:	98%	100%	2%
<ul style="list-style-type: none"> • completed to a specified format and in writing • concise, logical and grammatically correct • source and reason for referral are clearly stated • all relevant and appropriate information included • sources of information well documented and verified • clear statement of recommendations for further investigation • complies with the Code of Ethics of the NZ Psychological Society 1986. 			
TIMELINESS			
The percentage of reports to courts provided to a timetable set through service level agreements to be:	100%	99%	-1%
The percentage of New Zealand Parole Board reports provided within deadlines set by the Board to be:	100%	100%	Nil

COMMENT

Following the introduction of the New Zealand Parole Board on 1 July 2002, the number of reports being requested by the Board has continued to exceed predicted demand. As part of the 2002/03 Supplementary Estimates process, the Department sought and received approval to revise the full year budget, which was originally based on Ministry of Justice estimates. Reports have slightly exceeded the revised budget, with 34 percent of reports having been written in the last three months of the financial year.

Reports to courts are also demand driven and the Department has noticed an increase in requests for reports relating to section 88 of the Sentencing Act 2002.

⁸This performance measure was changed within the 2002/03 Supplementary Estimates process from 500.

OUTPUT CLASS 2: COMMUNITY-BASED SENTENCES AND ORDERS

This output class provides for the management and delivery of community-based sentences and orders through sentence management and sentence compliance services. Included as part of these are the sentences of supervision and community work as identified in the new Sentencing Act 2002. This supersedes previous sentences of community programmes, community service and periodic detention although there will be a transitional period during 2002/03. Orders include home detention, parole, and orders for post-release conditions, under the new Parole Act 2002.

The service provided meets the terms of judicial decisions on sentences in each case, and also provides opportunities for offenders to acknowledge their responsibilities and address offending behaviour.

OUTPUT CLASS STATEMENT: COMMUNITY-BASED SENTENCES AND ORDERS

for the year ended 30 June 2003

30/06/02 Actual \$000		30/06/03 Actual \$000	Main Estimates \$000	Supp. Estimates \$000
	Revenue			
53,983	Crown	53,401	52,330	53,401
0	Other	0	0	0
53,983	Total Revenue	53,401	52,330	53,401
53,020	Total Expenses	53,350	52,330	53,401
963	Net Surplus	51	0	0

Output 2.1: SUPERVISION

This output ensures that offenders sentenced to supervision report regularly to their Probation Officer and, if ordered by the court, fulfil special conditions that will address the reasons for their offending. Supervision may include in-depth, focused interventions such as rehabilitation or reintegration programmes or counselling.

	Budget	Actual	Variance
QUANTITY			
The number of supervision sentences:	5,300-6,300 ⁹	5,059	241 (-4%)
QUALITY			
The percentage of offenders who comply with the special conditions imposed as part of their sentence to be no less than:	68%	66%	-2%

Output 2.2: COMMUNITY WORK

This output ensures that an offender sentenced to community work completes the sentenced number of hours work within the community. It provides for reparation to the community. The type of community work that can be performed is specified in the Sentencing Act 2002.

	Budget	Actual	Variance
QUANTITY			
The number of community work sentences:	28,400-30,400 ¹⁰	27,936	-464 (-2%)
QUALITY			
The percentage of offenders who successfully complete a community work sentence to be no less than:	70%	89%	19%

COMMENT

The quality measure is based on aggregate sentences, and is affected by the time period for sentence completion – up to 12 months, or 12-24 months (depending on the number of hours handed down). A truer rate will therefore become apparent during the next financial year.

⁹ This performance measure was changed within the 2002/03 Supplementary Estimates process from 7,300-8,300.

¹⁰ This performance measure was changed within the 2002/03 Supplementary Estimates process from 24,600-26,000.

Output 2.3: HOME DETENTION ORDERS

This output entails the administering of home detention orders imposed by the New Zealand Parole Board. Under the conditions of these orders, the offender resides at home under strict conditions and with strict monitoring of those conditions. Offenders may be required to undertake a rehabilitation or reintegration programme or counselling that addresses their offending.

	Budget	Actual	Variance
QUANTITY			
The number of offenders directed to complete a home detention order:	1,400-1,500 ¹¹	1,575	75 (5%)
QUALITY			
The percentage of offenders on programmes which address their rehabilitative needs, or are in employment, is no less than:	95%	96%	1%

Output 2.4: PAROLE ORDERS

This output entails the administering of an order imposed by the New Zealand Parole Board, which is administered by a Probation Officer. The degree of offender management received by parolees is intense and undertaken by the Community Probation Service. It includes a Probation Officer meeting regularly and working closely with an offender subject to a parole order, and ensuring that special conditions imposed by the Board are fulfilled.

	Budget	Actual	Variance
QUANTITY			
The number of inmates directed to complete a parole order ¹² :	2,100-2,300 ¹³	1,923	-177 (-8%)
QUALITY			
The percentage of offenders who comply with the special conditions imposed as part of their order to be no less than:	65%	68%	3%

COMMENT

The full year budget for parole was adjusted as part of the Department's 2002/03 Supplementary Estimates process. Volumes have not met the revised target, which highlights the difficulty in predicting actual volumes for this sentence type following the introduction of the Sentencing Act 2002 and the Parole Act 2002.

¹¹ This performance measure was changed within the 2002/03 Supplementary Estimates process from 800-820.

¹² This includes inmates released by the New Zealand Parole Board at their discretion or on compassionate grounds, and those released at their statutory release date.

¹³ This performance measure was changed within the 2002/03 Supplementary Estimates process from 1,200-1,400.

Output 2.5: ORDERS FOR POST-RELEASE CONDITIONS

This output entails administering post-release conditions for inmates with short sentences, as imposed by the judiciary at the time of sentencing, and administered by a Probation Officer.

	Budget	Actual	Variance
QUANTITY			
The number of inmates directed to complete post-release conditions imposed by the court:	1,700-1,900 ¹⁴	1,461	-239 (-14%)
QUALITY			
The percentage of offenders who comply with the conditions imposed as part of their order to be no less than:	65%	62%	-3%

COMMENT

These orders were newly introduced in the Sentencing Act 2002, and it has proved difficult to accurately forecast volumes. The Statement of Intent did indicate that the forecast volume was unlikely to be achieved in the first year. The full-year budget was revised downward as part of the 2002/03 Supplementary Estimates process, but actual volumes still fell below the revised budget. It is expected that the higher volumes will eventuate during the next year.

¹⁴ This performance measure was changed within the 2002/03 Supplementary Estimates process from 2,200-2,400.

OUTPUT CLASS 3: CUSTODY OF REMAND INMATES

This output class provides for safe, secure and humane services and facilities to hold people charged with offences, and offenders convicted but not yet sentenced, and to enable their appearance before the courts as required.

It provides for an estimated throughput of 8,519 new remand inmates, representing an average muster of 929 remand inmates¹⁵. This demand is met by approximately 1,002 beds across 15 remand facilities with any overflow accommodated in segregated custodial facilities.

OUTPUT CLASS STATEMENT: CUSTODY OF REMAND INMATES for the year ended 30 June 2003

30/06/02 Actual \$000		30/06/03 Actual \$000	Main Estimates \$000	Supp. Estimates \$000
	Revenue			
45,542	Crown	48,985	45,612	48,985*
0	Other	0	0	0
45,542	Total Revenue	48,985	45,612	48,985
45,534	Total Expenses	48,806	45,612	48,985
8	Net Surplus	179	0	0

*This figure also includes the following adjustment under section 5 of the Public Finance Act 1989:

Supplementary Estimates \$000	Section 5 Transfers \$000	Final Appropriation \$000
48,485	500	48,985

¹⁵ Figures based on results of Ministry of Justice (Nov 2001), and Department projections.

Output 3.1: CUSTODY OF REMAND INMATES

This output entails the administration of custodial remands in a custodial environment. It incorporates the costs of accommodation, security, transport, food and medical care, but not the cost of employment or specific reintegrative interventions.

	Budget	Actual	Variance
QUANTITY			
The average number of remand inmates held by the			
• Auckland Central Remand Prison:	257	263	6 (2%)
• Public Prisons Service:	672	717	45 (7%)
QUALITY			
The number of breakouts per annum to be no more than:	2	3	1
The number of all other escapes per annum to be no more than:	1	0	-1

COMMENT

The number of remand inmates is influenced by rates of arrests and decisions of the judiciary, and is external to the Department's control. The number of remand inmates has been above forecast levels since February 2003.

All escapes that occurred during the year have been, or are in the process of being, investigated. Where necessary, procedures are amended or new procedures implemented. Confirmation of appropriate implementation of recommendations arising from individual investigations is provided to the Assurance Board.

OUTPUT CLASS 4: ESCORTS AND CUSTODIAL SUPERVISION

This output class provides for safe, secure and humane services and facilities for transportation of inmates to and from court and their safe and humane custody while at court.

OUTPUT CLASS STATEMENT: ESCORTS AND CUSTODIAL SUPERVISION for the year ended 30 June 2003

30/06/02 Actual \$000		30/06/03 Actual \$000	Main Estimates \$000	Supp. Estimates \$000
	Revenue			
5,861	Crown	5,448	5,924	5,448
0	Other	0	0	0
5,861	Total Revenue	5,448	5,924	5,448
5,407	Total Expenses	5,403	5,924	5,448
454	Net Surplus	45	0	0

Output Class 4.1: ESCORT SERVICES

This output entails the safe, secure and humane transportation of remand and sentenced inmates to and from court.

	Budget	Actual	Variance
QUANTITY			
The number of inmates escorted to and from a court in			
• Northland/Auckland (including Police escorts):	23,305-25,525	26,962	1,437 (6%)
• remainder of New Zealand (excluding Police escorts):	7,835-8,648	7,865	Nil
QUALITY			
The number of escapes by remand inmates and sentenced inmates during escorts to and from court to be no more than:	1	4 ¹⁶	3

COMMENT

The volume of escorts in the Northland/Auckland Region continued to be affected by the high level of multi-defendant trials that occurred earlier in the financial year.

All escapes that occurred during the year have been, or are in the process of being, investigated. Where necessary, procedures are amended or new procedures implemented. Confirmation of appropriate implementation of recommendations arising from individual investigations is provided to the Assurance Board.

¹⁶ Of the four escapes, one occurred as part of the contract the Department has in place with Chubb New Zealand Limited to provide prison escort and courtroom custodial services in Northland and Auckland.

Output 4.2: COURTROOM CUSTODIAL SUPERVISION SERVICES

This output entails the safe, secure and humane custody of remand and sentenced inmates while they are at court.

	Budget	Actual	Variance
QUANTITY			
The number of inmates supervised in courts in			
• Northland/Auckland:	5,230-5,770	7,501	1,731 (30%)
• remainder of New Zealand:	8,512-9,388	8,519	Nil
QUALITY			
The number of escapes by remand inmates and sentenced inmates while they are held in custody at court to be:	0	2	2

COMMENT

The number of inmates supervised in courts has been greater than forecast for all areas of the country. The Northland/Auckland result reflects the multi-defendant trials that occurred earlier in the financial year.

All escapes that occurred during the year have been, or are in the process of being, investigated. Where necessary, procedures are amended or new procedures implemented. Confirmation of appropriate implementation of recommendations arising from individual investigations is provided to the Assurance Board.

OUTPUT CLASS 5: CUSTODIAL SERVICES

This output class covers the provision of custodial services and the administration of custodial sentences in safe, secure and humane conditions for both male and female inmates classified as maximum, medium and minimum security. Youth under 17 years of age and vulnerable 17-to-19-year-olds will be housed in specialist youth units¹⁷. Also included are the management of specialist facilities and drug reduction initiatives.

An estimated throughput of 7,527 new inmates is provided for, representing an average muster of 5,034 inmates¹⁸. This requires the provision of approximately 5,332 beds and associated facilities at 19 sites to meet security, gender, age and other inmate needs 24 hours a day.

OUTPUT CLASS STATEMENT: CUSTODIAL SERVICES for the year ended 30 June 2003

30/06/02 Actual \$000		30/06/03 Actual \$000	Main Estimates \$000	Supp. Estimates \$000
233,198	Revenue			
	Crown	234,755	246,278	234,755*
0	Other	0	0	0
233,198	Total Revenue	234,755	246,278	234,755
229,983	Total Expenses	233,919	246,278	234,755
3,215	Net Surplus	836	0	0

*This figure also includes the following adjustment under section 5 of the Public Finance Act 1989:

Supplementary Estimates \$000	Section 5 Transfers \$000	Final Appropriation \$000
235,355	(600)	234,755

A reduction in this output class was possible due to the number of inmates held in prison being lower than expected. A transfer was made in Output Class 3: Custody of Remand Inmates and Output Class 10: Service Purchase and Monitoring.

¹⁷ Consistent with the United Nations Convention on the Rights of the Child, the Department will progressively locate all male offenders under the age of 18 (unless such placement is not in an offender's best interests) as well as vulnerable 18- and 19-year-old male inmates in specialist youth units as planned dedicated facilities become available.

¹⁸ Figures based on results of Ministry of Justice forecast (Nov 2001), and Department projections.

Output 5.1: CUSTODIAL SERVICES – MAXIMUM SECURITY MEN

This output provides for the safe, secure and humane containment of inmates classified as maximum security. It incorporates the costs of accommodation, security, sentence management (including assessment), food and medical care.

	Budget	Actual	Variance
QUANTITY			
The average number of maximum security sentenced inmates:	172	124	-48 (-28%)
QUALITY			
The percentage of sentenced inmates with inmate management plans prepared and managed to the standards in the relevant service description, Public Prisons Service Policy and Procedures Manual and Public Prisons Service Sentence Management Manual:	100%	99%	-1%
<ul style="list-style-type: none"> • on induction, each inmate is provided verbally and in writing with accurate and timely information on the operation and rules of the institution and the entitlements of inmates. Inmates are informed of their obligations, rights, privileges and their access to services in a way they can understand. The inmate's immediate needs are addressed or referred for prompt action • assessment interviews include prison staff and the inmate and take into account any pre-sentence reports that are available • the inmate is placed into the appropriate work/programme • the inmate attends the allocated work/programme • all information is recorded and filed on the inmate's file • case management plans are reviewed as per the plan. 			
The number of breakouts per annum:	0	0	Nil
The number of non-returns from temporary release per annum:	0	0	Nil
The number of all other escapes per annum:	0	0	Nil

COMMENT

The average number of maximum security inmates is below the Ministry of Justice's forecast. The total number of inmates is influenced by arrest rates and judicial decisions.

The lower than expected number of maximum security inmates is also due to a review of all inmates' classifications undertaken by the Department. This resulted in some inmates being reclassified as medium security. Following this review, the levels of maximum security sentenced inmates have stabilised.

Output 5.2: CUSTODIAL SERVICES – MEDIUM SECURITY MEN

This output provides for the safe, secure and humane confinement of inmates classified as medium security. It incorporates the costs of accommodation, security, sentence management (including assessment), food and medical care.

	Budget	Actual	Variance
QUANTITY			
The average number of medium security sentenced inmates:	2,425	2,425	Nil
QUALITY			
The percentage of sentenced inmates with inmate management plans prepared and managed to the standards in the relevant service descriptions, Public Prisons Service Policy and Procedures Manual and Public Prisons Service Sentence Management Manual:	100%	99%	-1%
<ul style="list-style-type: none"> • on induction, each inmate is provided verbally and in writing with accurate and timely information on the operation and rules of the institution and the entitlements of inmates. Inmates are informed of their obligations, rights, privileges and their access to services in a way they can understand. The inmate's immediate needs are addressed or referred for prompt action • assessment interviews include prison staff and the inmate and take into account any pre-sentence reports that are available • the inmate is placed into the appropriate work/programme • the inmate attends the allocated work/programme • all information is recorded and filed on the inmate's file • case management plans are reviewed as per the plan. 			
The number of breakouts per annum to be no more than:	4	4	Nil
The number of non-returns from temporary release per annum to be no more than:	2	0	-2
The number of all other escapes per annum to be no more than:	14	0	-14

COMMENT

All escapes that occurred during the year have been, or are in the process of being, investigated. Where necessary, procedures are amended or new procedures implemented. Confirmation of appropriate implementation of recommendations arising from individual investigations is provided to the Assurance Board.

Output 5.3: CUSTODIAL SERVICES – MINIMUM SECURITY MEN

This output provides for the safe, secure and humane confinement of inmates classified as minimum security. It incorporates the costs of accommodation, security, sentence management (including assessment), food and medical care.

	Budget	Actual	Variance
QUANTITY			
The average number of minimum security sentenced inmates:	2,033	1,943	-90 (-4%)
QUALITY			
The percentage of sentenced inmates with inmate management plans prepared and managed to the standards in the relevant service descriptions, Public Prisons Service Policy and Procedures Manual and Public Prisons Service Sentence Management Manual:	100%	99%	-1%
<ul style="list-style-type: none"> on induction, each inmate is provided verbally and in writing with accurate and timely information on the operation and rules of the institution and the entitlements of inmates. Inmates are informed of their obligations, rights, privileges and their access to services in a way they can understand. The inmate's immediate needs are addressed or referred for prompt action assessment interviews include prison staff and the inmate and take into account any pre-sentence reports that are available the inmate is placed into the appropriate work/programme the inmate attends the allocated work/programme all information is recorded and filed on the inmate's file case management plans are reviewed as per the plan. 			
The number of breakouts per annum to be no more than:	1	1	Nil
The number of non-returns from temporary release per annum to be no more than:	16	2	-14
The number of all other escapes per annum to be no more than:	16	12	-4

COMMENT

All escapes that occurred during the year have been, or are in the process of being, investigated. Where necessary, procedures are amended or new procedures implemented. Confirmation of appropriate implementation of recommendations arising from individual investigations is provided to the Assurance Board.

Output 5.4: CUSTODIAL SERVICES – WOMEN

This output provides for the safe, secure and humane confinement of inmates classified in women's security. It incorporates the costs of accommodation, security, sentence management (including assessment), food and medical care.

	Budget	Actual	Variance
QUANTITY			
The average number of maximum security sentenced inmates:	4	2	-2 (-50%)
The average number of medium security sentenced inmates:	102	72	-30 (-29%)
The average number of minimum security sentenced inmates:	139	147	8 (6%)
QUALITY			
The percentage of sentenced inmates with inmate management plans prepared and managed to the standards in the relevant service description, Public Prisons Service Policy and Procedures Manual and Public Prisons Service Sentence Management Manual:	100%	100%	Nil
<ul style="list-style-type: none"> • on induction, each inmate is provided verbally and in writing with accurate and timely information on the operation and rules of the institution and the entitlements of inmates. Inmates are informed of their obligations, rights, privileges and their access to services in a way they can understand. The inmate's immediate needs are addressed or referred for prompt action • assessment interviews include prison staff and the inmate and take into account any pre-sentence reports that are available • the inmate is placed into the appropriate work/programme • the inmate attends the allocated work/programme • all information is recorded and filed on the inmate's file • case management plans are reviewed as per the plan. 			
The number of breakouts per annum to be no more than:	1	0	-1
The number of non-returns from temporary release per annum to be no more than:	2	2	Nil
The number of all other escapes per annum to be no more than:	2	0	-2

COMMENT

A departmental review of the security classification of women inmates has recommended that the maximum security classification is not required for women inmates. The two inmates reported here had their security classification determined prior to the application of the review findings.

The level of medium security sentenced women inmates has stabilised at 72 over the last three quarters. The higher than forecast levels of women remand inmates have been housed in the vacant medium security beds. The Nikau Women's Unit at Waikeria was only in operation for the final 14 days of the financial year.

All escapes that occurred during the year have been, or are in the process of being, investigated. Where necessary, procedures are amended or new procedures implemented. Confirmation of appropriate implementation of recommendations arising from individual investigations is provided to the Assurance Board.

Output 5.5: CUSTODIAL SERVICES – MALE YOUTH

This output provides for the safe and secure confinement of males under 17 years of age and vulnerable 17-to-19-year-olds, either sentenced (except those classified maximum security) or remanded. It incorporates the costs of accommodation, security, sentence management (including assessment), food and medical care.

	Budget	Actual	Variance
QUANTITY			
The average number of male sentenced and remand inmates held in Youth Units:	129	133	4 (3%)
QUALITY			
The percentage of youth with inmate management plans prepared and implemented to the criteria contained in the Public Prisons Service Policy and Procedures Manual and Public Prisons Service Sentence Management Manual:	100%	99%	-1%
<ul style="list-style-type: none"> • on induction, each inmate is provided verbally and in writing with accurate and timely information on the operation and rules of the institution and the entitlements of inmates. Inmates are informed of their obligations, rights, privileges and their access to services in a way they can understand. The inmate's immediate needs are addressed or referred for prompt action • assessment interviews include prison staff and the inmate and take into account any pre-sentence reports that are available • the inmate is placed into the appropriate work/programme • the inmate attends the allocated work/programme • all information is recorded and filed on the inmate's file • case management plans are reviewed as per the plan. 			
The number of breakouts per annum to be:	0	0	Nil
The number of all other escapes per annum to be:	0	0	Nil

Output 5.6: DRUG REDUCTION

This output entails the identification of drug users in prisons through the administration of three random testing programmes and other drug screening tests. It includes the costs of checkpoint drug control activities, drug dog services, and other activities undertaken alone or with other agencies.

	Budget	Actual	Variance
QUANTITY			
The number of general random programme drug screening tests carried out:	2,470-2,700	2,242	-228 (-9%)
The number of random drug screening tests carried out on inmates returning from temporary release:	365-408	358	-7 (-2%)
The number of random drug screening tests carried out on identified drug users:	1,584-1,750	1,508	-76 (-5%)
The number of other drug screening tests carried out ¹⁹ :	3,991-4,442	4,934	492 (11%)
QUALITY			
The annual average percentage of general random programme drug screening tests producing a positive result to be no more than:	17%	20%	3%
The annual average percentage of random drug screening tests of inmates returning from temporary release producing a positive result ²⁰ :	N/A	15%	N/A
The annual average percentage of random drug screening tests of identified drug users producing a positive result:	N/A	38%	N/A

COMMENT

The increase in the number of other drug screening tests carried out reflected increased drug detection activities in the regions and a higher than expected level of voluntary tests requested in special treatment units.

At 20 percent, the percentage of general random programme drug screening tests is an improvement on the result for the 2001/02 financial year.

¹⁹ Other drug screening tests are defined as those undertaken on either "reasonable grounds" or on a voluntary basis.

²⁰ This measure does not lend itself to the setting of performance standards to be achieved.

OUTPUT CLASS 6: INMATE EMPLOYMENT

Inmate employment contributes to reducing re-offending by providing inmates with the opportunity to gain work experience and improve their work habits and work skills, thereby improving their chances of obtaining sustainable post-release employment.

Over time, inmate employment aims to provide all inmates, other than those on remand or serving a short sentence, with 1,410 hours of employment (six hours a day, five days a week and 47 weeks per year). This year's target of 5.7 million hours represents a 90 percent achievement of that goal.

**OUTPUT CLASS STATEMENT: INMATE EMPLOYMENT
for the year ended 30 June 2003**

30/06/02 Actual \$000		30/06/03 Actual \$000	Main Estimates \$000	Supp. Estimates \$000
	Revenue			
10,940	Crown	11,025	10,955	11,025
27,738	Other	24,027	23,498	26,498
38,678	Total Revenue	35,052	34,453	37,523
38,339	Total Expenses	37,457	34,453	37,523
339	Net Surplus	(2,405)	0	0

Output 6.1: INMATE EMPLOYMENT – LAND-BASED ACTIVITIES

This output includes the provision of inmate employment and training opportunities in farming, forestry, horticulture and other activities.

	Budget	Actual	Variance
QUANTITY			
The number of hours worked by inmates (on land-based activities):	1,449,250	784,865	-664,385 (-46%)
Area farmed on a commercial basis			
• Dairy:	1,063ha	1,193ha	130
• Sheep, beef and deer:	3,503ha	3,503ha	Nil
Area utilised for commercial forestry:	4,510ha	4,510ha	Nil
QUALITY			
The percentage of inmates undertaking inmate employment who receive an externally recognised qualification ^{21, 22} :	40%	136%	96%
Economic Farm Surplus (EFS) per hectare (ha)	EFS/ha	EFS/ha	EFS/ha
• Dairy: CIE	\$700-\$800	-\$454	-\$1,154
• Sheep, beef and deer: CIE	\$130-\$200	\$180	Nil
Economic forest surplus per hectare: CIE	\$750-\$800	\$516	-\$234

COMMENT

The total hours achieved by Corrections Inmate Employment (CIE) was well below budget for land-based activities due to a decline in inmate availability at all sites and changes to the way in which some farms and horticulture operations operate. The financial returns were affected by fluctuations in overall commodity prices and the exchange rate.

There was an increase in land available for dairy operations due to the use of land in Meremere for dry-stock grazing. The percentage of inmates receiving an externally recognised qualification was higher than expected due to a combination of inmate turnover and the high proportion of inmates undertaking first aid and/or safety instruction as part of their induction into CIE workplaces.

²¹ An externally recognised qualification is an NZQA unit standard, or where no NZQA unit standard exists, one that is a recognised equivalent qualification.

²² The percentage of inmates who receive an externally recognised qualification is calculated as the number of unit standards passed against the number of Full Time Equivalent inmates employed during the year.

Output 6.2: INMATE EMPLOYMENT – MANUFACTURING ACTIVITIES

This output entails inmate employment and training opportunities in manufacturing, construction and labour-only services.

	Budget	Actual	Variance
QUANTITY			
The number of hours worked by inmates (employed on manufacturing activities):	1,130,820	954,616	-176,204 (-16%)
QUALITY			
The percentage of inmates undertaking inmate employment who receive an externally recognised qualification ^{23, 24} :	40%	101%	61%

COMMENT

Inmate employment results for those inmates employed in this area were lower than expected. This was due to a number of issues, including work associated with the implementation of new processes for the management of inmates and the availability of suitable work and inmates.

The high result in the percentage of inmates receiving an external qualification was distorted by a combination of inmate turnover and the high proportion of inmates undertaking first aid and/or safety instruction as part of their induction into CIE workplaces.

Output 6.3: INMATE EMPLOYMENT – INTERNAL SERVICE SELF-SUFFICIENCY ACTIVITIES

This output provides inmate employment and training opportunities in internal self-sufficiency including:

- kitchens
- laundry and cleaning
- asset maintenance.

	Budget	Actual	Variance
QUANTITY			
The number of hours worked by inmates:	3,000,000	3,068,107	68,107 (2%)
QUALITY			
The percentage of inmates undertaking inmate employment who receive an externally recognised qualification ²³ :	40%	47%	7%

COMMENT

Overall the results indicate a continued improvement throughout the year. The high result in the percentage of inmates receiving an external qualification was distorted by a combination of inmate turnover and having a high proportion of inmates undertaking first aid and/or safety instruction as part of their induction into CIE workplaces.

²³ An externally recognised qualification is a New Zealand Qualification Authority (NZQA) unit standard, or where no NZQA unit standard exists, one that is a recognised equivalent qualification.

²⁴ The percentage of inmates who receive an externally recognised qualification is calculated as the number of unit standards passed against the number of Full Time Equivalent inmates employed during the year.

Output 6.4: INMATE EMPLOYMENT – RELEASE-TO-WORK AND COMMUNITY SERVICES

This output entails work undertaken by minimum security inmates outside the prison boundaries. These are inmates nearing release who are on release-to-work or supervised work parties undertaking community work.

	Budget	Actual	Variance
QUANTITY			
The number of hours worked by inmates on release-to-work and community services:	164,600	131,350	-33,250 (-20%)
QUALITY			
The percentage of inmates undertaking inmate employment who receive an externally recognised qualification ^{25, 26} :	40%	5%	-35%

COMMENT

Corrections Inmate Employment has continued efforts to identify suitable inmates and employers during the third quarter. Some sites are still having problems locating suitable employment opportunities for inmates.

Inmates on release-to-work have limited opportunities to work toward achieving New Zealand Qualifications Authority (NZQA) unit standards, so this standard is being reviewed.

Output 6.5: VOCATIONAL TRAINING SERVICES

This output provides training activities to inmates that relate directly to the acquisition of employment-related skills, and includes courses to assist in getting driver licences and computer skills.

	Budget	Actual	Variance
QUANTITY			
The number of inmates who commence training towards the achievement of an externally recognised qualification:	1,125	1,234	109 (10%)
QUALITY			
The percentage of inmates who receive an externally recognised qualification:	40%	75%	35%

COMMENT

The short nature of these courses has assisted in achieving a higher than targeted completion rate. Furthermore, the regularity of classes and consistency of delivery has ensured maximum participation and completion from motivated inmates.

All inmates who achieve unit standards for vocational training qualifications are registered on the New Zealand Qualifications Framework. This forms the record of achievement for the inmate.

²⁵ An externally recognised qualification is a New Zealand Qualifications Authority (NZQA) unit standard, or where no NZQA unit standard exists, one that is a recognised equivalent qualification.

²⁶ The percentage of inmates who receive an externally recognised qualification is calculated as the number of unit standards passed against the number of Full Time Equivalent inmates employed during the year.

OUTPUT CLASS 7: REHABILITATIVE PROGRAMMES AND REINTEGRATIVE SERVICES

This output class provides:

- responsivity programmes to improve an offender's motivation to address the causes of their criminal offending. These programmes are designed to increase an offender's responsivity to undertake a specific programme that seeks to address an identified criminogenic need;
- rehabilitative programmes to address the causes of criminal offending. Integrated Offender Management has introduced a new suite of nationally defined programmes. Assessment tools determine programme eligibility according to an offender's criminogenic needs, responsivity and risk of re-offending;
- reintegrative services to prepare for an offender's release into the community, including support for families/whanau. Emphasis is placed on the targeted provision of reintegrative services to reinforce and sustain behavioural changes by building up basic skills (for example, budgeting and relationship management) which support reintegration into the community;
- specialist psychological services, including counselling of offenders, professional staff training, and supervision in the use of assessment tools, to monitor and support programme delivery.

OUTPUT CLASS STATEMENT: REHABILITATIVE PROGRAMMES AND REINTEGRATIVE SERVICES

for the year ended 30 June 2003

30/06/02 Actual \$000		30/06/03 Actual \$000	Main Estimates \$000	Supp. Estimates \$000
38,997	Revenue Crown	42,070	40,078	42,070
0	Departmental	734	0	924
0	Other	0	0	0
38,997	Total Revenue	42,804	40,078	42,994
38,841	Total Expenses	42,925	40,078	42,994
156	Net Surplus	(121)	0	0

Output 7.1: REHABILITATIVE PROGRAMMES – RESPONSIVITY/ MOTIVATIONAL

This output entails the delivery of Straight Thinking and Tikanga Māori programmes. Attendance at these programmes improves an offender's responsivity or motivation to address identified criminogenic needs. For example:

- Straight Thinking, which aims to improve the critical reasoning required for effective social integration;
- delivery of Tikanga Māori programmes to offenders on community-based sentences and orders with a focus on improving motivation to address other aspects of offending;
- delivery of Tikanga Māori programmes to remand and sentenced youth in specialist male Youth Units. The programmes are designed to develop cognitive behavioural reasoning for effective social integration;
- the use of Māori philosophy, values, knowledge and practices to emphasise the relationship of the individual with their social-cultural environment and to foster the regeneration of Māori identity and values. Completion of a Tikanga Māori programme is a prerequisite for entry to a Māori Focus Unit.

Straight Thinking	Budget	Actual	Variance
QUANTITY			
The number of hours offenders spend attending a Straight Thinking programme			
• Public Prisons Service:	69,300	62,161	-7,139 (-10%)
• Community Probation Service:	82,880	29,060	-53,820 (-65%)
The number of offenders who start a Straight Thinking programme			
• Public Prisons Service:	990	849	-141 (-14%)
• Community Probation Service:	1,184	565	-619 (-52%)
QUALITY			
The percentage of offenders who start and complete a Straight Thinking programme to be no less than			
• Public Prisons Service:	80%	75%	-5%
• Community Probation Service:	65%	69%	4%

COMMENT

In the case of the Community Probation Service, the total numbers of offenders and hours spent attending Straight Thinking programmes have fallen well below original targets, though only slightly below last year's volumes (598 offenders). An increase had been expected, but it was clear during the first quarter that this was not occurring. The reasons for the low numbers included changing sentencing patterns, in particular, reduced numbers of offenders sentenced to supervision (a sentence which in the past has provided a large proportion of the offenders referred to programmes) and greater than expected numbers sentenced to Community Work, which does not provide for offenders to attend programmes.

Action taken to reduce the lower volumes included the development of clearer referral processes and guidelines, improved planning and scheduling techniques, closer monitoring of planned and

cancelled programmes, and additional training of Straight Thinking coaches. Work is also currently underway to more accurately model the demand and eligibility for this programme for offenders within the Community Probation Service, and to quantify the impact of barriers to participation (for example, geographical location and length of sentence) in order to inform further process improvements.

Initial levels of delivery for the Public Prisons Service were well below forecast due to referrals being lower than expected and a number of new coaches, who were required to work at 50 percent capacity until they graduate. The final half of the year has seen significant correction to this earlier trend after a review of the sentence planning business rules and the graduation of the Straight Thinking coaches.

Tikanga Māori	Budget	Actual	Variance
QUANTITY			
The number of offenders who start a Tikanga Māori Programme			
• Public Prisons Service:	943	1,037	94 (10%)
• Community Probation Service:	523	186	-337 (-64%)
QUALITY			
The percentage of offenders who start and complete a Tikanga Māori programme to be no less than			
• Public Prisons Service:	75%	90%	15%
• Community Probation Service:	65%	69%	4%

COMMENT

In the case of the Community Probation Service, the total number of offenders and hours spent attending Tikanga Māori programmes has fallen well below original targets, and substantially below last year’s volumes (309 offenders). This has been largely due to the impact of the Sentencing Act 2002, which meant that offenders serving sentences of Community Work could not attend rehabilitative programmes. Many of the offenders attending Tikanga Māori programmes in previous years had done so as part of a periodic detention sentence.

Whilst this change had been expected, the corresponding decrease in offenders on supervision (see page 84) and the lower than expected numbers on post-release conditions (see page 86) have compounded its effect to the extent that referrals have been extremely low.

Action is currently being taken to implement new service descriptions (to help providers adjust their programmes to suit the needs of this different group of offenders), and to improve referral processes in order to increase the number of referrals. The work on modelling demand (see page 104 regarding Straight Thinking) will also help to clarify the issues.

In the Public Prisons Service the increase in the number of inmates undertaking a Tikanga Māori programme is mainly attributable to the Midland Region, where programmes have been run in the Māori Focus Units this year to capture inmates who missed this pre-entry requirement. This resulted in some larger than planned classes being conducted.

The movement of the Māori Focus Unit from New Plymouth to Wanganui and the establishment of a Māori Focus Unit in Tongariro/Rangipo resulted in a larger than expected number of inmates requiring Tikanga Māori programmes.

The higher than forecast completion rate is due to the short duration of the programme and the fact that a number of the programmes are run in Māori Focus Units.

Output 7.2: REHABILITATIVE PROGRAMMES – CRIMINOGENIC

This output delivers programmes to address an offender's criminogenic needs, either in prison or the community. For example:

- EQUIP, a youth offender programme, designed to develop cognitive behavioural reasoning for effective social interaction;
- sex offender treatment programmes, for inmates convicted of sex offending against children. The programmes include special treatment units (at Kia Marama and Te Piriti);
- violence prevention programmes, including the delivery of group-based treatment to violent offenders in the male Violence Prevention Special Treatment Unit at Rimutaka Prison;
- He Tete Kura Mana Tangata programme a violence programme based on tikanga Māori values and beliefs;
- substance abuse programmes to highly recidivist offenders with identified alcohol and drug related needs, as well as alcohol and drug treatment programmes within Special Treatment Units;
- generic criminogenic programmes, such as the Mixed Programmes to Reduce Re-offending (MPRO), Structured Individual Programmes (SIP);
- Māori therapeutic programmes (delivered in Māori Focus Units) involving alcohol and drug, and violence prevention;
- Making Our Drivers Safe (MODS) a programme delivered within the community to reduce re-offending by addressing high-risk, recidivist traffic offenders.

Criminogenic Programmes	Budget	Actual	Variance
QUANTITY			
The number of hours offenders spend attending a criminogenic programme			
• Public Prisons Service:	119,800	159,600	39,800 (33%)
• Community Probation Service:	77,125	42,659	-34,466 (-45%)
The number of offenders who start a criminogenic programme			
• Public Prisons Service:	700	1,617	917 (131%)
• Community Probation Service:	835	640	-195 (-23%)
QUALITY			
The percentage of offenders who start and complete a criminogenic programme			
• Public Prisons Service:	75%	60%	-15%
• Community Probation Service:	65%	71%	6%

COMMENT

Overall, the Department achieved its target for the number of offenders undertaking a criminogenic programme due to the number of offenders undertaking a programme in the Public Prisons Service.

In the case of the Community Probation Service, the total numbers of offenders and hours spent attending criminogenic programmes have fallen well below original targets, though significantly

higher than last year's volumes (277 offenders). This is the result of a steady increase in the number of referrals and trained facilitators. The actions currently in hand to improve referral processes, etc (see Page 104 re Straight Thinking) are expected to ensure that the pattern continues, and that target volumes will be met next year.

Referrals to criminogenic programmes in the Public Prisons Service have improved, following changes to business rules concerning entry criteria implemented during the year.

Lower criminogenic programme completion rates can be attributed largely to lower completion rates at our Drug Treatment Units. These programmes are of longer duration and do not have start and end dates that fit within a financial year. It is expected that when the current programmes with the Drug Treatment Units finish, the criminogenic programme completion rate will be as forecast.

Sex Offender Treatment Programmes	Budget	Actual	Variance
QUANTITY			
The number of hours inmates spend attending a programme at			
• Kia Marama:	12,500	12,634	134 (1%)
• Te Piriti:	12,500	13,013	513 (4%)
The number of inmates who start a programme at			
• Kia Marama:	40	40	Nil
• Te Piriti:	40	42	2 (5%)
The number of inmates who start and complete a programme at			
• Kia Marama:	38	36	-2 (-5%)
• Te Piriti:	38	38	Nil
QUALITY			
The percentage of programmes completed at Kia Marama and Te Piriti where all the components described in the service description were completed:	100%	100%	Nil

Violence Prevention Programmes	Budget	Actual	Variance
QUANTITY			
The number of hours inmates spend attending a violence prevention programme at Rimutaka Prison:	7,700	7,293	-407 (-5%)
The number of inmates who start a violence prevention programme at Rimutaka Prison:	30	39	9 (30%)
QUALITY			
The number of violence prevention programmes completed at Rimutaka Prison per year:	3	3	Nil
The percentage of offenders who start and complete a violence prevention programme at Rimutaka Prison:	100%	73%	-27%

COMMENT

The full year budget for the percentage of offenders expected to start and complete a violent prevention programme was incorrectly set at 100 percent at the beginning of the year, which did not allow for the expected level of withdrawals from the programme. The full year budget for the 2003/04 financial year has been set at 75 percent.

EQUIP Programmes	Budget	Actual	Variance
QUANTITY			
The number of hours inmates spend attending an EQUIP programme:	32,400	18,791	-13,609 (-42%)
The number of inmates who start an EQUIP programme:	129	367	238 (184%)
QUALITY			
The percentage of inmates who start and complete an EQUIP programme:	70%	75%	5%

COMMENT

There is a higher than expected number of inmates starting an EQUIP programme due to inmates scoring highly on the Youth Vulnerability Scale (which is a criteria for entry into the Youth Units). However, facilitator turnover and disruption to programme schedules has impacted on total hours delivered. The percentage of inmates completing an EQUIP programme is indicative of the higher than originally anticipated number of inmates moving through the programme.

Māori Therapeutic Programmes	Budget	Actual	Variance
QUANTITY			
The number of hours inmates spend attending Māori therapeutic programmes:	14,400	25,850	11,450 (80%)
The number of inmates who start a Māori therapeutic programme:	200	463	263 (132%)
QUALITY			
The percentage of inmates who start and complete Māori therapeutic programmes to be no less than:	75%	72%	-3%

COMMENT

Māori therapeutic programmes have continued to exceed the forecast volumes. This is due to larger group sizes and delays in programme delivery in the final quarter of 2001/02 resulting in unscheduled programme hours being delivered early in the first quarter of the 2002/03 financial year.

Output 7.3: REHABILITATIVE PROGRAMMES – OTHER REHABILITATIVE PROGRAMMES AND ACTIVITIES

This output entails the provision and administration of other criminogenic and special programmes, which are designed to address the underlying causes of criminal re-offending. This includes:

- community-based sex offender treatment programmes delivered by third parties
- community-based domestic violence and alcohol and drug programmes delivered by third parties
- community-based violence prevention programmes delivered by third parties.

	Budget	Actual	Variance
QUANTITY			
The number of hours offenders spend attending other rehabilitative programmes funded by the Community Probation Service:	90,000-115,000	108,912	Nil
QUALITY			
The percentage of offenders who start and complete other rehabilitative programmes funded by the Community Probation Service to be no less than:	65%	74%	9%

COMMENT

The higher than expected number of offenders attending these programmes is mostly caused by continued referrals at the expense of departmental programmes. This is being addressed through clarification of the referral processes.

Output 7.4: EDUCATION AND TRAINING

This output seeks to raise the basic literacy and numeracy levels of inmates with deficiencies, through the provision of basic literacy and numeracy programmes, National Certificate in Employment Skills (NCES) and other general education activities, to ensure they are better equipped to cope in the community following their release from prison.

	Budget	Actual	Variance
QUANTITY			
The number of hours inmates spend attending a module under NCES:	236,560	188,437	(-48,123) (-20%)
QUALITY			
The percentage of inmates who start and complete a module under the NCES to be no less than:	80%	75%	-5%

COMMENT

A higher than expected number of inmate transfers as a result of muster pressure has resulted in a lower than expected completion rate in NCES modules. This has impacted on the hours inmates attend NCES modules. The Department has implemented synchronised delivery of unit standards across the country to reduce the impact inmate transfer has on the inmate's education. The Department is continuing to review the process to reduce the impact inmate transfers are having on the continuity of inmate education, and their quick entry into the NCES unit standard they were studying, prior to their transfer.

Output 7.5: REINTEGRATIVE SERVICES

This output entails the provision and administration of reintegrative services. This includes the delivery of programmes and activities to meet the reintegrative needs such as:

- family functioning/social attitudes and life skills
- provision of services to support the reintegration of offenders into their families/whanau, the community and the workforce
- social worker services to assist with reintegration
- tattoo removal
- offenders as victims of crime
- Māori therapeutic programmes on relationships
- the use of chaplaincy and religious activities to assist the regeneration of pro-social values and behaviour.

Whanau Liaison Service	Budget	Actual	Variance
QUANTITY The number of offenders and their families/whanau receiving the Whanau Liaison Service will be no less than:	206	201	-5 (-2%)
QUALITY The percentage of referrals (urgent or otherwise) to the Whanau Liaison Worker acknowledged within 5 working days of receipt:	95%	100%	5%

Reintegrative Services provided by the Public Prisons Service	Budget	Actual	Variance
QUANTITY The number of hours delivered by Public Prisons Service for reintegrative services:	38,200	44,495	6,295 (16%)
QUALITY The percentage of reintegrative services provided by the Public Prisons Service in accordance with an offenders plan to be no less than:	90%	90%	Nil

COMMENT

A delay in implementing the living skills Reintegrative Services (RIS) programme has resulted in continued delivery of less costly pre-RIS programmes. This combined with programmes begun late in the 2001/02 year, but completed in 2002/03, has resulted in a significant over-delivery against budget.

Reintegrative Services provided by NZPARS	Budget	Actual	Variance
QUANTITY			
The number of support service hours to be provided will not be more than:	40,098	40,336	238 (0.6%)
QUALITY			
The percentage of referrals (urgent or otherwise) to NZPARS per month acknowledged within 5 working days of receipt ²⁷ :	95%	95%	Nil

Reintegrative Services Pilot	Budget	Actual	Variance
QUANTITY			
The number of offenders and their families/whanau receiving the service ²⁸ :	120	109	-11 (-9%)
QUALITY			
The number of offenders and their families/whanau receiving the service for which an action plan is developed:	100%	100%	Nil

COMMENT

This output has been on track throughout the year but fallen below target during the fourth quarter due to low numbers of referrals from prisons. Steps are being put in place to address relationship and referral issues to ensure that targets are met and relationships improved for the next financial year.

Māori Therapeutic Programmes	Budget	Actual	Variance
QUANTITY			
The number of hours offenders spend attending Māori therapeutic programmes:	7,200	9,512	2,312 (32%)
The number of offenders who start a Māori therapeutic programme:	100	94	-6 (-6%)
QUALITY			
The percentage of offenders who start and complete a Māori therapeutic programme to be no less than:	75%	44%	-31%

COMMENT

The above forecast delivery of programme hours has resulted from delays in programme delivery in the final quarter of 2001/02. The number of programme hours delivered in the first quarter was significantly above forecast as a result of the delay. Programmes scheduled to run in the last quarter of the year had not been completed at the end of the financial year, lowering the overall completion percentage.

²⁷ The New Zealand Prisoners' Aid and Rehabilitation Society (NZPARS) is currently contracted by the Department to provide these services.

²⁸ The provision of Reintegrative Support Services to offenders and their families/whanau is being undertaken as a pilot at two sites. One site in Christchurch operated by PILLARS and the other in Auckland, jointly operated by Presbyterian Support Services (Northern) and PARS Auckland District. The pilots are funded until 30 June 2003. The aim of this pilot is to increase wellbeing and self-reliance of offenders and their families/whanau by providing intensive integrated family/whanau support for offenders returning to the community to parent children.

Output 7.6: HABILITATION CENTRES AND THE DAY REPORTING CENTRE

This output entails an offender’s attendance at residential habilitation centres to address reintegrative and rehabilitative needs and the piloting of a day reporting centre.

	Budget	Actual	Variance
QUANTITY			
The number of psychologist hours provided to Montgomery House:	740	773	33 (4%)
The number of offenders who start a violence prevention programme at Montgomery House:	32	28	-4 (-13%)
The number of offenders directed to attend a residential habilitation centre ²⁹ :	40-60	57	Nil
QUALITY			
The percentage of assessments for Montgomery House programmes for which all of the information elements were assessed:	100%	100%	Nil
The percentage of post-programme assessments for Montgomery House programmes completed by a psychologist:	100%	100%	Nil
The percentage of clinical monitoring reports for Montgomery House programmes that adhere to the standards:	100%	100%	Nil
The percentage of clinical monitoring reports for Montgomery House programmes provided within agreed timeframes to be:	100%	100%	Nil
The percentage of offenders who successfully undertake their habilitation centre order to be no less than:	60%	87%	27%

COMMENT

A number of offenders assessed as suitable to commence a violence prevention programme at Montgomery House became ineligible during the year after issues were identified with their Identified Drug User status, and/or other misconduct related issues, which impacted on their suitability for attendance at the programme.

A high rate of successful completion throughout the year for offenders undertaking a community residential centre order indicates that the entry criteria are sufficiently rigorous to ensure that offenders continue throughout the duration of the programme.

²⁹ Includes Te Ihi Tu and Salisbury Street.

Output 7.6: HABILITATION CENTRES AND THE DAY REPORTING CENTRE
(CONTINUED)

	Budget	Actual	Variance
QUANTITY			
The number of hours youth spend attending a day reporting centre (now known as the Reducing Youth Offending Programme):	N/A ³⁰	N/A	N/A
The number of youth who are directed to attend a day reporting centre (now known as the Reducing Youth Offending Programme) ³¹ :	N/A ³⁰	N/A	N/A
QUALITY			
The percentage of youth who successfully undertake their day reporting centre (now known as the Reducing Youth Offending Programme) order:	N/A ³⁰	Nil	N/A
The percentage of youth conviction-free 12 months after completion of their sentence:	N/A ³⁰	Nil	N/A
The percentage of youth conviction-free 24 months after completion of their sentence:	N/A ³⁰	Nil	N/A

COMMENT

The Day Reporting Centre concept has undergone a name change from “Day Reporting Centres” to “Reducing Youth Offending Programme” to more accurately reflect the nature of the pilot programme.

A total of 21 referrals were received for the Auckland and Christchurch sites. Auckland received a total of 12 referrals three of these coming from the Community Probation Service (CPS) and nine from Child, Youth and Family. Christchurch received nine referrals: five from CPS and four from Child, Youth and Family. From all referrals to date a total of nine youth have been accepted onto the programme.

Youth involved in a Reducing Youth Offending Programme do not attend a centre. The programme is based around multi-systemic therapy, where a caseworker spends time with the youth and their family or whanau in the home, and with others in the community, to address the offending. It is therefore not relevant to report on the number of hours spent with youth alone.

The Department has reviewed the appropriateness of the performance standards for the pilot programme and the result of this has been reflected in the Department’s 2003/04 Statement of Intent.

³⁰ The Department has developed measures for the pilot, which have been incorporated into the 2003/04 Statement of Intent.

³¹ As at 30 June 2003 the youth accepted into the programme had yet to complete it.

Output 7.7: PROVISION OF PSYCHOLOGICAL SERVICES

This output entails the provision of specialist psychological treatment services to offenders serving both custodial and community-based sentences. It includes the provision of reports resulting from the referral, assessment and treatment of offenders serving custodial sentences, and of professional training and supervision relating to the delivery of rehabilitative programmes and reintegrative services.

	Budget	Actual	Variance
QUANTITY			
The number of psychological consultation hours provided to the			
• Community Probation Service:	12,000	10,224	-1,776 (-15%)
• Public Prisons Service:	9,834	9,004	-830 (-8%)
The number of Psychological reports provided to the			
• Community Probation Service:	1,020-1,060	930	-90 (-9%)
• Public Prisons Service:	840-900	1,047	147 (16%)
The number of consultation hours provided by Māori Service Providers under the Bicultural Therapy Model:	4,000	2,951	-1,049 (-26%)
QUALITY			
The percentage of psychological consultations which meet the following standards to be no less than:	95%	100%	5%
• a structured offender assessment interview is conducted			
• confidentiality and consent issues are explained			
• relevant history is obtained			
• assessment measures are used (as appropriate)			
• problems are presented clearly formulated			
• treatment goals are specified (addressing assessed problems)			
• appropriate interventions are used (based on current literature)			
• adequate case notes are recorded for all sessions			
• records are kept of ongoing measures or observations to monitor interventions			
• assessment and treatment reports are completed and delivered.			

Output 7.7: PROVISION OF PSYCHOLOGICAL SERVICES (CONTINUED)

	Budget	Actual	Variance
<p>The percentage of psychological reports which meet the following standards outlined below to be no less than:</p> <ul style="list-style-type: none"> • concise, logical and grammatically correct • source and reason for referral are clearly stated • all relevant and appropriate information is included • sources of information are well documented and verified • clear statements of recommendations for further intervention • complies with the Psychologists Code of Ethics. 	95%	100%	5%
<p>The percentage of Māori Service Providers who comply with the following standards when delivering consultation hours under the Bicultural Therapy Model:</p> <ul style="list-style-type: none"> • all referrals follow locally agreed referral processes • provider has received induction from the Psychological Service • provider has signed a contract for services • treatment provided is centred around Māori values and beliefs using the principles of Kaupapa Māori and Nga Tikanga Māori • provider is mandated by the relevant Oversight Committee, comprising representatives of local iwi and the Psychological Service • a report is provided to the Psychological Service at the end of each referral. 	100%	100%	Nil

COMMENT

There have been difficulties in recruiting suitably qualified psychologists. Private practitioners have been used where possible but the specialised nature of corrections work means that there is a limited pool of private psychologists with the expertise to assist.

The Department has recently reviewed the Bicultural Therapy Model and the results of the review are currently being implemented, which will result in systematic enhanced quality process in terms of service delivery and documentation.

OUTPUT CLASS 8: SERVICES TO THE NEW ZEALAND PAROLE BOARD

This output class involves the provision of funding for, and administrative, financial and secretariat services to, the New Zealand Parole Board. This will assist the New Zealand Parole Board to meet its independent statutory responsibilities under the new Sentencing Act 2002 and Parole Act 2002.

OUTPUT CLASS STATEMENT: SERVICES TO THE NEW ZEALAND PAROLE BOARD

for the year ended 30 June 2003

30/06/02 Actual \$000		30/06/03 Actual \$000	Main Estimates \$000	Supp. Estimates \$000
	Revenue			
0	Crown	4,293	3,000	4,293
0	Other	0	0	0
0	Total Revenue	4,293	3,000	4,293
0	Total Expenses	4,215	3,000	4,293
0	Net Surplus	78	0	0

Output 8.1: SERVICES TO THE NEW ZEALAND PAROLE BOARD

This output involves the provision of administrative, financial and secretariat services to the New Zealand Parole Board.

	Budget	Actual	Variance
QUANTITY			
The number of cases considered by the New Zealand Parole Board to be:	6,500 ³²	7,569	1,069 (16%)
QUALITY			
The percentage of offenders or victims requiring to be notified and able to be notified of an impending hearing within 10 working days to be ³³ :	90%	97%	7%
The percentage of offenders or victims requiring to be notified following a Board decision within 10 working days to be:	90%	93%	3%
The percentage of papers for each case provided to the Board within 10 working days of a hearing to be ³⁴ :	90%	100%	10%
The scheduling of cases to be heard by the Board to be within the timeframe specified in the Parole Act 2002 to be:	100%	100%	Nil

COMMENT

The New Zealand Parole Board commenced operations on 1 July 2002. At the time the budgets for the 2002/03 financial year were set, it was not known what the impact of the new sentencing options (introduction of deferred sentences and the removal of suspended sentences) would have on volumes.

³² During the course of the 2002/03 year the New Zealand Parole Board revised its full year forecast for the number of cases to be heard, from 3,500 set out in the Department's 2002/03 Statement of Intent to 6,500 cases.

³³ This standard has been amended for 2003/04 to reflect the requirement to notify offenders or victims at least 10 working days prior to a hearing.

³⁴ This standard has been amended for 2003/04 to reflect the practice of ensuring that papers are provided to the Board at least 10 working days prior to a hearing.

OUTPUT CLASS 9: POLICY ADVICE AND DEVELOPMENT

This output class involves the provision of advice, development of policies, and Ministerial servicing relating to reducing re-offending, the effective management of corrections services, and the review, evaluation and development of service standards.

**OUTPUT CLASS STATEMENT: POLICY ADVICE AND DEVELOPMENT
for the year ended 30 June 2003**

30/06/02 Actual \$000		30/06/03 Actual \$000	Main Estimates \$000	Supp. Estimates \$000
3,724	Revenue	4,154	3,721	4,154
0	Crown	0	0	0
	Other			
3,724	Total Revenue	4,154	3,721	4,154
3,503	Total Expenses	4,126	3,721	4,154
221	Net Surplus	28	0	0

Output 9.1: POLICY ADVICE AND DEVELOPMENT SERVICES

This output involves the provision of policy advice and development services.

	Budget	Actual	Variance
<p>QUANTITY</p> <p>Advice will be delivered according to a work programme agreed with the Minister of Corrections:</p>	100%	100%	Nil
<p>QUALITY</p> <p>The Minister of Corrections will expect advice to be delivered according to quality standards as outlined below:</p> <ul style="list-style-type: none"> • the aims of the paper have been clearly stated and they answer the questions that have been set • the assumptions behind the advice are explicit, and the argument is logical and supported by the facts • the facts in the paper are accurate and all material facts have been included • an adequate range of options has been presented and each has been assessed for benefits, costs and consequences to the Government and the community • there is evidence of adequate consultation with interested parties and possible objections to proposals have been identified • the problems of implementation, technical feasibility, timing and consistency with other policies have been considered • the format meets Cabinet Office requirements, the material is effectively and concisely summarised, has short sentences in plain English and is free of spelling or grammatical errors. 	100%	100%	Nil
<p>TIMELINESS</p> <p>Policy advice purchased delivered within the specific reporting deadlines agreed with the Minister of Corrections:</p>	100%	100%	Nil

Output 9.2: MINISTERIAL SERVICING

This output involves the purchase of analysis, research and drafting of responses to Ministerial correspondence and to Parliamentary questions received by the Minister of Corrections.

	Budget	Actual	Variance
QUANTITY			
The number of responses to be prepared to Ministerial correspondence is estimated to be:	600	471	-129 (-22%)
The number of responses to Parliamentary questions is estimated to be:	500	540	40 (8%)
QUALITY			
The percentage of replies returned for redrafting to not exceed:	10%	24%	14%
All responses are signed out by either a General Manager or, in his or her absence, an appropriate manager:	100%	100%	Nil
TIMELINESS			
The percentage of responses to Ministerial correspondence completed within the timeframes agreed with the Minister's office to be no less than:	90%	68%	-22%
The percentage of responses to Parliamentary questions completed within the timeframes set by the Minister's office:	100%	90%	-10%

COMMENT

Correspondence addressed specifically to the Minister of Corrections requiring the Department's input was lighter than expected, with many enquires being directed straight to the Department.

A large amount of the correspondence received is increasingly complex and requires significant research before responses can be drafted. This has led to more pressure on authors to research and write replies to increasingly complicated Ministerial and other correspondence within the set timeframes. The appointment of an Acting Minister, and then a new Minister of Corrections, also required adjustments to sign-off processes and the overall style of responses.

The percentage of correspondence returned for redrafting was higher than usual mainly due to requests to include additional information.

A number of Parliamentary questions involved significant coordination of information and thus required additional time.

Output 9.3: PROVISION OF PSYCHOLOGICAL AND OTHER RESEARCH

This output involves the provision of psychological research and other approved projects of a psychological nature.

	Budget	Actual	Variance
QUANTITY			
The percentage of research and evaluation delivered to agreed project milestones:	100%	100%	Nil
QUALITY			
The percentage of psychological and other research that will be provided to the criteria contained in the Psychological Service Manual:	100%	100%	Nil
<ul style="list-style-type: none"> • the hypothesis/aim of the research is clearly stated; capable of being tested; uses minimal variables; is resourced appropriately • data collection is to meet appropriate standards of research design, and appropriate analysis tools are to be used • the results are accurately and clearly described • there is concise and thorough explanation of the implications of the results for the issues investigated • the research should be peer reviewed both internally and externally • the report is written in a format appropriate to the audience • the aims of the paper are accurate and all material facts have been included • the material is free of spelling or grammatical errors and an executive summary is provided if the report exceeds five pages • when possible the material is published within internationally recognised journals. 			

OUTPUT CLASS 10: SERVICE PURCHASE AND MONITORING

This output class involves the development, management and monitoring of agreements for the purchase of services entered into with both internal and external providers. Also included in this output class are the provision of custodial assurance, inspectorate services and national system services.

**OUTPUT CLASS STATEMENT: SERVICE PURCHASE AND MONITORING
for the year ended 30 June 2003**

30/06/02 Actual \$000		30/06/03 Actual \$000	Main Estimates \$000	Supp. Estimates \$000
	Revenue			
6,091	Crown	3,635	3,214	3,635*
0	Other	0	0	0
6,091	Total Revenue	3,635	3,214	3,635
5,379	Total Expenses	3,474	3,214	3,635
712	Net Surplus	161	0	0

*This figure also includes the following adjustment under section 5 of the Public Finance Act 1989:

Supplementary Estimates \$000	Section 5 Transfers \$000	Final Appropriation \$000
3,535	100	3,635

Output 10.1: PURCHASE AND MONITORING OF SERVICE DELIVERY

This output involves the development, management and monitoring of:

- Internal Purchase Agreements with the four internal providers of corrections services (Public Prisons Service, Community Probation Service, Psychological Service and Corrections Inmate Employment)
- services purchased from external providers, in particular with Australasian Correctional Management Limited and New Zealand Prisoners' Aid and Rehabilitation Society
- interagency agreements, in particular the agreements with Child, Youth and Family and the Department for Courts, and memoranda of understanding with New Zealand Police, Ministry of Social Development, Accident Compensation Corporation, Ministry of Health, Inland Revenue Department, Ministry of Housing, New Zealand Housing Corporation, Career Services and Fresh Start.

Service delivery is monitored in terms of quantity and quality, and remedial action is taken if service delivery is unsatisfactory.

	Budget	Actual	Variance
QUANTITY			
The number of Internal Purchase Agreements with internal providers:	4	4	Nil
The number of contracts for services with external providers negotiated and managed by Corporate Management (previously Service Purchasing and Monitoring) ³⁵ :	2	1	-1
The number of interagency agreements managed by Corporate Management (previously Service Purchasing and Monitoring):	11	11	Nil
The number of community funding contracts to be negotiated with external providers:	138	140	2 (1%)
The number of contracts between the Community Probation Service, habilitation centres and Montgomery House:	3	3	Nil
QUALITY			
The percentage of contracts for services with external providers and of Internal Purchase Agreements that meet the following standards:	100%	100%	Nil
<ul style="list-style-type: none"> • services are clearly described • performance measures and standards are specified • price and payment regime (including incentives as appropriate) • format and dates of reporting requirements are specified. 			

³⁵ The Department has in place a contract with Australasian Correctional Management for the operation of the Auckland Central Remand Prison. Oversight of this contract has been transferred from the Corporate Management Group to the Public Prisons Service.

Output 10.1: PURCHASE AND MONITORING OF SERVICE DELIVERY (CONTINUED)

	Budget	Actual	Variance
<p>The percentage of contracts for services with external providers and of Internal Purchase Agreements that are regularly reviewed and reported on in terms of the following criteria to be:</p> <ul style="list-style-type: none"> • the procedures are being followed • service delivery and performance measures are as specified • the quality of service delivery and performance are as specified • the manner, timing and form of reporting is as laid down. 	100%	100%	Nil
<p>The percentage of interagency agreements managed in accordance with the review and reporting provisions:</p>	100%	100%	Nil
<p>The percentage of Community Funding contracts with a value of \$20,000 (or over) that have performance measures and standards to the criteria outlined below:</p> <ul style="list-style-type: none"> • the correct parties to the contract are specifically identified and the parties have legal power to contract and are a legal entity • the term of the contract has been identified • the price is identified in the schedule of the contract • the payment regime is specified • the format and dates of reporting requirements are stated • the mechanism for resolving disputes is stated • the programme is clearly described (including programme aims, content and delivery process) • the contract is legal. 	100%	100%	Nil
<p>TIMELINESS</p> <p>The percentage of interagency agreements that are negotiated and/or reviewed by the date specified:</p>	100%	100%	Nil
<p>The percentage of Community Funding contracts with a value of \$20,000 (or over) agreed and in place by the agreed date:</p>	95%	100%	5%

Output 10.2: PROVISION OF INSPECTORATE SERVICES

This output involves the provision of an inspection service that monitors systems and standards in relation to sentence management, investigates incidents, investigates complaints received from offenders and ensures that the complaints system within prisons is working as intended. The inspectorate also provides reports to the Assurance Board and is independent of the service groups that it inspects.

	Budget	Actual	Variance
QUANTITY			
Number of inspections in the inspectorate work programme as approved by the Assurance Board will be as follows			
• routine visits:	80-120	99	Nil
• special investigations:	10-30	18	Nil
QUALITY			
The percentage of inspections that are carried out to the following criteria:			
• to a quality which satisfies the Assurance Board	100%	100%	Nil
• according to the guidelines and standards of the New Zealand Institute of Internal Auditors.			
TIMELINESS			
All reports on routine inspection visits will be finished within one month of the visit.			
All special reports will be finished within the time period agreed in the terms of reference for the investigation:	100%	93%	-7%

COMMENT

Issues related to the system for dealing with complaints at a local prison level contributed to the target for timeliness not being met. The national implementation on 1 April 2003 of a revised system for recording and managing complaints at local prison level is expected to improve the result for the 2003/04 financial year.

Output 10.3: PROVISION OF NATIONAL SYSTEMS SERVICES

This output involves:

- the development and maintenance of service specifications and national systems
- the administration of the Victim Notification Register
- the provision of offender records services
- the administration of statutory appointments and delegations affecting offender management.

	Budget	Actual	Variance
QUANTITY The number of information transactions with external agencies:	8,000-10,000	8,025	Nil
QUALITY The percentage accuracy of the statutory appointment and delegations registers affecting the operational management of inmates:	100%	100%	Nil
TIMELINESS The percentage of national systems transactions to be completed within seven working days of applications being received:	100%	100%	Nil
The percentage of applications for victim registration processed within 10 working days of being received:	100%	100%	Nil
The percentage of personal records established for inmates imprisoned for six months or more within 10 working days of reception:	100%	100%	Nil

