



DEPARTMENT OF
CORRECTIONS
ARA POUTAMA AOTEAROA

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◆ Annual Report

1 JULY 2008 - 30 JUNE 2009



ANNUAL REPORT

1 July 2008 – 30 June 2009



"To succeed overall we must succeed for Māori offenders."



OUR VISION

Improving public safety by ensuring sentence compliance and reducing re-offending, through capable staff and effective partnerships

To improve public safety, we will:

Ensure Sentence Compliance
Reduce Re-offending

... and to achieve those priorities we will:

Enhance Capability
Strengthen Partnerships

To succeed overall we must succeed for Māori offenders



OUR KAUPAPA IS

Kotahi ano te kaupapa; ko te oranga o te iwi

(There is only one purpose to our work; it is the wellness and wellbeing of the people)



INTRODUCTION

The Department of Corrections' Annual Report is an important means by which it discharges its accountability to Members of Parliament and the public. It is the key resource for the Minister of Corrections and for the financial review of performance and current operations of the Department conducted by select committees under the Standing Orders of the House of Representatives.

The Annual Report informs Parliament and the public about the Department of Corrections and its achievements against the strategic goals, outcomes and key projects, outputs and performance measures as outlined in the 2008/09 Statement of Intent and as set out in the Vote Corrections, Information Supporting the Estimates of Appropriations 2008/09. It covers the operations of the Department during the preceding financial year from 1 July 2008 to 30 June 2009. This annual report is divided into three sections:



Part A Contribution to Outcomes contains the Department's report against the outcomes as outlined in the Department's Statement of Intent, and provides information on the activities undertaken that contribute to its outcomes.



Part B Annual Financial Statements contains the annual financial statements for the 2008/09 financial year prepared in accordance with the Public Finance Act 1989 and with other legislative or administrative requirements and expectations.



Part C Statement of Service Performance contains the 2008/09 Output Performance Measures and Standards which reports against the performance measures and standards as set out in the Vote Corrections, Information Supporting the Estimates of Appropriations 2008/09.

CHIEF EXECUTIVE'S OVERVIEW

Many new opportunities and challenges were presented to the Department in 2008/09. A new government was elected during the year, bringing with it a new set of priorities and initiatives to the corrections system. The global economic recession has also meant that the Department is operating in a tighter fiscal environment than was expected. Early in 2009 I initiated a Value for Money review to ensure that the Department was able to demonstrate excellence in the delivery of correctional services; that we were delivering services that are aligned with the Government's priorities and expectations, and that services were being delivered in the most cost effective and efficient way possible. Implementation of changes arising from the Review will be undertaken during 2009/10.

Early in 2009, the Auditor-General's report into the management of parole and subsequent report by the State Services Commission highlighted instances where operational procedures were not followed consistently while managing parolees. To address these concerns an Expert Panel was appointed to oversee the implementation of the Department's 'Plan to Improve Compliance with Procedures for Managing Parole Orders'.

The purpose of this plan was to outline the work underway or work that is planned to address the impediments to, and ensure that staff follow, the procedures for managing parole orders. The approach to addressing these issues is being undertaken in four work streams, each of which ensures:

- the appropriate level of resources to manage the volume of work to the expected standards and procedures;
- that operational procedures and systems are appropriate, easily understood and well communicated;
- appropriate support is in place for Probation Officers and managers, including training, ongoing communication of changes, organisational structure and administrative support; and
- an organisational culture that supports compliance with procedures and accountability. This includes an appropriate level of management oversight so that performance is managed and action is taken as required to address issues.

Recognising that the majority of improvements have already been made, the Panel has also been focusing on the future and has recommended a three to five year programme of change. Specific elements of the programme are currently being developed and this work will continue into 2009/10.

A contributing factor to the issue of staff compliance has been the major challenge posed by the increased demand for our services in the community. To cope with the increased use of community-based sentences and orders by the judiciary, the Department was granted additional funds in Budget 2009 to recruit more staff, provide for infrastructure needs and improve the quality of managing community-based sentences.

The Department has achieved a significant number of operational initiatives during 2008/09, including:

- supporting the passage of the Corrections Amendment Act 2009, giving the Department additional search and detection powers, especially in relation to drugs and cell-phones. It also enhances existing powers to strip-search prisoners and conduct random searches of the prison;
- designing and delivering of cell phone jamming equipment at 20 prison sites. Installation and tuning at Auckland, Mt Eden and Auckland Central Remand Prisons are due for completion in early 2009/10. Temporary micro cell designs have been installed at Rimutaka and Northland Region Corrections Facility before permanent solutions are implemented;
- developing a new Drug and Alcohol Strategy 2009-2014 to further build on the progress that the previous strategy delivered. The Department's success in reducing the availability of drugs and alcohol can be seen in the falling positive drug test results; 35 percent in 1998 when drug testing was first introduced, to 11 percent in 2008/09;
- continuing implementation of the Prisoner Employment Strategy 2006-2009 with satisfactory progress made in the area of prisoner employment despite a tough economic environment. An average of 2,440 prisoners were employed by Corrections Inmate Employment for the year, including 150 on release to work. In addition to this, total New Zealand Qualifications Authority (NZQA) credits achieved by prisoners were 82 percent higher than 2007/08, which is a great achievement. The Department has also developed a new Prisoner Skills and Employment Strategy 2009-2012 for consideration in early 2009/10; and
- undertaking a review of the Māori Focus Units and the Māori Therapeutic Programme. Findings from those reviews are informing work on improving the Units and the development of a Māori reintegration model (Whare Oranga Ake).

The rate of escapes per 100 prisoners for the 2008/09 financial year was 0.15; this is a significant reduction when compared to the 0.29 reported in the 2007/08 financial year. This is a positive result for the Department and the lowest escape rate recorded.

As staff safety is a key priority for the Department, a major milestone was achieved with the announcement of new measures to be introduced in prisons which are designed to improve staff safety. All Corrections Officers are to receive increased communications and de-escalation training, and further items of personal protective equipment will be made available to selected staff in specific situations. Three days training in tactical communications and de-escalation will be given to all Corrections Officers across the country. The Department is also progressing work on providing a safer working environment for our Probation Officers.

The need for a constant focus on safety and risk management is important as there were 11 serious prisoner on staff assaults during the 2008/09 financial year, with a rate of 0.14 serious assaults on staff per 100 prisoners. This is an increase on the six serious assaults recorded for the 2007/08 financial year. There were also 43 serious prisoner on prisoner assaults in the 2008/09 financial year, with a rate of 0.53 serious assaults on prisoner per 100 prisoners. This is an increase on the 30 serious assaults recorded for the 2007/08 financial year. The Department treats all assaults seriously and is committed to ensuring the safety of staff and other prisoners. The increase in serious assaults reflects the challenges that our staff face in managing an increasing number of violent and unpredictable prisoners.

Despite a number of significant challenges the Department has faced over the past year, I know that the vast majority of staff have continued to work hard and remained focused on delivering our core business in a way that contributes to improving public safety. I am confident the changes arising out of the Value for Money review will ensure the Department can continue to contribute to improving public safety, in the most efficient and effective manner possible.



Barry Matthews
Chief Executive

PROGRESS AGAINST MINISTER'S PRIORITIES

At the start of the 2009 calendar year, the Minister of Corrections, Hon Judith Collins, outlined her set of priorities for 2009 and beyond, and those relevant to the 2008/09 financial year have been summarised with high level progress commented on below.

The Minister has been focussing on the fundamental aspects of the Department's business that contribute to public safety, namely:

- ensuring sentence compliance and holding offenders to account;
- managing the impact of an increasing offender population whilst ensuring the safety and wellbeing of staff; and
- measures that reduce re-offending.

Two of the preceding aspects relate directly to three of the five outcomes outlined in this report, with specific achievements and performance outlined in the following sections.

The Minister expected the following initiatives to be delivered on in 2009 and beyond:

Managing the increasing offender population (both Community Probation and Psychological Services and Prison Services)

The growth in the offender population has accelerated following the introduction of new community-based sentences in October 2007. The Community Probation and Psychological Service has grown by 95 percent since 2003. To meet adequate standards of service and to manage further anticipated growth in the number of offenders, during 2008/09 the Department sought and obtained additional operating and capital funding for 2009/10 and outyears to restore appropriate resourcing to manage the increase in the volume of sentences and orders served in the community. Specific funding is to:

- restore Community Probation and Psychological Services' capacity to manage the increase in the number offenders serving sentences and orders in the community;
- enhance the quality of the management of Parole and Home Detention; and
- mitigate waiting times in Auckland's Criminal Courts.

The prison population has increased by 34 percent since 2002/03. Despite initially slowing following the introduction of the new community-based sentences, the prison population is now more than 8,400 prisoners and close to the all time high of 8,484 prisoners in 2007.

The prison population has tracked closely to the 2008 Justice Sector Prison Population Forecast in the past year, and indicates that available capacity will be fully utilised in the course of the 2009/10 financial year. During 2008/09, the Department sought and obtained additional operating and capital funding for 2009/10 and outyears to undertake detailed design and planning work to ensure appropriate capacity for the forecast increase in the prison population. Specific funding is to:

- increase double-bunking at the four newest sites on the prison estate and as part of the current replacement of Mt Eden Prison;
- enable the development of Stage Two Business Cases for construction of a new prison at the Wiri site and replacement and expansion of capacity at Waikeria Prison; and
- cover the operational costs associated with increased double-bunking, including addressing staff safety issues.

As part of this detailed design and planning work, the Department has investigated the use of standardised modular construction and portable type accommodation, both of which will be more cost-effective and could potentially lead to quicker construction than in the past. This work ensures that sentenced and remand prisoners can be safely and securely held in custody that meets minimum standards while also providing the taxpayer value for money.

In order to utilise double-bunking to manage the increasing prisoner population planned for in Budget 2009, the Department engaged in negotiations with the Corrections Association of New Zealand and the Public Service Association from February 2009 to June 2009. The Department continues to engage with the unions and it is possible that the issue will remain unresolved when negotiations commence for the Prison Services collective employment agreements later in the year. These collectives expire on 31 December 2009.

The Department also completed the Staff Safety Project during 2008/09 to examine what training and equipment would enhance the safety of staff in light of the new policy initiatives introduced during Budget 2009. All Corrections Officers are to receive increased communications and de-escalation training, and further items of personal protective equipment will be made available to selected staff in specific situations. We are also progressing work on providing a safer working environment for Probation Officers.

Irrespective of the growth the Department has experienced over the past five years, it has continued to deliver core services as required.

Enhancing parole procedures

The majority of the initiatives outlined in the Community Probation and Psychological Services 'Plan to Improve Compliance with Procedures for Managing Parole Orders' have been completed and the remaining few will be completed in 2009/10 through the change work programme recommended by the Expert Panel, endorsed by the Minister and the Executive Management Team.

Specialist prison release teams are now in place across the country to focus on prisoner release orders and prison Unit Managers are participating in New Zealand Parole Board hearings to ensure that the board hears all relevant information about the prisoner's behaviour during their time in custody.

Rehabilitation to reduce re-offending, specifically doubling the number of prisoners receiving drug and alcohol treatment and boosting the number of prisoners learning industry based skills.

The Department has developed its new Drug and Alcohol Strategy 2009-2014 which builds on the new resources funded in Budget 2009 to assist staff to reduce the misuse of drugs and alcohol. Planning is underway to utilise the new funding provided to increase the number of Drug Treatment Units from six to nine, and double the number of prisoners who are able to receive treatment from 500 to 1,000 by 2011.

The Department has developed its new Prisoner Skills and Employment Strategy 2009-2012 to boost the number of prisoners learning employment skills.

During 2008/09, an evaluation of the Māori Focus Units (MFUs) was completed in conjunction with an evaluation of the Māori Therapeutic Programme. Findings will further inform work on improving MFUs and the development of a Māori reintegration model (Whare Oranga Ake) during 2009/10.

During 2008/09, the Department also initiated Phase II of the Prisoner Reintegration Review Project in order to improve the effectiveness and efficiency of the offender release process. A review of the pre-release process was completed to inform the cost-effective alignment of pre-release roles and responsibilities throughout the release process. Further work will progress during 2009/10.

Competitive tendering for the management of prisons, including removing the limitations on the use of public-private partnerships in the management of prisons.

During 2008/09, the Corrections (Contract Management of Prisons) Amendment Bill was introduced to Parliament with the aim of allowing private companies to tender for prison management contracts. Work has already begun on planning for implementing contract management of prisons in anticipation of the legislation passing through the House towards the end of the year.

In addition, the Minister placed increased emphasis on:

Financial prudence, requiring the Department to exercise good judgement and ongoing demonstration of value for money from expenditure.

To ensure maximum delivery on the Minister's priorities the Department is progressing with a holistic review of its Services. This is focused on improving effectiveness and efficiency through the delivery of a culture of excellence.

The Value for Money project has achieved its agreed timelines and is currently completing the consultation phase.

In addition the following initiatives have been developed and are in varying stages of implementation:

- review of administrative support for the New Zealand Parole Board;
- Corrections Inmate Employment cost reduction review;
- Request for Proposals (RFP) issued for facilities management and maintenance outsourcing;
- Request for Interest (RFI) issued for the Information Technology Services review; and
- introduction of a centralised Procurement initiative.

Culture of Excellence, fostering a culture of excellence in the Department.

The Department has expressed its commitment to enhancing staff capability and professionalism as a fundamental requirement in order to deliver the Government's objectives.

The goals of Community Probation and Psychological Services are to:

- bed in the new sentences and orders and identify action required to ensure stability and viability of the new sentencing regime;
- deliver the specified outputs for provision of information and sentence and order management at the volume and to the level of quality specified in the Estimates and consequent business plan;
- improve the quality of service delivery by focusing on a range of actions to improve staff compliance with procedures; and
- improve the overall capability of the Service to undertake its responsibilities.

The Expert Panel has recommended that Community Probation and Psychological Services undertake a significant and transformational iterative process of change over the next three to five years, in which:

- the specific purposes of probation activity are identified, as are the outcomes and indicators to measure them;
- the General Manager leads a process to re-examine and fundamentally challenge the vision, management philosophy, and culture that will best fit the purposes/outcomes identified;
- the Service re-examines and challenges its operating framework, in light of the results of the work above. This should include consideration of an integrated practice framework which clearly specifies those minimum procedures that must be followed in a wider framework;
- detailed design occurs of the components of the new operating framework, together with all the areas needed to support staff and managers operating in the new framework.

The Panel believes that this programme of change, while extensive and challenging, is achievable and that the Service supported by the wider Department has got the appropriate leadership in place to deliver on it.

Over the course of 2008/09:

- programme delivery met or exceeded all programme delivery targets in the community for the first time in the history of delivering programmes. This reflects a considerable effort between Probation Officers and programme facilitators in particular;
- all prison programme targets were either met or exceeded, except for the medium intensity programme and short motivational programmes which were under the budgeted standard;
- there was greater involvement of psychologists as part of management teams and providing support to probation managers, programme delivery staff, and Probation Officers both in terms of rehabilitation and in managing high risk offenders;
- a significant increase in the volume of pre-sentence reports, court time, and sentences and orders served in the community was managed. Community Probation volumes continued to increase above the funded levels in the second half of the year;
- the Department managed to improve service delivery quality and meet volumes without the necessary resource and despite 48 percent of Probation Officers and 56 percent of service managers having less than two years experience;
- there has been a significant improvement in staff performance in complying with procedures for managing parolees, with parole having achieved 88 percent compliance in June 2009 under the Quality Assurance System¹. Quality for provision of information activities remained high despite the increase in volumes, and was 92 percent in June 2009. Across all sentences and orders the compliance rate was 79 percent which is also an all time high.

¹ Community Probation and Psychological Services monitors this aspect of its performance through the completion of monthly quality assurance checks of Probation Officer activities.

During the Value for Money review, the Department focused on identifying:

- opportunities for achieving greater value for money in the Department's operations, within baselines. This included improving the focus on what works best to achieve the Government's desired outcomes, improving operational efficiency, and ensuring that resources are available where they are needed most; and
- what changes could be made to improve the Department's effectiveness in relation to its core functions, particularly ensuring public safety. This included a focus on what would be required to improve adherence to operating procedures and manage risk more effectively.

The report was finalised and issued in mid-July 2009. During 2009/10, a work programme will be developed to implement final decisions following consultation during August 2009.

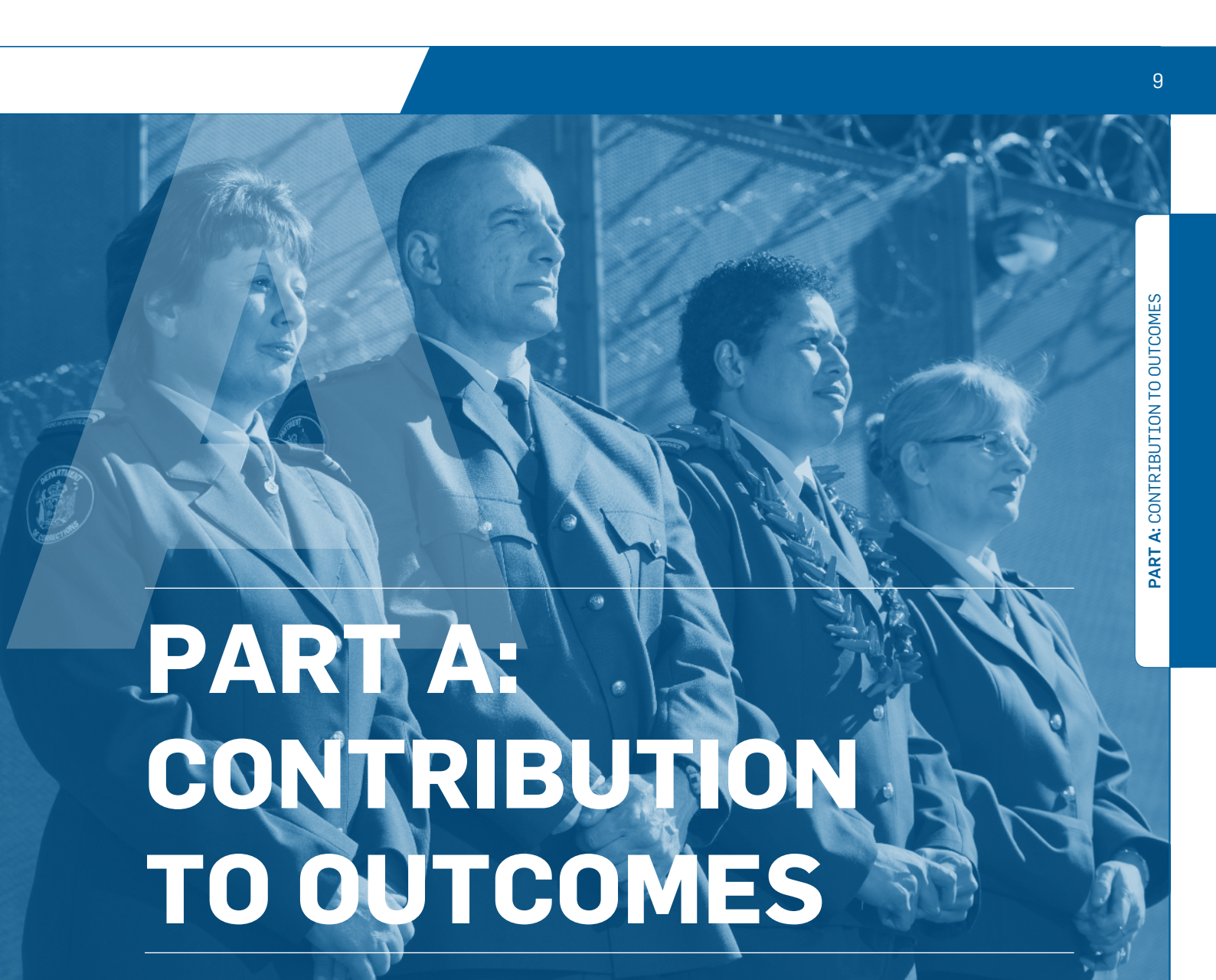
The Department commenced a review during 2008/09 of its Performance Framework which resulted in changes to the 2009/10 Output Class structure and the aggregation of some output performance measures and removal of extraneous measures.

The long-term objective is for the Performance Framework to be a succinct outline of our core services, with measures relating to significant aspects of performance as related to the core business of the Department, quality targets that are meaningful, demand standards that are accurate, and linking output performance to the impacts sought on the Department's end outcomes.

During 2009/10 the Department will focus on further changes to the Output Class structure following the Value for Money and Community Probation and Psychological Service Performance Improvement Actions and will continue to develop quality measures and standards for 2010/11. The Department will provide updates as to the progress of this work in future progress reports.

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PART A: CONTRIBUTION TO OUTCOMES

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NATURE AND SCOPE OF FUNCTIONS

The Department of Corrections administers the New Zealand corrections system to improve public safety.

The Department of Corrections:

- manages offenders on community-based sentences and orders;
- manages prisoners on remand and prisoners serving custodial sentences;
- provides rehabilitation programmes to help offenders address and resolve the causes of their offending;
- provides reintegrative programmes and services to help offenders reintegrate back into society;
- manages a number of internal services, employment and training activities, including the Release to Work programme that assists offenders to gain skilled work on release;
- provides courts with detailed reports and information on offenders to assist judges in making sentencing decisions;
- provides administrative services to the New Zealand Parole Board, as well as information to help them decide whether prisoners should be released, when and under what conditions;
- takes enforcement action when offenders serving a sentence or order in the community do not comply with the conditions of their sentence or order; and
- notifies victims of crime, who are referred by the New Zealand Police, of specific events listed in the Victims Rights Act 2002.

Sections 5 and 6 of the Corrections Act 2004 set out in more detail the purpose of the corrections system and principles under which the Department must operate.

THE DEPARTMENT'S OUTCOMES

The Department's outcomes demonstrate what it aspires to achieve for society.

The Department's work contributes to the justice sector end outcome of a 'safe and just society' where there are 'safer communities' and 'civil and democratic rights and obligations are enjoyed'. The Department's work also contributes to the following justice sector intermediate outcomes:

- Impact of crime reduced;
- Offenders held to account;
- Crime reduced;
- Trusted justice system;
- Accessible justice services;
- International connectedness;
- Durable settlement of treaty claims; and
- Effective constitutional arrangements.

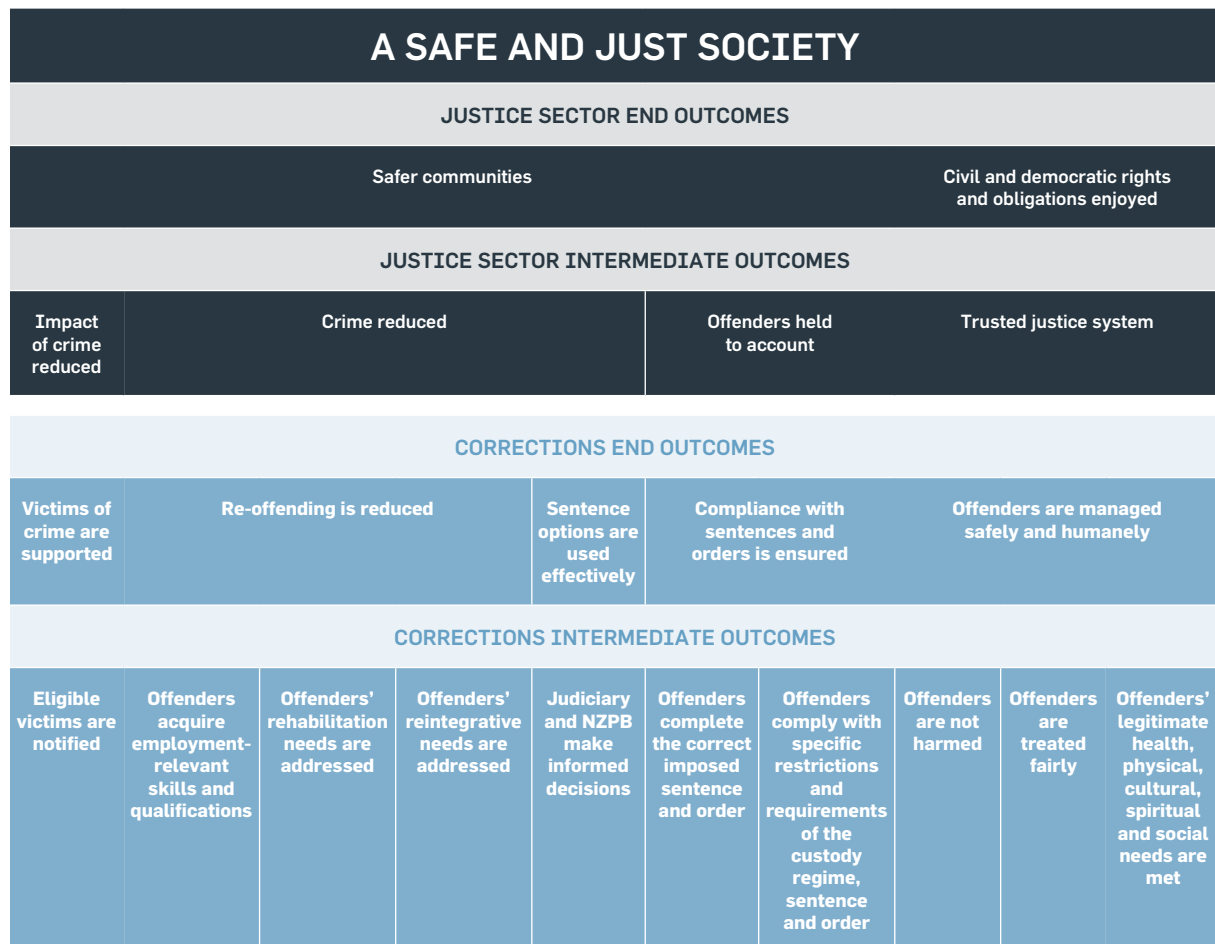
The justice sector comprises the Department's key partner agencies, such as the Ministry of Justice and the New Zealand Police. Many of the Department's outcomes are joint outcomes with other agencies and other groups in the community. This means to achieve its outcomes, the Department must work with its partners.

The Department's work contributes to the following five departmental end outcomes:

- Compliance with sentences and orders is ensured;
- Re-offending is reduced;
- Victims of crime are supported;
- Offenders are managed safely and humanely; and
- Sentence options are used effectively.

The outcomes of the Department and how they fit into the wider justice sector, are illustrated in the following diagram.

Department of Corrections and Justice Sector Outcomes



The outputs and activities undertaken that contribute to these outcomes are outlined in the following outcomes section.

The Department's performance measures are set out under each outcome in the following section and within the Statement of Service Performance in Part C. The development of a more comprehensive set of measures will continue over 2009/10.

COMPLIANCE WITH SENTENCES AND ORDERS IS ENSURED

Ensuring sentence and order compliance is the Department's core business, and is a key Government priority. It is critical to the integrity of sentences and orders. To improve public safety, the Department ensures offenders comply with their sentences and orders which protect the community from the harm caused by offenders continuing their offending behaviours. Ensuring offenders comply with their sentences and orders also provides an environment in which offenders can be assisted to address the behaviours and circumstances that led them to commit crime.

WHAT THE DEPARTMENT IS SEEKING TO ACHIEVE

Effective compliance with sentences and orders is ensured when offenders complete the correct imposed sentence and order, and comply with the specific restrictions and requirements of the custody regime, sentence or order. In particular, effective compliance with sentences and orders is ensured when offenders:

- are positively motivated to comply with their sentences;
- comply with the restrictions of their sentences;
- complete their sentences; and
- experience appropriate consequences when they do not comply.

The ability of staff to consistently and reliably follow procedures is a critical aspect of compliance as it ensures that offenders can be held to account for not complying with the conditions of their sentence or order. Motivating Māori offenders to comply with sentences and orders is a particular focus for the Department, given that Māori offenders are currently more likely to breach conditions of their sentence or order, and to be involved in prison incidents, including assaults, illicit drug use, self-harm and attempted escapes.

HOW THE DEPARTMENT CONTRIBUTES TO THIS OUTCOME

WORKING WITH OTHER AGENCIES

As with all outcomes, the Department works with other agencies to ensure offenders comply with their sentences. In particular, during 2008/09, the Department worked closely with:

- the New Zealand Police to share information and co-operate on the management of sentences and orders served in the community. The Department and the New Zealand Police take a coordinated approach to deterring crime in prisons;

- the Ministry of Justice by exchanging sentencing-related information, provision of notifications of hearings, the delivery of bail documentation and organising visiting justice services to prisons;
- Immigration New Zealand (Department of Labour) in ensuring compliance with revocation and deportation orders; and
- Housing New Zealand Corporation to house offenders on Parole and Home Detention.

SPECIFIC PROJECTS

Cell phones in prison

Preventing prisoners' access to cell phones is a key step in preventing crime, by preventing prisoners from undertaking and organising criminal activities from within prisons.

In 2007, the Department established a project to manage the unauthorised use of cell phones in prisons. The project is part of a wider plan to control contraband and prevent crime from originating in prisons. The project has continued in 2008/09 with 20 sites now fitted with cell phone jamming equipment. Installation and tuning at Auckland, Mt Eden and Auckland Central Remand Prisons is due for completion in early 2009/10. Temporary micro-cell designs have been installed at Rimutaka Prison and Northland Region Corrections Facility while permanent solutions are sought.

Telephone monitoring

Monitoring prisoners' telephone calls is another key step in preventing crime. Legislative authority for the Department to monitor prisoners' telephone calls is provided under sections 111 to 112 of the Corrections Act 2004. The Prisoner Telephone Monitoring System was first introduced in 2007 with the purpose of increasing public safety by making it easier to prevent, discourage, detect, investigate and prosecute offences that involve prisoners. It is an important part of ensuring offenders are not committing or organising criminal activities from within prison.

During 2008/09, the Department completed implementation of all systems across all prisons and recruited staff to monitor prisoners' telephone calls and collect crime prevention intelligence so that appropriate action can be taken.

Operational Intelligence systems implementation

The Department works towards improving contraband detection and crime prevention in order to contribute to ensuring prisoners comply with the specific restrictions of their sentence or order. Reducing the contraband entering

prisons directly contributes to ensuring a secure prison environment, improving crime prevention capability and restricting prisoners' access to illicit drugs and alcohol.

To assist in reducing organised crime within prisons the Department has also completed implementing systems, based on the Crime Prevention Information Capability model, for collecting and analysing data that contributes to increased crime prevention in prisons and enhanced prison security. The Department's operational intelligence model refers to the gathering, analysis and use of information to make strategic and operational decisions about individuals, groups of individuals and gangs engaged in criminal activity.

Strategy to Reduce Alcohol and Drug Use

A high proportion of prisoners have a lifetime incidence of drug dependency or abuse, and a high percentage of crime is committed by offenders who are affected by drugs or alcohol on the day leading up to the offence. Drug use is also a major security problem in prison and causes problems for the effective management and rehabilitation of prisoners. It can also result in health problems for both individual prisoners and the wider community, and promote the transmission of communicable diseases.

The Department is committed to reducing drug and alcohol use in prisons as highlighted in the new Drug and Alcohol Strategy to cover the period 2009-2014. The strategy focuses on:

- enhancing efforts to reduce the supply of drugs to prisoners;
- strengthening efforts to reduce prisoners' demand for drugs; and
- increasing attention on reducing the harm caused by drugs.

The strategy outlines a number of measures it has in place to reduce the supply of and demand for drugs, as well as initiatives to reduce the harm caused by drug use. For more information go to the 'Alcohol and Drug Strategy 2009-2014' at <http://www.corrections.govt.nz/news-and-publications/strategic-documents.html>

Planning is underway to utilise the new funding provided to increase the number of Drug Treatment Units from six to nine, and double the number of prisoners who are able to receive treatment from 500 to 1,000 by 2011.

Supporting the Corrections Amendment Bill

In 2008/09, the Department supported the passing of the Corrections Amendment Act 2009 which came into force on 3 April 2009. It makes a number of changes to the Corrections Act 2004 and provides the Department with additional search and detection powers, especially in relation to drugs and cell phones. It also enhances existing powers to strip-search prisoners and conduct random searches of the prison.

Improving Compliance with Procedures for Managing Offenders in the Community

Twenty recommendations were provided through the Office of the Auditor-General's report into the management of parole, most of which focused on following procedures. The Department continues to closely monitor compliance with procedures through the Community Probation and Psychological Services' Quality Assurance Systems and has already implemented the majority of the Office of the Auditor-General's recommendations which are outlined within the Department's 'Plan to Improve Compliance with Procedures for Managing Parole Orders'.

The plan outlines the steps already taken and the work underway or planned to address the impediments to, and ensure that staff follow, the procedures for managing parole orders. In order to address the issues of compliance, work has commenced in four work streams, each of which ensures:

- the appropriate level of resources to manage the volume of work to the expected standards and procedures;
- that operational procedures and systems are appropriate, easily understood and well communicated;
- appropriate support is in place for Probation Officers and managers, including training, ongoing communication of changes, organisational structure and administrative support; and
- an organisational culture that supports compliance with procedures and accountability. This includes an appropriate level of management oversight so that performance is managed and action is taken as required to address issues.

During 2008/09, the Department established an Expert Panel to oversee the implementation of the Department's 'Plan to Improve Compliance with Procedures for Managing Parole Orders'. The Panel will continue to review and recommend where necessary to ensure that:

- procedures for managing sentences and orders are fit for purpose;
- decision-support tools guide good case management, judgments, and decision-making by Probation Officers; and
- performance measures establish effective indicators against which performance can be assessed over time.

The Panel has recognised that the majority of improvements have already been made with the implementation of around 36 new initiatives over the last six months designed to improve performance. However the Panel has also been focusing on the future and has recommended a three to five year programme of change that would better link the nature of probation work to specific purposes and defined outcomes.

REPORTING TANGIBLE PROGRESS TO DEMONSTRATE SUCCESS

The Department uses the following outcome performance indicators to monitor its contribution to the outcome of ensuring sentence and order compliance.

SUCCESSFUL COMPLETION OF THE SENTENCE OR ORDER

The Department is currently reviewing the methodology used to record and report against this measure.

The completion rates of sentences and orders for offenders has in the majority of cases exceeded standards set for 2008/09, with the exception of Intensive Supervision, Post-Release Conditions and Parole, which are slightly behind the standard.

The current measure of successful completion and the way it is recorded is essentially a measure about the performance of an offender and not directly the Department's performance. The Department does influence the rate but it is equally important that the Department is taking enforcement action against an offender, which in turn will lead to the successful completion rate being lower in some cases. There has been an increased focus in recent months to ensure offenders are held to account with their sentence and order and that enforcement action is being taken when and where necessary; this will continue to be a focus of the Department.

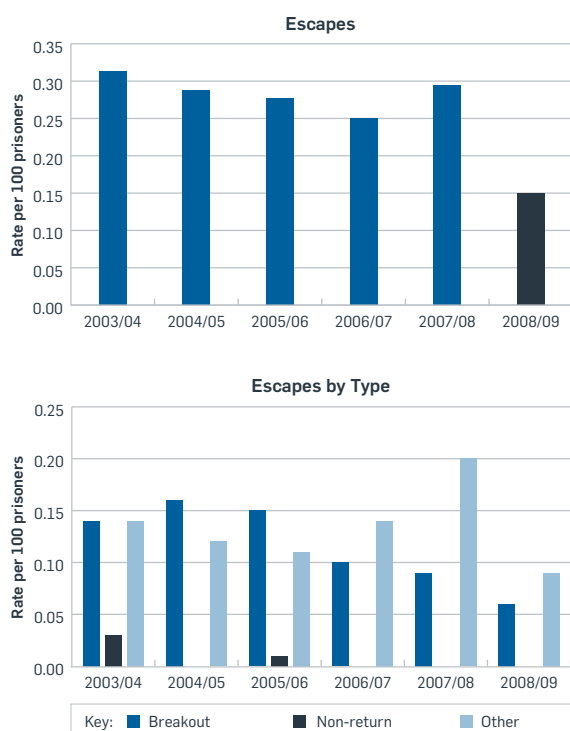
An unsuccessful completion results in a termination of sentence or order and is cancelled by the Court or the New Zealand Parole Board for one of two reasons. In most cases either Community Probation and Psychological Services made applications for sentence cancellation or recall to prison as a result of non-compliance, or the offender re-offended and the sentence imposed cancelled the previous sentence or order.

Sentence/Order	2008/09 Budget Standard	2008/09 Actual Standard	Number of New Starts	Average Number of Offenders
Home Detention Order	80%	90%	9	7
Home Detention Sentence	80%	82%	3,166	1,449
Community Detention Sentence	65%	89%	3,186	993
Intensive Supervision Sentence	65%	62%	2,471	1,822
Supervision Sentence	65%	77%	9,657	6,386
Community Work Sentence	70%	88%	40,334	24,733
Parole Order	65%	63%	1,827	1,862
Post-Release Conditions Order	65%	62%	4,138	3,250
Post-Detention Conditions Order	65%	76%	1,823	714

ESCAPES FROM CUSTODY

The rate of escapes per 100 prisoners for the 2008/09 financial year was 0.15. This is a significant reduction when compared to the 0.29 reported in the 2007/08 financial year. This is a positive result for the Department as it is the lowest escape rate recorded.

There have been five breakout escapes in 2008/09. This is a reduction of two when compared to the 2007/08 financial year. The breakout escapes were from Waikeria and Tongariro/Rangipo Prisons. There was also one from a court complex while the prisoner was under escort by First Security.



There were seven 'other' escapes during the 2008/09 financial year, from Auckland, Spring Hill, Waikeria, Rimutaka, Rolleston and Tongariro/Rangipo Prisons; a reduction on the 16 'other' escapes recorded in the 2007/08 financial year. All prisoners have since been recaptured. Five of the seven 'other' escapes relate to prisoners who walked away from their place of work while under the supervision of Corrections Inmate Employment.

The Department treats all escapes from custody seriously and every escape is fully investigated and reported on. The rate of escapes from custody has been steadily declining in recent years, and is now at the lowest rate ever recorded. The Department has introduced a number of operational and security improvements to help minimise escapes, these improvements include constructing a secure perimeter fence with a single point of entry to prison buildings, centralised security management and entry control, and an appropriate mix of physical barriers, detection, surveillance and lighting systems.

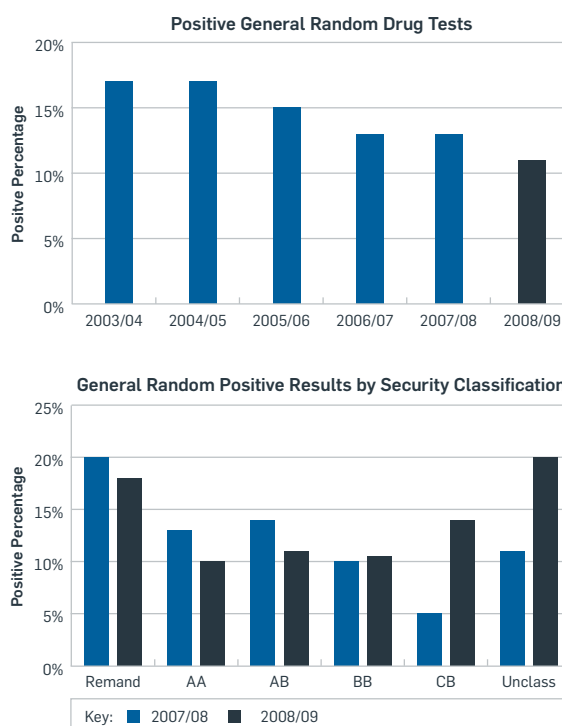
Definition of Escapes

- 'Breakout' escapes are where a prisoner has breached security measures and the prisoner has physically left the area contained by the outermost perimeter fence or, if there is no such fence, prison buildings, police cell, court complex or other place of custodial control.
- 'Non-return' is where a prisoner does not return to prison at the appointed time following temporary release.
- 'Other' escapes include 'walkaways' defined as: 'where low security prisoners walk away from their place of supervision' and 'escapes while under escort' defined as: 'escapes while under the supervision of officers during escorted outings including escorts to and from court'.

DRUG USE AMONGST PRISONERS

The percentage of positive general random drug testing for the 2008/09 financial year was 11 percent. This is based on the 3,646 test results for the year. This is down on the 13 percent reported for the 2007/08 financial year and is the lowest positive general random drug testing result recorded.

The Department continues to enhance the efforts to reduce the supply of drugs to prisoners. The steady decline in the percentage of positive drug test results along with initiatives such as improved prison security, improvements to prisoner and visitor screening procedures and enhanced use of drug dog detection teams reflects the ongoing focus being applied by the Department in ensuring that prisoners comply with their sentences.



While the overall positive percentage of general random drug tests continues to decrease, the spread of positive tests by security classification shows an increase under the CB classification and among those prisoners who have been sentenced but have at the time of being sampled not yet been classified (unclassified).

Given the very low numbers that contributed to these results they need to be considered within context. For those prisoners sampled under the General Random testing regime who had a security classification of CB the result of 13 percent represents eight of the 59 tests returning a positive result. The results for 2007/08 financial year of five percent were representative of three positive tests out of 61 resulted tests.

For those prisoners yet to be classified the result of 20 percent represents two positive tests out of 10 tests; the result of 11 percent for the 2007/08 financial year equated to two positive tests out of 19 resulted tests.

Remand prisoners generally have a higher positive percentage than those who are sentenced due to their access to visitors and movements between court and prison. The result of 17 percent for the 2008/09 financial year is a decrease on the 20 percent reported for the 2007/08 financial year.

Security Classification

- AA = Minimum security
- AB = Low medium security
- BB = High medium security
- CB = Maximum security

CONTRIBUTING OUTPUTS

The Department delivers services on a day-to-day basis grouped as output classes that contribute to its outcomes. Output classes that contribute to ensuring compliance with sentences and orders include:

- Community-based Sentences and Orders;
- Custody of Remand Prisoners;
- Escorts and Custodial Supervision;
- Custodial Services; and
- Services to the New Zealand Parole Board.

RE-OFFENDING IS REDUCED

The Department improves public safety over the long term by reducing re-offending which is a key priority for the Government. The Department is effective in reducing re-offending when it assists offenders to recognise and address the causes of their offending, and the number of people returning to the corrections system decreases and, in particular, Māori re-offending rates reduce significantly.

WHAT THE DEPARTMENT IS SEEKING TO ACHIEVE

Re-offending is reduced when offenders' rehabilitation and reintegrative needs are addressed and they acquire employment relevant skills and qualifications. In particular, re-offending is reduced when offenders:

- maintain or regain a positive sense of their identity and abilities;
- overcome drug and alcohol problems;
- overcome propensities for violence;
- develop offence-free lifestyles;
- build strong pro-social relationships within their family, whānau and community;
- develop skills to improve employability on release;
- find stable employment and accommodation; and
- understand the impact their past re-offending has had on victims.

Rehabilitation programmes are designed to address the factors underlying offending behaviour. These programmes require offenders to deal with the factors relating to their offending, such as substance abuse or beliefs about violence for example, to be able to identify, analyse and solve problems and make decisions. Trained programme facilitators work with groups of offenders to deliver intensive, culturally appropriate programmes that encourage offenders to take responsibility for their offending and take positive steps towards creating a crime-free future. Offenders learn how to appraise the consequences of their actions, and to gain control over their behaviour. Appendix One details a full list of rehabilitation programmes and reintegrative services the Department provides to offenders and prisoners.

HOW THE DEPARTMENT CONTRIBUTES TO THIS OUTCOME

WORKING WITH OTHER AGENCIES

As with all outcomes, the Department works with other agencies to reduce re-offending. In particular, during 2008/09, the Department worked closely with:

- the Ministry of Social Development to report and address child abuse, manage sexual and violent offenders and to provide employment case management and broker services to offenders;
- the New Zealand Police, the Ministry of Social Development and Housing New Zealand Corporation who are parties to the Agreement for Sharing Information on Child Sex Offenders. Under this agreement, the agencies work together to monitor child-sex offenders' compliance with release conditions, manage the risk posed by such offenders, and facilitate their safe reintegration into the community once released;
- the New Zealand Police to address family violence, such as the Family Safety Team Project;
- a number of agencies on the Combined Law Agency Group to share information and resources to combat organised crime in New Zealand; and
- the New Zealand Prisoners' Aid and Rehabilitation Society (NZPARS) and other community groups to contribute to a reduction in re-offending through the delivery of support and services to offenders (and their families/whānau) to address issues that if not addressed, may have a major impact upon their successful reintegration back into the community.

SPECIFIC PROJECTS

Evaluating the Department's Māori Focus Units and Māori Therapeutic Programmes

As part of its annual research and evaluation work programme, the Department undertook an evaluation of Māori Focus Units (MFUs) and Māori Therapeutic programmes (MTPs) and published a report showing that prisoners in MFUs have gained significant knowledge and skills in Tikanga Māori; leading to stronger cultural identities. For most prisoners, this has resulted in a major attitude change, and a renewed commitment to rehabilitating with family and iwi. This evaluation has underlined the great potential of MFUs, and the MTPs offered, to turn around anti-social attitudes and lifestyles that tend to lead to re-offending.

Evaluating the Department's Pacific Focus Unit and the Saili Matagi Programme

During 2008/09, the Department commenced an evaluation of the Pacific Focus Unit and the Saili Matagi programmes, and conducted a review of prisoner participation in programmes and employment. The review identified a number of opportunities for improvement which the Department will focus on in 2009/10.

Programmes and services for Māori: Progress against the Māori Strategic Plan 2008–2013

The Māori Strategic Plan 2008–2013 contributes to the Department's Strategic Business Plan by highlighting areas of focus that will contribute to outcomes and strategic priorities to positively impact on Māori offending. The Plan places responsibility for succeeding for Māori on all staff regardless of whether or not they interact directly with Māori offenders. It points to where greater attention is required but it does not outline specific activities or measures. The operational details emerge over time as part of the annual business planning process and through the execution of the Department's Statement of Intent and Strategic Outcomes Framework.

The Plan aims to address Māori rehabilitation needs and reduce re-offending through positive participation of Māori offenders in Te Ao Māori (the Māori world) and Te Ao Hurihuri (the global world). Reducing re-offending through Te Ao Māori will see pro-social people such as whānau into sentence management processes, as well as Māori offender participation in tikanga Māori-based assessments, programmes and environments. Positive participation in Te Ao Hurihuri will help Māori offenders to learn skills and gain knowledge that will contribute to their success in wider society.

Reducing Re-offending through positive participation in Te Ao Māori

Positive participation of Māori offenders in Te Ao Māori within a corrections environment helps to reconnect the world view of willing offenders, to the pro-social and traditional Māori cultural world view. Evidence emerging from effectiveness evaluations show that the Te Ao Māori approach strengthens the cultural identity of Māori offenders, improves their attitudes and behaviours and motivates them to participate in rehabilitation.

During 2008/09, an evaluation of the Māori Focus Units (MFUs) has been completed in conjunction with an evaluation of the Māori Therapeutic Programme. Overall, the evaluation reveals a picture of relatively cohesive and co-operative unit environments that prisoners find both engaging and rewarding. The evaluation has also shown small positive changes in terms of reconvictions and re-imprisonment rates. These findings are informing further work on improving MFUs and the development of a Māori reintegration model (Whare Oranga Ake).

Reducing Re-offending through positive participation in Te Ao Hurihuri

Positive participation of Māori offenders in Te Ao Hurihuri within a corrections environment helps Māori offenders to learn skills and gain knowledge that contributes to their success in wider society. Māori offenders must have basic literacy and numeracy skills to be able to meaningfully participate in rehabilitation. The Department aims to help Māori read and understand numbers better than before they entered the corrections system.

During 2008/09, the Department participated in a trial of a literacy and numeracy screening tool created by the Ministry of Education. The tool increased the number of Māori offenders identified with literacy and numeracy needs. This means that more Māori offenders will be given the opportunity to participate in programmes in order to address these needs. This also creates an opportunity for the Department to ensure that delivery of new and existing literacy programmes is effective for Māori offenders.

Expanding rehabilitative programmes and services for offenders in the community

Research has shown that re-offending is not reduced simply by incarcerating offenders, or by increasing the harshness of their sentences. However, well-designed and developed programmes in the community can have a real effect on reducing re-offending.

During 2008/09, the Department continued the planned expansion of rehabilitative programmes and services for offenders in the community including domestic violence programmes and community-based treatment programmes for offenders who sexually offend against children. The Department has a range of contracts in place with accredited providers of domestic violence programmes and programmes for the treatment of community-based sex offenders are delivered under a national contract.

Expanding reintegrative programmes and services for offenders in the community

Reintegrative programmes were expanded for offenders in the community to provide more Tikanga Māori programmes, Basic Work and Living Skills programmes and Supported Accommodation.

Prisoner Employment

Prisoner employment plays an integral part in the rehabilitation and reintegration of prisoners by providing prisoners with essential work skills and habits. It increases the chances of prisoners finding sustainable employment upon release, and this, according to research, reduces the number of prisoners being reconvicted.

The Prisoner Employment Strategy 2006-2009 provided a framework to increase the range, quality and relevance of employment related opportunities for prisoners. It is a plan to improve the likelihood of prisoners finding employment on release by providing them with employment-related training and experience.

Prisoner employment growth has been impacted by circumstances outside of the Department's control, some of the most recent challenges faced in relation to prisoner employment include:

- the recession which continues to impact Corrections Inmate Employment (CIE) activities with increased difficulty placing prisoners on release to work. Specifically, there has been a reduction in customer orders/employment in such areas as furniture manufacture and forestry;
- increased scrutiny from the media and pressure groups regarding the employment of prisoners while the unemployment rate is rising; and
- establishing relationships with external polytechnic training providers to establish trade and technical training has proved to be much more protracted than was initially envisaged.

During 2008/09, the Department worked towards adding 475 new prisoner employment positions and achieving the standard of an average of 2,371 prisoners employed by CIE for the 2008/09 financial year. Although this target was not achieved, 394 more prisoners were working for CIE at year end, a good achievement given the impact of the recession. Similarly, there was a significant increase in average numbers employed, to 2,230, though this was short of the target of 2,731. As at the month of June 2009 there was an average of 2,729 prisoners employed by CIE, including 2,529 employed in CIE industries, 136 on release to work and 64 on trade and technical training courses.

Prisoner Skills and Employment Strategy 2009–2012

Building on the Prisoner Employment Strategy 2006-2009, the Department has developed a new Prisoner Skills and Employment Strategy to cover the period 2009-2012. This plan seeks to improve the likelihood of prisoners finding employment on release by providing them with employment-related training and experience as prisoners who find employment upon release are less likely to re-offend.

The new strategy will meet the Government's prisoner employment objectives, and will create a programme of work to address the significant skills deficits and obstacles prisoners face in obtaining post-release employment, to ultimately contribute to making our communities safer.

Release to Work

There has been significant growth in Release to Work numbers in recent years. The programme allows minimum security prisoners who meet strict eligibility criteria to engage in paid employment in the community, with a view to gaining employment on release.

Subject to public safety, the Department worked towards increasing the number of offenders on Release to Work to an average of 192 for the 2008/09 financial year. However, circumstances including the economic downturn have seen a significant tightening in the job market.

This has had a negative impact on positions available for Release to Work. As a result, the Department was only able to place an average of 150 prisoners on Release to Work, which was three less than 2007/08 and 42 short of the 2008/09 standard. While the current economic conditions exist, the Department is adopting a maintenance rather than growth strategy for the Release to Work programme.

Establishing two new Special Treatment Units in prisons

The Department has made significant progress in establishing two new Special Treatment Units delivered in dedicated prison units for high-risk male offenders and are based on the principles of risk, needs and responsivity, cognitive behavioural, dialectical behaviour therapy and relapse prevention theories.

The Puna Tatari Special Treatment Unit opened at Spring Hill Corrections Facility in September 2008 and is now fully operational, fully staffed and operating in line with requirements. The unit saw its first graduates in early 2009 who have made significant progress.

The second unit, Matapuna, has begun delivering its first programme at Christchurch Men's Prison, however, building delays have meant that the treatment programmes will operate from temporary accommodation.

Evaluating the pilot of the new rehabilitation programme for offenders in the community who are aged under 20 years

A pilot for the new rehabilitation programme for offenders under 20 in the community was completed in September 2008, and reviewed in November 2008. On the basis of recommendations made as a result of the review, and the experience of delivering the pilot programme, some enhancements were made to the programme content in preparation for a further delivery which commenced in April 2009.

The second pilot programme is scheduled for completion in August 2009 and participants are presently being sought for a third delivery scheduled to commence in October 2009.

The opportunity to link the programme with relevant community organisations and agencies was considered and subsequently other agencies have become involved in the provision of outdoor pursuits; which integrate in to the programme content.

Implementing a consistent nation-wide approach to the management of sex offenders on extended supervision

Extended Supervision Orders impose parole-like conditions on higher-risk child-sex offenders for up to 10 years after their release from prison. The Department fully implemented a consistent nation-wide approach to the management of sex offenders on extended supervision and established as part of this process, an ongoing database of routinely completed risk assessments.

Piloting an assessment approach to monitor dynamic risk factors in offenders

Keeping prisoners and staff safe from harm is a priority for the Department, both in prisons and in the community. Community probation staff are trained in appropriate and safe ways to intervene in preventing violence, including how to refer to specialist agencies.

During 2008/09, the Department developed and piloted an assessment approach to be used by Probation Officers to monitor dynamic risk factors in offenders, particularly for violent offenders.

Implementing a revised integrity monitoring and reporting system for rehabilitation programmes

A revised approach to integrity monitoring and reporting was developed during 2008/09 and three Special Treatment Units were assessed using the new Special Treatment Unit Integrity Review System. The remaining three units will be reviewed during 2009/10.

The Department also monitored 20 Medium Intensity Rehabilitation Programmes during April and May 2009 using the updated protocol from a pilot undertaken in 2008/09. The results have been compiled and will be used to focus projects on programme quality.

Monitoring and reporting improvements will continue in 2009/10 and it is anticipated that further revisions will occur to established monitoring processes. An overall analysis of monitoring options should be complete in early 2009/10 following information from an international expert; this is critical to completing the recommendations.

Develop and trial an actuarial measure of risk for further violent offending using criminal histories

The Department developed and trialled an actuarial measure of risk for further violent offending using criminal histories. Statistical analysis carried out by Victoria University supports that the measure under development, based entirely on criminal history data, it is a statistically significant predictor of further violent offending.

Planning for implementation of the Mothers and Babies Bill

The Mothers and Babies Bill was passed into law in September 2008. The Department had developed and completed policies for mothers and babies in prison. Funding for extending the period for newborn babies to stay with their mothers in prison was not provided in Budget 2009; however the planning for the implementation was completed.

Implementation of the revised Volunteers Policy

During the past several years the Department has experienced remarkable growth in volunteer numbers, with approximately 3,000 registered volunteers now listed in the Department's database. To value the work that these volunteers do, the Department is committed to developing and maintaining a strong and progressive volunteer policy as part of the goal of meeting the rehabilitative and reintegrative needs of prisoners.

During 2008/09, the Department implemented a revised volunteers policy to formalise the relationship between the Department and volunteers. The new policy will provide volunteers with improved access to prisons, recognise the work undertaken by them, provide support structures and also provide for training.

Review of reintegration services provided by non-government organisations

To achieve reintegration outcomes for prisoners, the Department needs to ensure that the reintegration services it provides to them are of the highest standard.

The Department undertook a review of the alignment, management, integration and resourcing for departmental and Non-Government Organisations-provided reintegration services. Phase II of the review of reintegration also commenced to determine how the Department can most effectively align its resources and systems throughout the prisoner release process.

Approach to the rehabilitation of offenders

During 2008/09, the Department commenced work on enhancing its approach to rehabilitation services to ensure offenders are managed holistically across their sentences. It conducted preliminary engagement with relevant academics and operators within the field, and set up a Departmental Interface Committee to address a co-ordinated and holistic approach in the management of offenders.

Preliminary analysis around prisoner activity was undertaken during 2008/09. The purpose of the analysis was to identify potential areas impacting on the Department's ability to maximise prisoner participation in employment opportunities and programmes designed to rehabilitate prisoners.

The Department also initiated a literature review of the principles of 'what works' in light of research and new knowledge on effective correctional rehabilitation, to ensure that the Department's interventions remain 'best practice'.

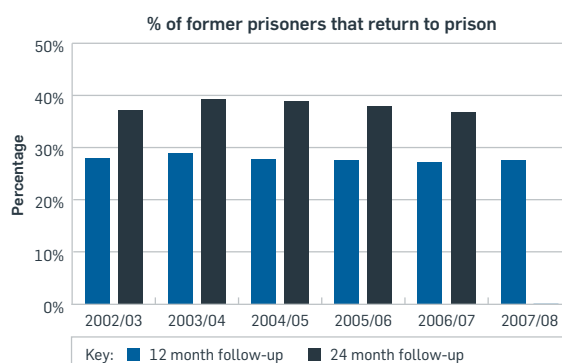
REPORTING TANGIBLE PROGRESS TO DEMONSTRATE SUCCESS

Progress towards the achievement of this outcome is assessed through the use of two performance measures, the Recidivism Index (RI) and the Rehabilitation Quotient (RQ). These indicators provide a means for assessing the Department's performance. It should be noted, however, that the use of reconviction data as indicators of performance is not straightforward; re-offending, reconviction and sentencing are subject to a wide range of influences, many of which are outside the Department's direct control.

A full explanation for the RI and RQ methodologies can be found on pages 36 - 42 of the Department's 2004/05 Annual Report, available at the following link: <http://www.corrections.govt.nz/news-and-publications/statutory-reports/annual-reports.html>

RECIDIVISM INDEX

Prisoners



Community-based Offenders

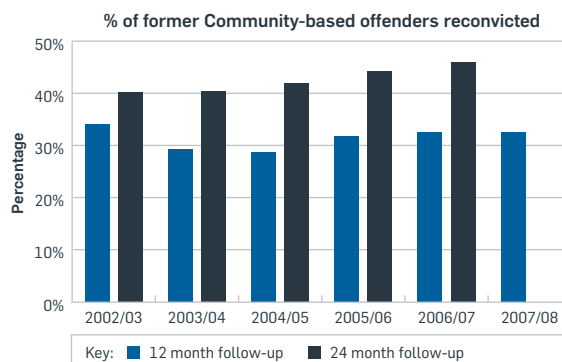
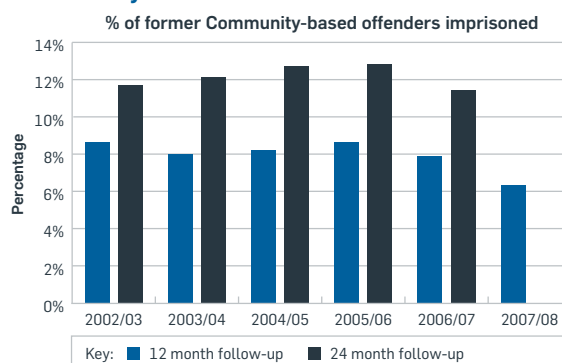


Table One attached at Appendix Two provides reconviction rates as recorded over 12 months, for those released from prison, or commencing community-based sentences during the 2007/08 (1 April to 31 March) year; Table Two also attached at Appendix Two provides the rates over 24 months for those released from prison, or commencing community-based sentences during the 2006/07 (1 April to 31 March) year. RI is reported for multiple categories of offenders, with significant variation observed in reconviction rates between sentence types, offence types and demographic groups.

The overall RI results for 2007/08, when compared to the 2006/07 reported results, generally indicate slightly increased rates for offenders released from prison. This change may reflect sentencing law changes introduced in October 2007, which had the effect of diverting a proportion of lower-risk offenders from prison. As a result, the average risk level of the prison population increases.

A modest fall is recorded in re-imprisonment rates for offenders commencing community-based sentences. Introduction of the new community sentences has contributed to a significant increase in the population of offenders subject to community sentences. Rates of reconviction for these sentences – Home Detention, Intensive Supervision, Community Detention – are reported here for the first time.

RI Sub-group Comparisons

When examined by the sub-groupings for which RIs are calculated, notable features for those released from a custodial sentence (12-month follow-up) include the following:

- Males are re-imprisoned at a significantly higher rate than females (29 percent and 16 percent respectively) and reconviction rates for male offenders released from prison are also higher than for female offenders (48 percent and 41 percent respectively);
- Re-imprisonment and reconviction rates for Māori offenders are higher than those of NZ Europeans and Pacific offenders;
- Re-imprisonment rates reduce by approximately two-thirds as offenders age (offenders over 40 years are re-imprisoned at one-third the rate of those under 20), and vary markedly between offence classes (dishonesty offenders having the highest rates and sex offenders the lowest);
- Re-imprisonment rates were higher for prisoners released from higher security classifications (36 percent to 45 percent) than those for prisoners released from minimum security classification (21 percent); and

- There is a tendency for shorter sentence length to be associated with higher rates of re-imprisonment and reconviction. Offenders serving sentences of between one and two years are re-imprisoned at a higher rate than offenders with a sentence length over five years (31 percent and 15 percent respectively). This is likely to reflect the fact that prisoners who serve longer sentences do so because of convictions for violent and sexual offences, which tend to be associated with lower rates of reconviction.

Reported in the tables for the first time are recidivism rates for specific offence types, in addition to rates for the broader offence groupings. This reveals some interesting differences between offence types within a group. For example, there are very significant differences in recidivism rates for disqualified drivers versus drunk drivers (a report giving 60-months reconviction rates for all types of offenders is available at the following link: <http://www.corrections.govt.nz/research/reconviction-patterns-of-released-prisoners-a-60-months-follow-up-analysis.html>)

Although not reported in the tables, reconviction and re-imprisonment rates of the same cohort of offenders have been calculated for offenders by gang affiliation. Released prisoners who are recorded as gang affiliates were found to have re-imprisonment rates that were almost exactly twice that of non-affiliated offenders (45 percent versus 23 percent respectively). For community-sentenced offenders, the difference was even more marked, 22 percent of gang-affiliated offenders on community sentences were subsequently imprisoned (within 12 months), but only 5 percent of those not affiliated.

Offenders serving community-based sentences had significantly lower imprisonment and reconviction rates than offenders released from prison. In general, most of the trends noted for released prisoners above were evident for this population also.

Offenders sentenced to Home Detention had reconviction rates substantially lower than the average. This difference suggests that the sentences does indeed exert an incapacitative effect on these offenders. Around 22 percent of home detainees were reconvicted within one year of commencing the sentence; with two-thirds of these offences occurring after the sentence had ended.

For both prison releases and community sentence offenders, the 24-month RIs generally show a predictable pattern, in that the 24-month RI figures typically increase by between 30 percent and 50 percent over the 12-month rates.

This data is consistent with a great deal of research on recidivism which indicates that the highest rate of reconviction occurs within the first twelve months, with the proportion re-convicted in each successive year progressively smaller than in the previous year.

Evaluation of programme effectiveness

Programmes delivered by the Department to enable offenders to lead law-abiding lives have been designed and implemented in ways consistent with internationally developed best practice principles. Research on outcomes from rehabilitative programmes has shown that significant reductions in reconviction and re-imprisonment can be achieved when well-designed interventions are delivered to appropriately selected offenders.

In accordance with international best practice, the Department is committed to comprehensive evaluation and ongoing improvement of its rehabilitation programmes.

The Department regularly undertakes detailed evaluations of specific programmes, using a range of measures. During the 2008/09 year, such evaluations were completed for four specific rehabilitation programmes. Results were promising for the Māori Focus Units, Māori Therapeutic Programmes, Community Tikanga Māori programmes and the Violence Prevention Unit. Full reports from all of these evaluations can be found on the Department's website.

In addition to specific evaluations, since 2001, programme participation data has been analysed annually to determine outcomes for programmes completed in a two-year period ending in the month of March of the previous year, based on a Rehabilitation Quotient (RQ) methodology. The 2004/05 Annual Report (available on the Department's website) contains a full description of the methodology.

RQ scores for this year are not yet available for the Annual Report. Some technical problems have occurred which have prevented the analysis from being completed in the normal time frame. Work is under way to correct the identified problems and RQ results for the Department's core rehabilitation programmes will be available on the Department's website. The Department is working to expand outcome information available from programmes to also include measures of changes amongst participants across the short and intermediate-term. This information will inform the progressive refinement of programme effectiveness.

CONTRIBUTING OUTPUTS

The Department delivers services on a day-to-day basis grouped as output classes, which contribute to its outcomes. Output classes that contribute to reducing re-offending include:

- Prisoner Employment; and
- Rehabilitative Programmes and Reintegrative Services.

VICTIMS OF CRIME ARE SUPPORTED

The Department supports victims of crime by providing specified notification services to victims who have requested that their details be forwarded by the New Zealand Police. However, the Department's most significant contribution to this outcome is ensuring that offenders comply with their sentences and orders and re-offending is reduced; two of the key Government priorities. By achieving these two outcomes, the Department protects the public from future offending, improves public safety and reduces the number of victims of crime in the community.

WHAT THE DEPARTMENT IS SEEKING TO ACHIEVE

Victims of crime are supported when they are provided with information and appropriate assistance. In particular, victims of crime are supported when registered victims are:

- provided with information in accordance with the Victims' Rights Act 2002; and
- referred to specialist support organisations for appropriate assistance.

HOW THE DEPARTMENT CONTRIBUTES TO THIS OUTCOME

PROVIDE REGISTERED VICTIMS WITH INFORMATION IN ACCORDANCE WITH THE VICTIMS' RIGHTS ACT 2002

The Department ensures victims of crime are supported by providing registered victims with information about events relating to the specific offenders who have been convicted for offences against the victim in accordance with the Victims' Rights Act 2002. Victims of crime who choose to register can participate in the criminal justice process to the extent they wish.

REFERRAL TO SPECIALIST SUPPORT AGENCIES

The Department refers victims to other appropriate agencies and non-government organisations for specialist support which provides practical assistance to help victims with the effects of crime. These agencies provide information, support and assistance to individual victims, witnesses, their families and friends. They also raise public awareness and recognition of the effects of crime and promote victim rights.

WORKING WITH OTHER AGENCIES

As with all outcomes, the Department works with other agencies to ensure victims of crime are supported.

In particular, during 2008/09, the Department worked closely with:

- the Ministry of Social Development, the Ministry of Health, the New Zealand Immigration Service branch of the Department of Labour and the New Zealand Police as party to an Operational Protocol on Victim Notification. The Protocol sets out the services each of the agencies are required to provide with the aim of improving services to victims of offences under Part 3 of the Victims' Rights Act;
- Victim Support, Women's Refuge, Citizens Advice Bureau, church groups, Rape Crisis, the Salvation Army and Neighbourhood Support. A Memorandum of Understanding with the New Zealand Council of Victim Support Groups aims to improve services to victims; and
- the Prison Fellowship New Zealand (PFNZ) to run the Sycamore Tree Programme, a faith based restorative justice programme, which matches six 'victim participants' with six offenders to address the awareness of the impact their offending has on victims. The Department and PFNZ entered into a Memorandum of Understanding in April 2009. The MoU sets out the benefits of partnership, the shared principles and resources, and the expectations both partners might reasonably have of each other. PFNZ has two contracts with the Department, they are: the Faith Based Unit at Rimutaka Prison and the Sycamore Tree programmes. The Sycamore Tree programmes facilitates indirect victim offender mediation – allowing offenders to understand the effects of their crime on victims. PFNZ also conducts restorative justice programmes.

SPECIFIC PROJECTS

Restorative justice conferences

The Department is developing a framework around the current arrangements for restorative justice conferences in prisons between offenders and their victims. A survey on existing restorative justice practices in prisons was undertaken and responses have been received and analysed. A draft paper on the provision of restorative justice conferences in prison will be considered by the Executive Management Team in early 2009/10.

REPORTING TANGIBLE PROGRESS TO DEMONSTRATE SUCCESS

The Department uses the following performance indicators to monitor its success in achieving the impacts of ensuring eligible victims are notified and the wider end outcome of ensuring victims of crime are supported.

Justified complaints from registered victims

The Department works towards minimising the number of justified complaints from registered victims who have chosen to register on the Victim Notification System. There have been no justified complaints in the past two years and only four since 2002.

CONTRIBUTING OUTPUTS

The Department delivers services on a day-to-day basis grouped as output classes, which contribute to its outcomes. The output class that contributes to victims of crime are supported is:

- Service Purchase and Monitoring.

OFFENDERS ARE MANAGED SAFELY AND HUMANELY

The Department contributes to managing offenders safely and humanely by providing a safe, secure and humane environment for offenders in accordance with the Corrections Act 2004 and international conventions. The Department also ensures that offenders can serve their sentences and orders in the community in a safe environment. This includes ensuring offenders undertake community work in a healthy and safe work environment.

WHAT THE DEPARTMENT IS SEEKING TO ACHIEVE

Offenders are managed safely and humanely when they are not harmed, they are treated fairly and their legitimate health, physical, cultural, spiritual and social needs are met. In particular, offenders are managed safely and humanely when they:

- are contained safely and securely with minimum risk to public and staff safety;
- can fulfil their sentence requirements in a safe environment, particularly when undertaking employment or work activities;
- are protected from avoidable harm by other offenders or from self-harm;
- are treated fairly with dignity; and
- are able to raise legitimate grievances and have them addressed.

In addition to this, offenders serving custodial sentences are managed safely and humanely when they:

- are housed humanely and have their basic human needs (food, shelter, clothing) met;
- receive health care comparable to that which the general community receives;
- can maintain pro-social relationships with family and friends, subject to appropriate security requirements;
- have access to spiritual support; and
- have access to a reasonable level of physical exercise.

HOW THE DEPARTMENT CONTRIBUTES TO THIS OUTCOME

WORKING WITH OTHER AGENCIES

As with all outcomes, the Department works with other agencies to ensure offenders are managed safely and humanely. In particular, during 2008/09, the Department worked closely with:

- the Health Advisory for New Zealand Offenders with the Ministry of Health. This group's aim is to address the health issues of offenders by ensuring they receive a standard of health care and access to health services that is equivalent to that of the general population;
- the Ministry of Social Development to ensure the safe and humane management of the custody of young offenders. In addition, the Department has been working with the Ministry of Youth Development to ensure prison policy and procedures regarding youth offenders comply with the United Nations Convention on the Rights of the Child. The Department also ensured that offenders and their families are provided with the appropriate state support while serving their sentence and on release; and
- the Office of the Ombudsmen, which has been enhanced to provide increased independent oversight of prisons, including the investigation of serious incidents and the undertaking of reviews of issues identified during visits or following complaints and incidents. The Department also provides the Ombudsman with information as requested for any investigations undertaken by the Office.

SPECIFIC PROJECTS

Development of permanent vehicle standards for prisoner escorts and ongoing management of prisoner escorts

The Department is responsible for providing safe, secure and humane services and facilities for the transportation of prisoners.

During 2008/09, the Department developed permanent vehicle standards for prisoner escorts. This involved constructing a prototype of a single caged vehicle, and allowing each prisoner to be separated from each other while in transit. The first vehicle based on these standards is currently undergoing operational testing. The Department also investigated options for the ongoing management of prisoner escorts which will continue into 2009/10.

The Department's contract for the escort and courtroom supervision of prisoners in the Auckland/Northland region was assigned to First Security Limited in December 2008. The current contract, which was due to expire on 30 June 2009, has been extended for seven months to enable the selection of a contractor to deliver the services thereafter.

Prisoner Placement System

The Prisoner Placement System enables prisoners to be placed according to their rehabilitation needs and security requirements. It defines the security classification for sentenced prisoners, outlines the procedures to be followed during classification and provides guidelines for the placement of prisoners. The purpose of the security classification system is to enable the containment of sentenced prisoners with a level of supervision appropriate to the level of internal and external risk that a prisoner poses.

During 2008/09 a review of prisoner placement was completed at Otago Corrections Facility, Spring Hill Corrections Facility and Auckland Region Women's Corrections Facility.

Structured Day

The Structured Day system provides operational staff with guidance and rules to ensure prisoners spend 90 percent of their unlock time on structured and supervised activities. These activities involve offence-related intervention, employment, education and reintegration, constructive, daily living and other approved activities in accordance with a prisoners sentence plan.

During 2008/09, the Department undertook and completed a review of the Structured Day system, and the impact of the Prisoner Placement System on the scheduling and management of prisoner activity at Auckland Regional Women's Correctional Facility. Any further discussions on wider roll out will now be considered in the project dedicated to increasing prisoner engagement in programmes and activities while in prison.

Implementation of new Health Assessment policy and procedures

The Department is funded to provide primary health care to prisoners; a service that is, within reason, equivalent to that provided to the general population. Primary health care includes provision of 'front-line' services available in most communities including: primary medical, nursing, mental health addiction services, dental health care, public health and some disability support services. Provision of secondary and tertiary health care services is the responsibility of the local District Health Boards. The prison health service refers prisoners requiring specialist care and treatment to these services under the same eligibility criteria as the public. Every prisoner entering prison has their health needs assessed and ongoing care and treatment is provided to that clinical need.¹ This assessment includes whether a prisoner is a risk to themselves and others.

¹ Offenders have higher health needs than the general population. The Prisoner Health Survey says most offenders released from Prison have improved health: <http://www.moh.govt.nz/>

Implementation of the Health Care Pathway

During 2008/09, the Department finalised and implemented the Health Care Pathway, which ensures the continuity of care, improved health outcomes and ensuring access to health services for prisoners. It provides guidance for health related events that may occur following reception into prison until the time prisoners are released.

It includes policies and procedures for:

- ongoing health assessments;
- referrals to external health providers;
- transfers to external health services;
- transfers to other prisons; and
- the release of prisoners.

The Department also developed new health assessment policy and procedures that will be piloted and implemented in 2009/10.

Develop and implement an Incident Response Framework

The Department developed an incident response framework during 2008/09 which is currently in draft and awaiting consultation. The incident response framework will be finalised and implemented early in 2009/10.

Management of at-risk offenders

Preventing suicide and self-harm in prison is a key priority of the Department when ensuring offenders are managed safely and humanely. People in prison are known to be at a higher risk of suicide and self-harm than the general population. Prisoners identified as being at risk of self-harm are actively managed to prevent as many incidents as possible.

A key strategy in reducing the number of prison suicides and other forms of self-harm is through integrated and effective prisoner management, including greater attention to prisoners identified as at-risk, effective use of observation cells and staff training. This approach is vital in the quest to reduce the incidents of prisoner suicide and other forms of self-harm.

During 2008/09, the Department reviewed its management of at-risk prisoners, focusing on progressing recommendations to update procedures in order to effectively identify and manage at-risk prisoners. The development of the procedural changes, delivery of staff training and implementation is planned to commence in early 2009/10.

Management of Young offenders

The Corrections Act 2004 and Regulations require that, so far as practicable, prisoners aged 20 years and under are kept separate from older prisoners. However, young prisoners can mix with adult prisoners if it is in their best interests or there is a lack of suitable facilities to separate youth from adults.

When young prisoners go to prison, without completely isolating them or providing around-the-clock observation, there is a possibility of intimidation or bullying by older prisoners. This can lead to problems with abuse, bullying and gang recruitment; additionally self-harm is more likely in this age group.

The Department has specialist young offender units to manage male prisoners under 18 years of age and adult male 18 and 19-year olds deemed vulnerable, in a manner appropriate to their age, level of maturity and statutory requirements. Prisoners living in these units are able to access a range of educational, vocational, psychological and recreational activities in a structured and supported environment.

During 2008/09, the Department reviewed the management of young prisoners, which included undertaking on site research and developing recommendations on current and best practices. Implementation of the agreed recommendations will continue into 2009/10.

New Operational Protocol with the Office of the Ombudsmen

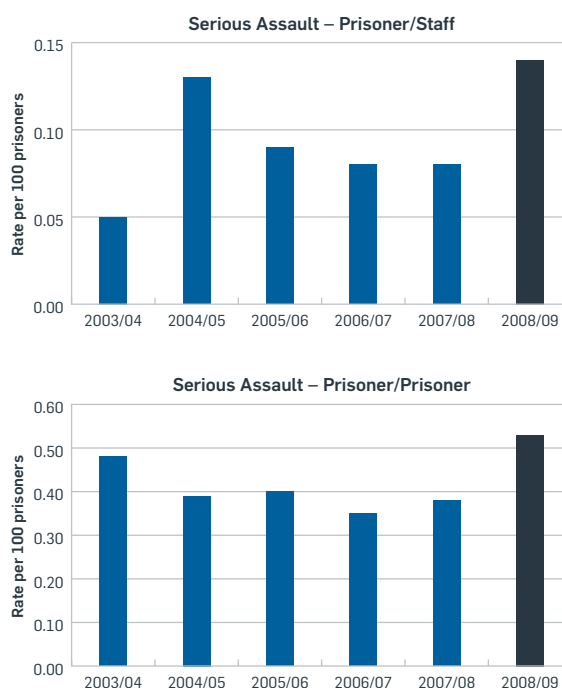
The Department has successfully implemented the new Operational Protocol with the Office of the Ombudsmen. The protocol was subsequently signed by the Chief Executive and Chief Ombudsman and is currently awaiting confirmation of the Government's expectations of the Ombudsman's role in Death In Custody investigations.

REPORTING TANGIBLE PROGRESS TO DEMONSTRATE SUCCESS

The Department uses the following outcome performance indicators to monitor its contribution to managing offenders safely and humanely.

RATES OF SERIOUS PRISONER ASSAULTS

There were 11 serious prisoner on staff assaults during the 2008/09 financial year, with a rate of 0.14 serious assaults on staff per 100 prisoners. This is an increase on the six serious assaults recorded for the 2007/08 financial year. Nine of the serious assaults required staff leave and two were related to alleged sexual offending against staff members; these serious assaults are under investigation.

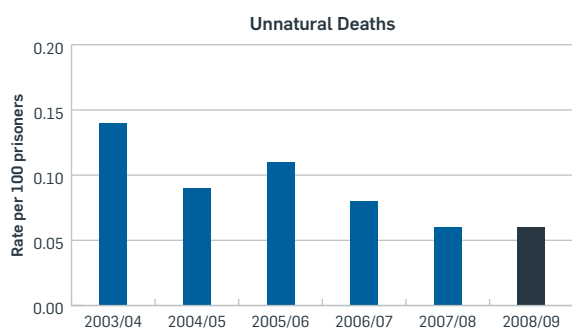


There were 43 serious prisoner on prisoner assaults in the 2008/09 financial year, with a rate of 0.53 serious assaults on prisoner per 100 prisoners. This is an increase on the 30 serious assaults recorded for the 2007/08 financial year. Thirty-six of the serious assaults required hospitalisation or ongoing medical treatment, while the other seven were alleged sexual assaults, which are under investigation.

As a result of the Staff Safety Project, the Department has announced that frontline Corrections Officers will be receiving increased communications and de-escalation training, and that further items of personal protective equipment will be made available to selected staff in specific situations. These improved security measures will help protect our frontline staff in their day-to-day work with prisoners, it is expected that this will also support a reduction in the rate of serious assaults.

RATES OF UNNATURAL DEATHS IN PRISON

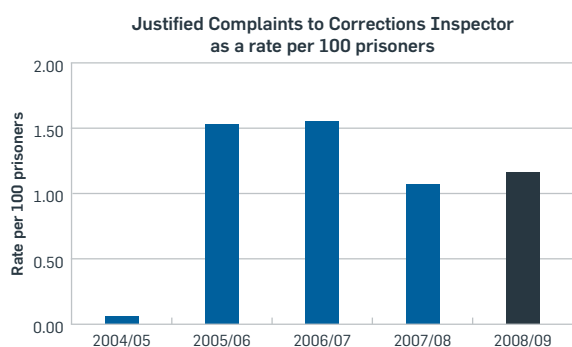
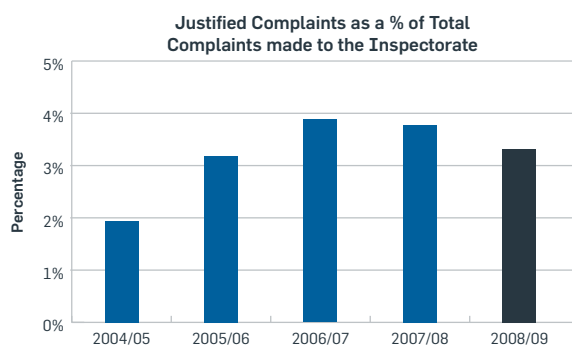
There were five unnatural deaths during the 2008/09 financial year, with a rate of 0.06 unnatural deaths per 100 prisoners, the same number and rate as reported in the 2007/08 financial year. Four of the five unnatural deaths were apparent suicides occurring in Auckland, Christchurch Men's and Manawatu Prisons, the remaining death was the result of a serious assault on a prisoner at Auckland Prison.



All deaths in custody are subject to a Coroner's inquest.

JUSTIFIED COMPLAINTS

The Inspectorate received 2,799 complaints for the 2008/09 financial year, an increase of 26 percent on the complaints received in 2007/08 (2,216 complaints and 84 justified complaints). Of the 2,799 complaints in 2008/09, 93 complaints were found to be justified.



Of the 93 justified complaints received 16 percent relate to 'staff conduct/attitude', 20 percent relate to prisoner discipline and 24 percent relate to prisoner property.

Complaints made under these three categories make up 61 percent of the total justified complaints for the 2008/09 financial year.

CONTRIBUTING OUTPUTS

The Department delivers services on a day-to-day basis grouped as output classes, which contribute to its outcomes. Output classes that contribute to offenders are managed safely and humanely include:

- Custody of Remand Prisoners;
- Escorts and Custodial Supervision;
- Custodial Services;
- Rehabilitative Programmes and Reintegrative Services; and
- Service Purchase and Monitoring.

SENTENCE OPTIONS ARE USED EFFECTIVELY

The Department contributes to improving public safety by providing advice to the judiciary and the New Zealand Parole Board on an offender's risk and suitability for rehabilitation. The judiciary and the New Zealand Parole Board depend on this advice in order to make appropriate sentencing decisions.

WHAT THE DEPARTMENT IS SEEKING TO ACHIEVE

Sentence options are used effectively when the judiciary and board make informed decisions. In particular, sentence options are used effectively when the Department's advice assists:

- the judiciary to impose sentences commensurate to the crimes committed, through access to advice on risks posed by the offender and their suitability for rehabilitation; and
- the judiciary and the board to make appropriate sentencing decisions.

HOW THE DEPARTMENT CONTRIBUTES TO THIS OUTCOME

SPECIFIC PROJECTS

Processes supporting the Sentencing and Parole Amendment Act 2007

The Sentencing and Parole Amendment Act 2007 established the three new community-based sentences (Home Detention, Community Detention and Intensive Supervision) and included changes to the information the board receives about offenders.

During 2008/09, the Department has continued to keep the provision of information to courts and the board under review. As well as regular liaison with district court judges and the board, the Department has also reviewed the way information is provided to courts on the suitability of electronic monitoring, such as for possible sentences of home detention or community detention.

REPORTING TANGIBLE PROGRESS TO DEMONSTRATE SUCCESS

The Department will further develop performance indicators during 2009/10 that contribute to the outcome of sentence options are used effectively.

CONTRIBUTING OUTPUTS

The Department delivers services on a day-to-day basis grouped as output classes, which contribute to its outcomes. Output classes that contribute to sentence options are used effectively include:

- Information Services; and
- Services to the New Zealand Parole Board.

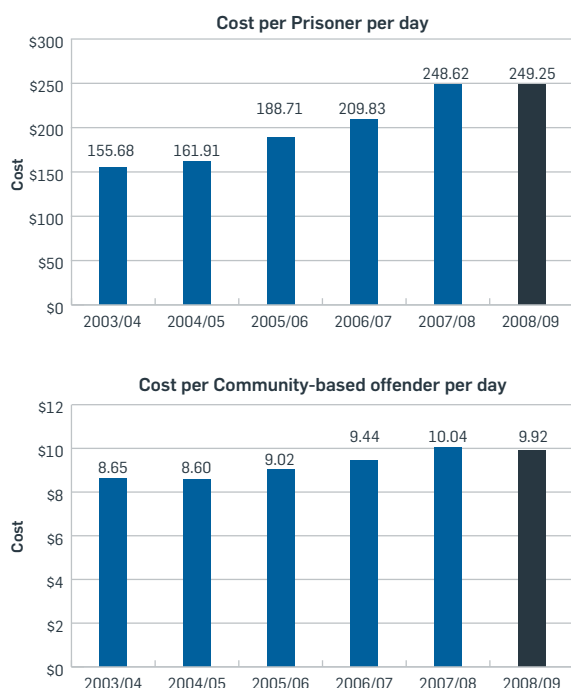
COST EFFECTIVENESS

The Department monitors its efficiency and considers this against its effectiveness by reviewing its outcome performance indicators which are listed in the preceding outcomes section and Statement of Service Performance (Part C).

The following indicators are used by the Department to monitor its efficiency:

COST PER PRISONER AND COMMUNITY-BASED OFFENDER PER DAY

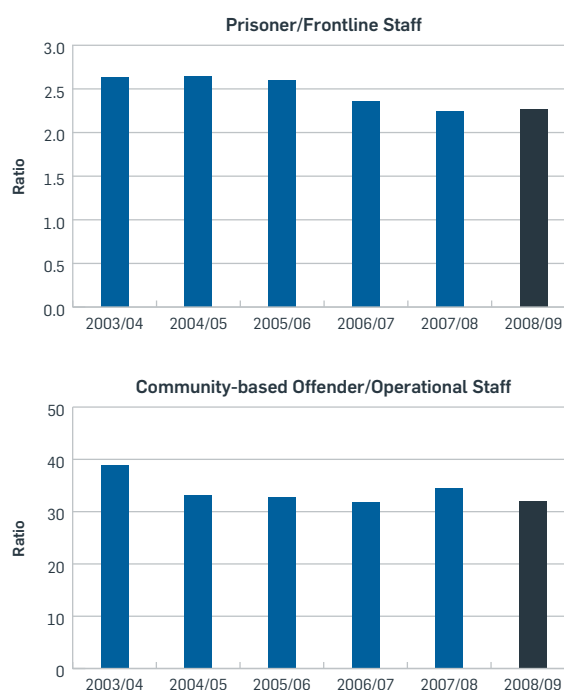
The cost per prisoner per day has increased slightly on the 2007/08 financial year. The increased cost is due to the operating cost implications of the significant capital investment in these years needed to build additional prison facilities and to upgrade existing facilities to increase capacity to meet the forecasted rise in the prison population.



The cost per offender per day has decreased slightly on the 2007/08 financial year. The minimal increase over recent years is due to inflation, salary increases, increased staff and costs related to the introduction of the new community-based sentences in 2007.

STAFF/OFFENDER RATIOS

The ratio of prisoners to full-time equivalent (FTE) front-line staff identifies the number of prisoners for each prison staff member and thus the level of staff supervision available to manage prisoners in custody. Prisoner/Staff ratios impact on the experience of both prisoners and staff. Lower ratios allow prison staff to provide better supervision and more active management of prisoners. This improves security and allows more interaction and interventions tailored to individual prisoner needs and circumstances.



The ratio of community-based offenders to FTE operational staff identifies the number of offenders for each staff member and thus the level of staff supervision available to manage offenders in the community.

A number of staff were recruited in the last part of 2006/07 in anticipation of the changed sentencing regime from 1 October 2007. At that time there was a high level of inexperience and considerable pressure on experienced staff who had a disproportionate level of offender management.

BENCHMARKING

The Department participates in various international correctional forums for communicating appropriate New Zealand standards and learning in offender management. It also shares information to benchmark a range of its outcome indicators to improve performance and ensure cost effectiveness.

MANAGING IN A CHANGEABLE OPERATING ENVIRONMENT

RISK ASSESSMENT/MANAGEMENT FRAMEWORK

The Department uses a formal risk management framework to identify and proactively mitigate risks. This framework is based on the Australian/New Zealand AS/NZ 4360:2004 Risk Management standard.

The Department's internal control framework is based on the Committee of Sponsoring Organisations model and employs a number of separate assurance mechanisms, including the Internal Audit and Inspectorate functions plus a Professional Standards Unit that independently review processes within the operational services and investigate incidents and complaints. The Office of the Ombudsmen also has an external prison complaints role, and a role monitoring the investigation of serious incidents. The Ombudsmen's inspectors also visit prisons as required by the National Preventative Mechanism under the Optional United Nations Protocol to the Convention Against Torture.

Internal Control and Risk Management frameworks are overseen by the Assurance Board, which consists of four independent external members. The Assurance Board reports its activities through to the Chief Executive, who is a regular attendee at the bi-monthly meetings. A summary of activities can be found at Appendix Three.

ENVIRONMENTAL SCAN

In the 2008/09 Statement of Intent, the following key environmental factors were listed as likely to affect the Department over the medium to long term:

- continued growth in the offender population, especially amongst young, Māori and Pacific population groups;
- continued growth in the rate of violent crime, especially amongst young offenders;
- crime and justice issues remaining a key concern for the public;
- pressure on the justice sector to work together to reduce offending;
- ongoing changes to community-based sentences and the management of community-based offenders;
- a tighter fiscal environment within the public sector; and
- a tighter labour market, where it is difficult to recruit and retain skilled staff.

In reflection, these factors (with one notable exception) have been key aspects of the environment in which the Department has had to operate. Two additional factors that have required the Department to respond and adapt, have been the change of government in November 2008, and the impacts of the global economic downturn.

The shift in economic expectations has been marked. This has affected the Department in several ways. In response to the economic downturn the Government has required all agencies to carefully examine their expenditure. A **tighter fiscal environment** had been expected, but the need to review the effectiveness and efficiency of services has been significant, especially in the face of ongoing growth in numbers of offenders to be managed. The Department's Value for Money review is intended to result in operational efficiencies.

The **easing of the labour market** – which had not been anticipated – has had some useful effects for the Department, in that recruitment during the year had been less challenging than anticipated. Given the need to expand Community Probation and Psychological Services (CPPS) staffing, this has been a welcome change. The Department has also experienced increasing retention rates across all Groups and Services, and higher numbers of high-quality applicants responding to advertised vacancies. The downside to the easing labour market is the increasing pressure on prisoner employment activity. Maintaining work placements for prisoners is becoming increasingly challenging and the Department needs to ensure that prison-based industries are not unfairly competing with struggling mainstream business. Rising unemployment will also adversely affect post release employment prospects making successful reintegration even more challenging.

The change of government in November 2008 required the Department to review and reassess its services and work programme to meet the new Government's priorities. Several existing programmes are being significantly expanded – Drug and Alcohol Treatment Units are being increased, and a new Prisoner Skills and Employment Strategy has been developed. Evaluations of some of the culturally-based programmes and services, as part of a larger part of programme evaluations for Māori and Pacific, is leading to the redirection of more funding.

Despite the introduction of a new range of community-based sentences in October 2007, **growth in the offender population** has still occurred. The 2008 Justice Sector Prison Population Forecast has indicated that the prisoner population will continue to increase significantly and exceed current capacity by early 2010. Volume increases are being prepared for and managed through the following measures:

- CPPS is recruiting an additional 411 staff (announced in the 2009 Budget);
- Wellington Prison has reopened in July 2009 and the Mt Eden/Auckland Central Remand Prison redevelopment is progressing to schedule;
- work has begun to implement container cells, which offer the advantages of ease of installation, transportability and cost-effectiveness; and
- the Department is negotiating with unions to expand the use of double-bunking at the four newest sites and Mt Eden/Auckland Central Remand Prison.

Crime and justice issues have continued as a key concern for the public. The Department has adopted a range of measures to address public concerns about its performance. These include the Expert Panel which is reviewing the management of offenders in the community (including parolees), and recommending practice improvements. The appointment of a deputy chief executive will assist the Department as it adopts a range of reforms to structure and practice. CPPS performance in complying with procedures for managing high risk parolees has improved, lifting from 51 percent compliance in September 2008 to 88 percent in June 2009.

Ongoing changes to community-based sentences and the management of community-based offenders has been a high priority for the Department, particularly following the publication of a major report from the Office of the Auditor-General, and subsequent investigation by the State Services Commission. The reports documented a shortfall in capacity to meet growing demand, and a failure to follow specified procedures. The Department's own plans to improve performance have been followed up with the Expert Panel, which is assisting CPPS to improve procedures and successfully put in place extra resources to meet the expanded demand.

Pressure on the justice sector to work together to reduce offending has continued. Departmental staff took part in a Government hosted summit addressing the "Drivers of Crime", and will continue to be involved in this work which combines a focus on early intervention with families to prevent crime, as well as innovation and improvements to the criminal justice system to improve rehabilitation and reduce re-offending.

There has also been a consistent pattern for several years involving falls in total crime, but **continued growth in the rate of violent crime**. Latest Police crime statistics confirm this trend is continuing, including the **growth in young offenders** behaving violently. The Department is expanding the range of rehabilitation programmes that are accessible to violent offenders, including piloting a comprehensive programme for young offenders in the community.

ASSESSING ORGANISATIONAL HEALTH AND CAPABILITY

The capability of the Department's people, technology, and physical assets are all critical to its ability to contribute effectively and efficiently to achieving its outcomes.

Developing capability within the Department supports the state sector goals of:

- Employer of Choice;
- Value-for-Money State Services;
- Networked State Services;
- Co-ordinated State Services;
- Accessible State Services; and
- Trusted State Services

PEOPLE

The Department's new Organisational Development Strategic Plan supports the Strategic Business Plan by outlining how the Department will enhance the capability of its people and focuses on the human resources, leadership and culture aspects of capability. Enhancing the capability of the Department's people is intended to improve public safety through the staff who ensure sentence compliance, reduce re-offending and who can work effectively, especially with Māori offenders.

RECRUITING, RETAINING AND DEVELOPING OUR PEOPLE

Recruitment and Selection Systems and Processes

Recruitment is an ongoing function for enhancing capability in the Department that requires a consistent approach across the board to ensure a fair and transparent process of staff recruitment is maintained. The Department has worked towards enhancing recruitment and selection systems and processes through implementing improvements.

Development has been undertaken on an e-Recruitment system, enhancements to the employer brand, and improvements in selection systems in the Services. The development of an e-Recruitment system has now been completed and went live in late 2008/09 and a new general advertising provider is currently developing a revised Department 'look and feel' for recruitment advertising. These advancements have added valuable capability ahead of large recruitment drives which will continue into 2009/10.

Review of the Department's Performance Management

Good performance management means that staff are clearer about what their priorities are, receive constructive feedback, obtain opportunities to develop, and are recognised for their achievements. Performance management ensures that the Department provides its staff with a more invigorating and challenging work environment.

During 2008/09, the Department undertook to review its core human resource policies and Performance Management Systems to ensure that they encourage and acknowledge good performance and emphasise learning and development. New, more user-friendly policies will now be implemented in 2009/10.

The Department has also joined the State Services Commission syndicated use of the Lominger competency framework and will be basing the new competency systems on this framework in common with a number of other State Sector agencies.

Review of the Department's remuneration policy

The Department's core remuneration policies and practices have been reviewed in light of the economic and fiscal position and the Government's expectation for wage restraint. The review also looked at ensuring policies and practices encourage positive behaviours, maintain consistency with other public sector agencies and assist the organisation to recruit and retain an effective workforce. Changes to practices will be implemented progressively in 2009/10.

Training of Psychology Graduates

The New Zealand Psychologists Board has provided the Department with provisional accreditation to operate a supervision to registration scheme until June 2010 (whereupon consideration to full accreditation will be considered). This allows Psychological Services to provide a placement based training programme to Masters degree qualified psychologists who wish to obtain registration under the Health Practitioners Competence Assurance Act 2003.

LEADERSHIP

The Department's Learning & Development Operational Strategy 2008-2013, incorporating leadership development has been completed and is currently undergoing consultation across the Department.

CULTURE

Strategies to improve organisational culture

Organisational culture comprises the attitudes, experiences, beliefs and values of an organisation that are shared by its people and groups, and that control the way they interact with stakeholders outside the organisation. The Department's aim is that its organisational culture will be understood and lived by staff, and will be recognised as the core driver of the Department's success.

During 2008/09, the Department continued to progress the 'Culture in Corrections' project which aims to improve the organisational culture within the Department with a focus on leadership styles, integrity issues and organisational values, staff interaction with one another and personal responsibilities. As part of this project, the Department undertook an initial survey in 2007 of its staff to identify its strengths and areas needing improvement.

In response to that survey, the Department has progressed implementation of strategies by developing action plans focusing on localised initiatives to drive desired culture outcomes. Initiatives developed were based directly on feedback from staff about what would make their jobs easier and give them greater satisfaction in their workplace.

A concluding discussion on the Culture in Corrections project will be held in late 2009 to discuss the progress made on the findings of the survey and to decide whether a further survey is required.

PRIDE and Minister's Excellence Awards

During 2008/09, the Department revised its approach to the PRIDE Awards, including a revamped promotion and application process. This has resulted in a wider range of nominations for the awards, including a broader representation of frontline staff. The award presentation process itself was also refreshed to improve the impact of the awards and to maximise the communication of the award recipients as positive role models for the Department.

The Department also introduced a new Chief Executive's Special Commendation Award to recognise one-off actions when staff display exemplary courage, initiative or skill and by doing so assist in the achievement of the organisation's key goals. The new award has attracted a number of nominations from which the Chief Executive has made initial selections for the first group of recipients. These awards are designed to be ongoing throughout the year and will be awarded as nominations are made.

Also established was a Minister's Excellence Award for graduating Corrections Officers to recognise overall excellence in court performance, personal qualities, leadership and commitment to public safety. This award is made by the Minister of Corrections personally as part of her commitment to attend all Corrections graduation ceremonies. A parallel award is under development for Probation Officers and is intended to be in place by late 2009.

Code of Conduct

The Department initiated a process in 2007/08 to develop and deliver an educational programme that focused on integrity, the code of conduct, and the protected disclosures provisions and advised staff of the appropriate way to raise issues and escalate them.

During 2008/09, the Department continued to deliver these programmes, developed a Conflicts of Interest policy, reviewed the Department's Code of Conduct, and discussed implementation of the new State Sector Standards of Conduct and Integrity with the State Services Commission.

RESPONSIVENESS TO MĀORI

Te Reo Strategy

The Department has delayed the development of a Te Reo Strategy due to competing priorities; this will be reviewed in 2009/10.

Evaluation of the Māori mentoring programme

The Amohia Ai Māori mentoring programme is intended to provide personal and professional development opportunities to Māori staff who are not yet managers or leaders but who have the potential and aspire to be. The programme focuses on Māori staff cultural values and needs. It helps achieve our aim of increasing the representation of Māori in management and leadership roles, ultimately contributing to the Department's strategic drive to succeed for Māori offenders.

All staff participating in the Amohia Ai Māori mentoring programme will be Māori and all hāpai (mentors) will be internally selected. The Department successfully completed the pilot programme and has commenced activities to identify the next intake of mentors and participants for November 2009.

EQUAL EMPLOYMENT OPPORTUNITIES

The Department takes a strategic approach to Equal Employment Opportunities (EEO). The Department's EEO Policy aligns with and promotes the government's policies detailed in the Equality and Diversity: New Zealand Public Service Equal Employment Opportunities Policy.

Equal employment opportunities apply to all aspects of the Department's human resource policies, including recruitment, selection and appointment practices, training, performance management, career development, conditions of employment and the work environment. All employees, regardless of gender, race, marital status, age, disability, sexual orientation, family status, religious or ethical beliefs, political opinion or union affiliation, have similar access to employment opportunities.

The Department measures its performance in this area by monitoring demographic information, particularly relating to the gender and ethnicity breakdowns of its staff and managers. This information is provided below.

Staff Profile

At as 30 June 2009, the Department employed a total of 7,184 full time equivalent (FTE) employees. The majority of additional staff, over the past six years, were a result of the new community-based sentences and orders, as well as the commissioning of new prison facilities.

The Department continued to improve the percentage of female staff, from 35 percent in 2004 to 40 percent in 2009. Again we are well ahead of the 2010 equal employment target that was set at 38 percent of female staff. The percentage of staff with less than two years experience has declined, while the percentage of staff with between two and five years experience has increased. This is a positive result and shows that the large number of staff recruited between 2005 and 2007 are remaining in employment with the Department.

While the percentage of FTE employee turnover increased in the previous year, the result for the 2008/09 year shows that we are now relatively stable at 12 percent.

As at 30 June each year	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Number of Employees						
Total number of FTE department employees	4,612	5,111	5,798	6,451	6,911	7,184
Gender						
Percentage of female FTE managers	31%	33%	32%	36%	37%	39%
Percentage of female other FTE employees	35%	36%	38%	39%	39%	41%
Percentage of all female FTE employees	35%	36%	38%	39%	39%	40%
Ethnicity						
Percentage of Māori FTE managers	16%	16%	16%	19%	20%	18%
Percentage of all Māori other FTE employees	22%	23%	21%	22%	22%	21%
Percentage of all Māori FTE employees	22%	23%	21%	22%	22%	21%
Percentage of Pacific FTE managers	2%	2%	3%	4%	3%	3%
Percentage of Pacific other FTE employees	6%	8%	8%	9%	9%	9%
Percentage of all Pacific FTE employees	5%	7%	8%	8%	9%	9%
Experience						
Percentage of employees with less than 2 years experience	22%	30%	37%	36%	33%	29%
Percentage of employees with 2-5 years experience	23%	20%	16%	21%	28%	32%
Percentage of employees with more than 5 years experience	55%	50%	47%	44%	40%	39%
Percentage of Corrections Officers with less than two years experience	25%	41%	53%	47%	40%	28%
Percentage of Probation Officers with less than two years experience	27%	26%	32%	45%	46%	41%
Turnover						
Percentage of FTE employee turnover	13%	14%	13%	12%	14%	12%

Pay and Employment Equity Review

During 2008/09, the Department reviewed its core remuneration policy and approaches to remuneration setting to ensure that they encourage positive behaviours, maintain consistency with other public sector agencies and assist the organisation to recruit and retain an effective workforce.

Health and Safety

The Department is committed to providing healthy and safe environments for both our staff and offenders. This commitment is demonstrated by the significant improvements in health and safety over recent years as a result of the 2003-2008 Health and Safety Strategy.

The Department has developed a new 2009-2011 Health and Safety Strategy. The Health and Safety Team are currently developing processes for implementation of the new plan during 2009/10.

The Department's health and safety systems were assessed by the Accident Compensation Corporation (ACC) in the annual partnership audit in September 2008. The Department's performance at the audited site (Otago Corrections Facility) was rated highly and the Department's performance rating increased from Primary to Secondary level. This places the Department amongst the better performing state sector organisations in New Zealand.

Disability Strategy

Each year, the Department prepares and implements a Disability Implementation Work Plan aimed at delivering the New Zealand Disability Strategy 2005. This plan is prepared in consultation with the Office of Disability Issues.

A key achievement has been the implementation and launch of the Staff Disability Intranet Forum. The forum is integral to promoting discussion and creating awareness of disability issues. It provides staff with the opportunity to discuss issues or needs arising to be aired so that further assistance or support from the Department can be considered.

Reducing inequalities

The Department is required to report on reducing inequalities (*Reducing Inequalities: Next Steps Report to Cabinet 2004*). For the Department, reducing inequalities means focusing on the following government outcomes:

- better health and reduced inequalities in health;
- high levels of participation in education, and improved educational achievement;
- improved labour market participation, greater access to sustainable employment opportunities and reduced unemployment; and
- cultural and ethnic identities are valued.

These outcomes are all factors that drive a reduction in offending behaviours. Our day-to-day work with offenders is focused on addressing these factors so offenders can move on to develop offence-free, pro-social and productive lifestyles.

Given the outcomes outlined above underpin our own end outcomes, this annual report as a whole is in effect the Department's Reducing Inequalities Annual Report for 2008/09.

INFORMATION TECHNOLOGY

Given the Department's reliance on technology-based systems, there has been a steady focus within the Department to maintain systems and implement solutions that are cost-effective and meet business needs.

Integrated Offender Management System (IOMS)

During 2008/09, the Department continued the development of the IOMS in accordance with the recommendations of the IOMS Review and the Information Technology Operational Strategy 2003-2008.

Significant changes were scheduled for release in June 2009; however, following extensive testing and after careful consideration a decision was made that there were a number of fixes and enhancements that needed to be implemented before the release went live. These could not be done to the necessary standard by the original release date in June 2009. The release was re-scheduled for early 2009/10.

As part of the funding the Government has given to the Department to manage the increase in the volume of sentences and orders served in the community, further improvements will be made to the design, operation and usability of the IOMS. Capital expenditure relating to the IOMS development is based on \$10 million over two years to support the research, design, development and implementation of improvements to the system to support increased usability and any consequential changes to functionality.

This work will involve assessment of what changes are needed to the existing computer system to improve its usability, effectiveness and efficiency for frontline staff. The assessment process will be followed by detailed design and implementation of a revised system. It is envisaged that this will require a major overhaul of the Community Probation and Psychological Services parts of the system in order to drive greater efficiency and effectiveness and that this will only be possible over a two to three year period.

System design will also factor in better quality information about offenders and more efficient reporting mechanisms as well as making the system a stronger element of quality assurance activities.

Supplementing existing hardware will also be considered to improve the performance of the IOMS, in particular the speed with which staff can access information and different parts of the system, thereby decreasing the total time involved in interacting with the system.

Justice Sector Information Strategy – Year three

The Department has continued to ensure proactive support for the implementation of year three of the Justice Sector Information Strategy, with a focus on technology collaboration and the quality of information, including contributing to the identity management initiative.

Specific achievements include providing support for the implementation of the Common Change Control, Data Verification and Validation to improve quality of data in the sector and supporting the Identity Management Working group to produce a draft paper for discussion in preparation of the report to the Minister.

E-Government initiatives

The Department has also continued to ensure proactive support for and involvement in E-Government initiatives, with an emphasis on joint ventures and procurement, technology standards including identity management, and common networks. Achievements to date include participating in working groups for Identity Management, Biometrics and Business Continuity, and undertaking initial investigations into suitability of Government Logon Services for a project and take up of common use provisions in a supply contract

An internal Electronic Document and Record Management System is also being implemented progressively as well as continual development of the Department's information assets.

PHYSICAL ASSETS AND CAPITAL

The Department manages more than \$1.8 billion worth of physical assets across New Zealand. In recent years the Department has accommodated an increase in the offender population. However, in view of the current projection of a further increase in offenders, pressure on the Department's facilities will be greater than before. This increase not only translates into more prison accommodation, but also more office accommodation, additional vehicles, furniture, equipment and similar assets to enable the management functions to maintain their levels of service for a rising offender population.

The Department's 2008-2013 Asset Management Operational Strategy, in conjunction with the Asset Management Plan, creates a framework under which the demand on assets brought about by changes in business needs, growth in offender population and approach will be managed in a structured way through the asset management life cycle. The 2008 Justice Sector Prison Population Forecast has indicated that the prisoner population will continue to increase significantly and exceed current capacity by early 2010.

Redevelopment of Mt Eden Prison

Mt Eden Prison was designed and developed in the mid 1800's and while the Department has worked hard to maintain the site in a safe and healthy manner, it became apparent that incremental repair work was no longer viable and preparation for the redevelopment would be the most fiscally prudent approach.

Subsequently, Cabinet approval to replace Mt Eden Prison was received in April 2008 and construction of the new accommodation and support facilities commenced in October 2008. As the Auckland Central Remand Prison is on the same site, the new support facilities will service both prisons, allowing for an integrated and more efficient site operation. The project is expected to be completed by mid 2011.

The replacement of Mt Eden Prison in accordance with Cabinet decisions has progressed on schedule and specific deliverables for 2008/09 including enabling works and commencement of the main construction have been achieved.

Additional Beds Infrastructure

The Department has continued to progress completion of new infrastructure required as a result of building additional beds on existing sites over recent years. This has included the completion of the Christchurch Men's Prison Water head-works project and significant progress on the Rimutaka Upgrade 06 Project which is scheduled for completion in October 2009.

Support Facilities for Effective Interventions

Additional support facilities have progressed to support the new community-based sentences introduced as a result of the Effective Interventions programme that came into effect in October 2007. Design of the last Special Treatment Unit, at Christchurch Men's Prison, is now complete and scheduled for opening in March 2010.

The Department is also undertaking around 39 building projects to either refurbish some existing sites or construct new buildings in order to accommodate the additional resources required to support the new community-based sentences.

SUSTAINABLE DEVELOPMENT

As one of New Zealand's largest organisations, the Department acknowledges that its activities can have a substantial impact on the environment. As such the Department continues to take practical action to reduce its impacts on the environment, where it makes economic sense. This includes taking a 'whole of life' approach when procuring goods and services; minimising waste sent to landfill; using resources, including energy and water, more efficiently; improving planning, design and construction when commissioning and operating buildings; and adopting transport policies that minimise our environmental impact.

Department's Energy Plan

Following review and alignment with the Government's energy and sustainability strategies, the Department has developed an energy consumption picture per prisoner (2002-2008) to demonstrate the impact of energy use in new and old prisons, implemented energy management performance measures and has set mandatory purchasing criteria for vehicles. Completion of the revised energy plan will continue into 2009/10.

During 2008/09, energy audits continued across prison sites leading to approximately \$1.2 million in energy saving. Fleet standards have also been reviewed to meet the Ministry for the Environment's guidelines and the recycling programme that was implemented at Head Office is being progressively piloted in Hawke's Bay Prison and various Community Probation and Psychological Services centres.

Environmental Impact

The Department continually works to enhance its contribution towards resource efficiency. Over recent years, this includes introducing systems to reduce waste, introducing options to reduce the impact of travel, working towards developing an energy strategy and identifying ways to further reduce the impact on the environment.

The overall energy usage increased slightly by approximately six percent during 2008/09, which is mainly due to the commissioning of additional support facilities and staff in response to the increasing offender population. However, as a result of the Head Office recycling scheme, the amount of waste relocated to landfill was significantly reduced during 2008/09. The Department also significantly reduced the kilometres travelled through taxi travel, rental cars, domestic and international flights.

	Result 2007/08	Result 2008/09	% change
Energy Use			
Prisons' energy use (kWh)			
Electricity	40,134,942	42,713,020	6.0%
Gas	48,242,454	47,316,655	-2.0%
Coal	2,364,977	2,438,056	3.0%
LPG	9,774,097	12,941,727	24.5%
Diesel Heating Oil	9,976,877	11,313,989	11.8%
Head Office energy use (kWh)	1,502,939	1,867,474	19.5%
Community Probation centres' energy use	4,155,364	5,368,460	22.6%
Total Energy Use	116,151,650	124,565,700	6.8%
Waste (Head Office only)			
Waste to landfill (tonnes)	34.36	6.44	-433.5%
Waste diverted from landfill (tonnes)	0	37.46	100.0%
Fuel consumption			
Petrol	933,534	1,098,820	15.0%
Diesel	308,008	541,040	43.1%
LPG	9,974	2,435	-309.6%
Total Fuel consumption	1,251,550	1,642,339	23.8%
Distance travelled (kms)			
Taxi travel	411,505	367,997	-11.8%
Rental cars	1,649,593	1,412,546	-16.8%
Vehicles in fleet	13,325,584	17,471,244	23.7%
Domestic flights	13,983,045	11,844,984	-18.1%
Trans-Tasman flights	561,207	857,117	34.5%
International flights	455,712	412,215	-10.6%
Total travel	30,386,646	32,366,103	6.1%

BUSINESS CONTINUITY PLANNING

The Department's Business Continuity Plans are an essential tool to guide the response and recovery from a major emergency. These plans are regularly reviewed as part of a continuous improvement process and where appropriate, linked or combined with emergency management procedures.

During 2008/09, Prison Services carried out training exercises involving 1,500 staff to customise the generic Prison Services Pandemic Plan to a specific site. Head Office also underwent training exercises with 280 staff and its revised plans were completed by June 2009.

For disaster preparedness, Prison Services participated in a Civil Defence multi-region exercise called 'Choking Ash'. The Mt Ruapehu volcanic eruption exercise included training and plan review culminating in a full day Emergency Operations Centre activation at Tongariro/Rangipo Prison on 21 October 2008. Similarly, a hostage training exercise 'Meads' was carried out at Waikeria Prison in October 2008 and also at Auckland Prison in May 2009.

STRENGTHENING PARTNERSHIPS

To achieve its outcomes the Department develops strong relationships with a diverse range of partners, improves existing relationships, and builds new ones.

Good partnerships are seen in our work both directly with offenders, and also with offenders' families and whānau, and the communities where offenders live or will return to. The Department works collaboratively with other sector agencies, non-government organisations, training and educational organisations, community groups and volunteers. It is also reliant on employers providing work opportunities for offenders to gain on-the-job skills and experience.

The Department focuses on strengthening its partnerships with other justice sector agencies to reduce re-offending, manage the offender population, and stem intergenerational patterns of offending. The Department has also worked closely with the health sector to address offenders' health issues.

The Department effectively contributes to strengthening partnerships when:

- mutually beneficial relationships exist with a wide range of partners, including agreement on how to measure improved sentence compliance and reduce re-offending;
- timely and appropriate support and services are delivered by other agencies and those involved with offenders in the community; and
- offenders reintegrate and live offence-free lifestyles within the community post-release.

During 2008/09, the Department worked with Māori groups, including whānau, hapū and iwi, which is critical to reducing re-offending by Māori. During 2008/09, the Department established the Māori Services Team, which is responsible for engaging with whānau, hapū, iwi and other Māori community groups to enhance the rehabilitation and reintegration of Māori offenders. The team focuses on iwi organisations and Māori communities by supporting them to understand and become involved in the reintegration process. The team also supports the service units across the Department to be more effective in Māori specific work pertaining to rehabilitation and reintegration. The team is currently progressing the establishment of a national Locality Profile Database (inclusive of a national directory of health and social services, key stakeholders and environmental scanning). This will assist the Department to identify support services for offenders upon their release.

The Department also launched the Iwi Partnerships Framework. The framework will enable the Department and iwi to work together to improve outcomes for Māori offenders. Joint effort will be focused at the strategic level to influence the design and delivery of programmes and services to ensure effectiveness for Māori.

The Department actively engages with Pacific families, communities and Fautua Pasefika (Pacific community volunteers) to support Pacific offenders and their reintegration back into the community following a prison sentence. Currently, the Pacific re-offending rate is lower than other groups; however, a projected increase in Pacific youth demographics requires proactive engagement with the Pacific community. The Chief Executive's Pacific Advisory Group guides policy and operational decisions to ensure that the Department succeeds for Pacific people and achieves its outcomes and priorities.

As part of the Department's review of the reintegrative framework, a cross-government agency group was set up to ensure a collaborative approach. The reference group includes the Ministry of Justice, Ministry of Social Development, Ministry of Health, Te Puni Kokiri, Housing New Zealand Corporation and New Zealand Police and its purpose is to:

- provide a cross-government perspective on the Department's Prisoner Reintegration Review Project;
- facilitate inter-agency delivery of reintegrative services to released prisoners;
- provide for the coordinated development of initiatives impacting on prisoner reintegration; and
- provide clarification of roles and responsibility of each agency.

Meetings will continue to be held with the reference group into 2009/10.

The Department also continued to develop a revised generic approach to relationships and contracts with Non-Government Organisations (NGOs) to increase the Department's compliance with the Statement of Government Intent (SOGI) and related Office for the Community and Voluntary Sector, Audit and Treasury guidelines. Subsequently, the Department's Procurement Policy, in relation to managing contracts with NGOs, has now been changed to reflect the spirit and intent of the SOGI and embraces the management guidance provided by the Government's central agencies.



PART B: ANNUAL FINANCIAL STATEMENTS

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STATEMENT OF RESPONSIBILITY

In terms of the Public Finance Act 1989, Section 45C, I am responsible, as Chief Executive of the Department of Corrections, for the preparation of the Department's Financial Statements and Statement of Service Performance and for the judgements made in these statements.

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

In my opinion, these financial statements and statement of service performance fairly reflect the financial position and operations of the Department for the year ended 30 June 2009.

Signed

Countersigned



Barry Matthews

Chief Executive

30 September 2009

John Bole

General Manager
Business Information & Planning

30 September 2009

AUDIT REPORT

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

TO THE READERS OF THE DEPARTMENT OF CORRECTIONS' FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

The Auditor-General is the auditor of the Department of Corrections (the Department). The Auditor-General has appointed me, Stephen Lucy, using the staff and resources of Audit New Zealand, to carry out the audit. The audit covers the financial statements and statement of service performance included in the annual report of the Department for the year ended 30 June 2009.

UNQUALIFIED OPINION

In our opinion:

- The financial statements of the Department on pages 47 to 86:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Department's financial position as at 30 June 2009;
 - the results of its operations and cash flows for the year ended on that date;
 - its expenses and capital expenditure incurred against each appropriation administered by the Department and each class of outputs included in each output expense appropriation for the year ended 30 June 2009; and
 - its unappropriated expenses and capital expenditure for the year ended 30 June 2009.
- The statement of service performance of the Department on pages 88 to 126:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects for each class of outputs:
 - its standards of delivery performance achieved, as compared with the forecast standards included in the statement of forecast service performance adopted at the start of the financial year; and
 - its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses included in the statement of forecast service performance adopted at the start of the financial year.

The audit was completed on 30 September 2009, and is the date at which our opinion is expressed.

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

BASIS OF OPINION

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and statement of service performance did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and statement of service performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Chief Executive;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement and statement of service performance disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance.

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. We obtained all the information and explanations we required to support our opinion above.

RESPONSIBILITIES OF THE CHIEF EXECUTIVE AND THE AUDITOR

The Chief Executive is responsible for preparing the financial statements and statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Department as at 30 June 2009 and the results of its operations and cash flows for the year ended on that date.

The financial statements must also fairly reflect the expenses and capital expenditure incurred against each appropriation administered by the Department and each class of outputs included in each output expense appropriation for the year ended 30 June 2009. The financial statements must also fairly reflect the Department's unappropriated expenses and capital expenditure for the year ended on that date.

The statement of service performance must fairly reflect, for each class of outputs, the Department's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year.

The Chief Executive's responsibilities arise from sections 45A and 45B of the Public Finance Act 1989.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 45D(2) of the Public Finance Act 1989.

INDEPENDENCE

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

In addition to the audit we have carried out probity assurance assignments in the areas of assurance over a number of tenders, which are compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the Department.



Stephen Lucy

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 (the Department) for the year ended 30 June 2009 included on the Department's website. The Department's Chief Executive is responsible for the maintenance and integrity of the Department's website. We have not been engaged to report on the integrity of the Department's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

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 or from the 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 as well as the related audit report dated 30 September 2009 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 information may differ from legislation in other jurisdictions.

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2009

2008 Actual	Notes	2009 Actual	2009 Main Estimates	2009 Supp. Estimates
\$000		\$000	\$000	\$000
REVENUE				
886,003	Crown	933,613	930,778	933,613
7,765	Departmental	8,998	7,929	9,119
33,075	Other	32,926	25,998	34,198
17	Dividends	52	–	–
926,860	Total operating revenue	975,589	964,705	976,930
EXPENDITURE				
443,020	Personnel costs	459,256	458,466	459,880
232,083	Operating costs	246,265	245,774	257,028
117,888	Depreciation and amortisation	124,799	126,451	122,378
130,641	Capital charge	131,871	134,014	131,244
923,632	Total output expenses	962,191	964,705	970,530
3,228	Net surplus/(deficit)	13,398	–	6,400

The accompanying accounting policies and notes form part of these financial statements.
For information on major variances against budget refer to Note 26 (page 86).

STATEMENT OF CHANGES IN TAXPAYERS' FUNDS

For the year ended 30 June 2009

2008 Actual	Notes	2009 Actual	2009 Main Estimates	2009 Supp. Estimates
\$000		\$000	\$000	\$000
1,730,350	TAXPAYERS' FUNDS BROUGHT FORWARD AS AT 1 JULY	1,799,739	1,799,047	1,799,739
	Movements during the year (other than flows to and from the Crown)			
3,228	Add/(deduct) net surplus/(deficit)	13,398	–	6,400
(1,211)	Increase/(decrease) in revaluation reserves	245,305	–	–
–	Net write-back or revaluation gains/(Losses) related to previous year	2,548	–	–
2,017	Total recognised revenues and expenses for the period	261,251	–	6,400
	Adjustment for flows to and from the Crown			
70,600	Add capital contributions from the Crown during the year	65,747	(21,094)	65,747
–	Less capital returned to the Crown during the year	(83,841)	–	(83,841)
(3,228)	Provision for payment of surplus to the Crown	(13,398)	–	(6,400)
67,372	Total adjustments for flows to and from the Crown	(31,492)	(21,094)	(24,494)
1,799,739	Taxpayers' funds at end of the year	2,029,498	1,777,953	1,781,645

The accompanying accounting policies and notes form part of these financial statements.
For information on major variances against budget refer to Note 26 (page 86).

STATEMENT OF FINANCIAL POSITION

As at 30 June 2009

2008 Actual	Notes	2009 Actual	2009 Main Estimates	2009 Supp. Estimates
\$000		\$000	\$000	\$000
ASSETS				
Current assets				
164,761	Cash and cash equivalents	7	146,685	13,576
1,988	Prepayments	8	3,019	2,125
5,692	Debtors and other receivables	9	11,279	7,229
5,911	Inventories	10	6,444	5,600
1,510	Investments	11	–	–
179,862	Total current assets	167,427	28,530	150,802
Non-current assets				
6,926	Investments	11	5,695	9,008
1,698,464	Physical assets	12	1,941,272	1,803,693
36,363	Intangible assets	13	44,188	37,789
38,304	Biological assets	14	37,735	38,062
1,780,057	Total non-current assets	2,028,890	1,888,552	1,786,372
1,959,919	Total assets	2,196,317	1,917,082	1,937,174
LIABILITIES				
Current liabilities				
77,075	Creditors and other payables	15	67,617	77,779
59,840	Employee entitlements	16	64,608	50,950
7,745	Provisions	17	8,578	–
3,228	Provision for repayment of surplus to the Crown	18	13,398	–
147,888	Total current liabilities	154,201	128,729	145,129
Non-current liabilities				
12,292	Employee entitlements	16	12,618	10,400
12,292	Total non-current liabilities	12,618	10,400	10,400
160,180	Total liabilities	166,819	139,129	155,529
TAXPAYERS' FUNDS				
1,519,977	General funds	18	1,501,883	1,498,883
279,762	Reserves	18	527,615	279,070
1,799,739	Total taxpayers' funds	2,029,498	1,777,953	1,781,645
1,959,919	Total liabilities and taxpayers' funds	2,196,317	1,917,082	1,937,174

The accompanying accounting policies and notes form part of these financial statements.
For information on major variances against budget refer to Note 26 (page 86).

STATEMENT OF CASH FLOWS

For the year ended 30 June 2009

2008 Actual	Notes	2009 Actual	2009 Main Estimates	2009 Supp. Estimates
\$000		\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash provided from:				
<i>Supply of outputs to</i>				
886,003	Crown revenue	929,885	930,778	933,613
7,725	Departmental revenue	7,582	7,929	9,096
34,163	Other revenue	32,531	25,998	34,184
4,085	Change in GST payable (net)*	(3,858)	–	(6,585)
Cash disbursed to:				
(426,651)	Personnel	(451,801)	(453,016)	(456,712)
(216,791)	Operating	(258,024)	(249,724)	(268,149)
(130,641)	Capital charge	(131,871)	(134,014)	(131,244)
157,893	Net cash flows from operating activities	124,444	127,951	114,203
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash provided from:				
17	Interest and dividends	28	–	–
430	Sale of investments	1,510	1,600	1,510
1,381	Sale of physical, biological and intangible assets	816	–	–
Cash disbursed to:				
(98,676)	Purchase of physical and biological assets**	(108,812)	(183,741)	(106,018)
(9,860)	Purchase of intangible assets**	(14,740)	(9,650)	(15,786)
(106,708)	Net cash flows from investing activities	(121,198)	(191,791)	(120,294)
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash provided from:				
70,600	Capital contribution from the Crown	65,747	(21,094)	65,747
Cash disbursed to:				
–	Capital returned to the Crown	(83,841)	–	(83,841)
(13,522)	Payment of surplus to the Crown	(3,228)	(7,500)	(3,228)
57,078	Net cash flows from financing activities	(21,322)	(28,594)	(21,322)
108,263	Net increase/(decrease) in cash and cash equivalents held	(18,076)	(92,434)	(27,413)
56,498	Opening total cash and cash equivalents balances at 1 July	164,761	106,010	164,761
164,761	Closing cash and cash equivalents balances as of 30 June	146,685	13,576	137,348

* The GST (net) component of operating activities reflects the net GST paid to suppliers and received from customers and the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

** During the period, the Department acquired no property, plant and equipment by means of finance leases (2008: nil).

The accompanying accounting policies and notes form part of these financial statements.
For information on major variances against budget refer to Note 26 (page 86).

STATEMENT OF COMMITMENTS

As at 30 June 2009

2008 Actual \$000		2009 Actual \$000
CAPITAL COMMITMENTS		
Property, plant and equipment		
65,535	Less than one year	126,327
27,036	One to five years	568
25,936	More than five years	–
118,507		126,895
Intangible assets		
–	Less than one year	1,904
–	One to five years	–
–	More than five years	–
–		1,904
118,507	Total capital commitments	128,799
NON-CANCELLABLE OPERATING LEASE COMMITMENTS		
Office accommodation		
9,195	Less than one year	9,602
16,376	One to five years	13,200
4,615	More than five years	4,154
30,186		26,956
Office equipment		
325	Less than one year	231
256	One to five years	239
–	More than five years	–
581		470
30,767	Total non-cancellable operating lease commitments	27,426
COMMITMENTS ARISING FROM OTHER CONTRACTS		
Offender programmes and services		
22,016	Less than one year	19,192
18,760	One to five years	12,785
–	More than five years	–
40,776		31,977
Information system support and services		
8,500	Less than one year	8,740
7,603	One to five years	4,796
–	More than five years	–
16,103		13,536
56,879	Total commitments arising from other contracts	45,513
206,153	Total commitments	201,738

The accompanying accounting policies and notes form part of these financial statements.
For information on major variances against budget refer to Note 26 (page 86).

Capital commitments

Capital commitments are the aggregate amount of capital expenditure contracted for the acquisition or construction of property, plant and equipment, and intangible assets that have not been paid for or not recognised as a liability at the balance sheet date.

Non-cancellable operating lease commitments

The Department leases 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 above as future commitments are based on current rental rates.

Commitments arising from other contracts

The Department has entered into non-cancellable contracts for computer maintenance, telephone exchange systems, photocopiers, and other contracts for offender programmes and services.

Operating lease commitments – Department as lessor

The Department has operating leases for some of its premises. These premises are fair valued under NZ IAS 16 – *Property, Plant and Equipments* as they are maintained solely to provide rental income. Revenue earned under operating leases are disclosed as board and rents and reported under Note 2 Other Revenue.

*The accompanying accounting policies and notes form part of these financial statements.
For information on major variances against budget refer to Note 26 (page 86).*

STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

As at 30 June 2009

CONTINGENT LIABILITIES

2008 Actual \$000		2009 Actual \$000
3,063	Legal proceedings	5,186
782	Personal grievances	904
3,845	Total contingent liabilities	6,090

Legal proceedings

The Department was defending 32 (2008: 25) legal proceedings claims by prisoners and external parties as at 30 June 2009. They cover a range of areas, including breach of the New Zealand Bill of Rights Act 1990 and breach of contract.

Personal grievances

The Department was also defending 29 (2008: 68) employment related claims made by staff members.

UNQUANTIFIED CLAIMS

The Department is a participating employer in the Defined Benefit Plan Contributors Scheme (the Scheme), managed by the Board of Trustees of the National Provident Fund. The Scheme is a multi-employer defined benefit scheme. If the other participating employers ceased to participate in the Scheme, the Department could be responsible for the entire deficit of the Scheme. Similarly, if a number of employers ceased to participate in the Scheme, the Department could be responsible for an increased share of the deficit.

The Actuary of the Scheme has recommended the employer contribution should remain at two times contributor's contributions until the past service deficit is extinguished and then reduces to the employer contribution rate required to meet the net future service liability after that. The multiplication by two is inclusive of Specified Superannuation Contribution Withholding Tax (SSCWT).

Insufficient information is available to use defined benefit accounting and it is not possible to determine from the terms of the Scheme, the extent to which the deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation.

CONTINGENT ASSETS

The Department does not have any contingent assets as at 30 June 2009 (2008: nil).

*The accompanying accounting policies and notes form part of these financial statements.
For information on major variances against budget refer to Note 26 (page 86).*

STATEMENT OF DEPARTMENTAL EXPENDITURE AND CAPITAL EXPENDITURE AGAINST APPROPRIATIONS

For the year ended 30 June 2009

	2009 Expenditure Actual \$000	2009 Appropriation Voted** \$000
VOTE: CORRECTIONS		
Departmental output expenditure		
Information Services	43,816	43,857
Community-Based Sentences and Orders	130,396	132,488
Custody of Remand Prisoners	137,869	138,163
Escort and Custodial Supervision	10,566	11,306
Custodial Services	515,779	527,316
Prisoner Employment	49,398	51,819
Rehabilitative Programmes and Reintegrative Services	58,638	58,661
Services to New Zealand Parole Board	5,930	6,244
Policy Advice and Development	4,859	5,013
Service Purchase and Monitoring	2,047	2,063
Total departmental output expenditure	959,298	976,930
Remeasurements*	2,893	–
Total departmental expenditure	962,191	976,930
Capital injections	65,747	65,747

* Remeasurements relate to the forestry revaluation gains of \$1.256 million (2008: a gain of \$3.021 million), the livestock revaluation loss of \$2.006 million (2008: a loss of \$4.034 million), and the long service and retirement leave valuation loss of \$2.143 million (2008: a gain of \$0.392 million). As per Section 4(2) of the Public Finance Act, "Expense does not include an expense that results from (a) a remeasurement of an asset or liability".

** TRANSFERS UNDER SECTION 26A OF THE PUBLIC FINANCE ACT 1989

Appropriation Voted includes adjustments made in the Supplementary Estimates and the following transfers under Section 26A of the Public Finance Act 1989.

	2009 Supp. Estimates \$000	2009 Section 26A Transfers \$000	2009 Appropriation Voted \$000
VOTE: CORRECTIONS			
Appropriations for output expenditure			
Information Services	43,357	500	43,857
Community-Based Sentences and Orders	132,488	–	132,488
Custody of Remand Prisoners	136,363	1,800	138,163
Escort and Custodial Supervision	11,106	200	11,306
Custodial Services	531,961	(4,645)	527,316
Prisoner Employment	49,909	1,910	51,819
Rehabilitative Programmes and Reintegrative Services	58,661	–	58,661
Services to New Zealand Parole Board	6,144	100	6,244
Policy Advice and Development	4,963	50	5,013
Service Purchase and Monitoring	1,978	85	2,063
Total appropriation for output expenditure	976,930	–	976,930

The accompanying accounting policies and notes form part of these financial statements.
For information on major variances against budget refer to Note 26 (page 86).

STATEMENT OF UNAPPROPRIATED EXPENDITURE

For the year ended 30 June 2009

2008 Unappropriated Expenditure \$000	2009 Actual Expenditure \$000	2009 Appropriation Voted \$000	2009 Unappropriated Expenditure \$000
VOTE: CORRECTIONS			
Appropriations for output expenditure			
194 Information Services	43,816	43,857	–
584 Community-Based Sentences and Orders	130,396	132,488	–
591 Custody of Remand Prisoners	137,869	138,163	–
– Escort and Custodial Supervision	10,566	11,306	–
– Custodial Services	515,779	527,316	–
84 Prisoner Employment	49,398	51,819	–
273 Rehabilitative Programmes and Reintegrative Services	58,638	58,661	–
– Services to New Zealand Parole Board	5,930	6,244	–
– Policy Advice and Development	4,859	5,013	–
– Service Purchase and Monitoring	2,047	2,063	–
1,726 Total	959,298	976,930	–

There was no unappropriated expenditure for the year ended 30 June 2009.

*The accompanying accounting policies and notes form part of these financial statements.
For information on major variances against budget refer to Note 26 (page 86).*

STATEMENT OF TRUST MONIES

For the year ended 30 June 2009

	As at 1 July 2008 \$000	Contribution \$000	Distribution \$000	As at 30 June 2009 \$000
Prison Trust Accounts	1,266	15,339	(15,160)	1,445
	1,266	15,339	(15,160)	1,445

These accounts represent amounts held at each prison on behalf of prisoners for purchases while in prison, prisoner earnings and receipt/withdrawal of prisoner funds.

Trust monies are not included in the Department's reported bank balances. Trust monies are held on behalf of the prisoners in bank accounts maintained by the prisons (one bank account per prison).

*The accompanying accounting policies and notes form part of these financial statements.
For information on major variances against budget refer to Note 26 (page 86).*

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

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 45B of the Public Finance Act 1989.

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

Under the New Zealand International Financial Reporting Standards (NZ IFRS), the Department of Corrections is classified as a Public Benefit Entity. This has affected the selection of accounting policies required or permitted under the NZ IFRS.

The financial statements of the Department of Corrections are for the year ended 30 June 2009. The financial statements were authorised for issue by the Chief Executive of the Department of Corrections on 30 September 2009.

BASIS OF PREPARATION

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

STANDARDS AND INTERPRETATION ISSUED AND NOT YET ADOPTED

Standards, amendments or interpretations issued, but not yet effective, that have not been early adopted, and which are relevant to the Department, include:

New Zealand International Accounting Standard 1 (NZ IAS 1) Presentation of Financial Statements (*revised 2007*) replaces NZ IAS 1 Presentation of Financial Statements (*issued 2004*) and is effective for reporting periods beginning on or after 1 January 2009.

The revised standard requires information in financial statements to be aggregated on the basis of shared characteristic and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from transactions with the Crown in its capacity as 'owner' separately from 'non-owner' changes. The revised standard gives the Department the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The Department expects it will apply the revised standard for the first time for the year ended 30 June 2010 and is yet to decide whether it will prepare a single statement of comprehensive income or a separate income statement followed by a statement of comprehensive income.

REPORTING PERIOD

The reporting period covers the 12 months from 1 July 2008 to 30 June 2009. Comparative figures for the year ended 30 June 2008 are provided.

MEASUREMENT SYSTEM

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency is New Zealand dollars.

The financial statements have been prepared on an historical cost basis, modified by the revaluation of certain non-current assets.

ACCOUNTING POLICIES

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

The Department does not qualify for differential reporting exemptions.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

REVENUE

Revenue – Crown

The Department derives revenue through the provision of outputs to the Crown. Such revenue is recognised at the fair value of the consideration received or receivable when earned.

Revenue – External Sales and Services

The Department derives revenue from the sale of goods and services to third parties. Revenue is recognised in the Statement of Financial Performance when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised:

- where there are significant uncertainties regarding recovery of the consideration due, associated goods or possible return of goods;
- where there is continuing management involvement with goods;
- where the amount of revenue cannot be measured reliably;
- where it is not probable that the economic benefits associated with the transaction will flow to the Department; and
- where the costs incurred or to be incurred in respect of the transaction cannot be measured reliably.

Revenue – Interest

Revenue from interest is recognised using the effective interest method, using the effective interest rate.

Revenue – Dividends

Revenue from dividends is recognised when the shareholder's right to receive payment is established.

DEPRECIATION AND AMORTISATION

Depreciation and amortisation are provided on a straight-line basis on all physical and intangible assets, other than freehold land, forestry and assets 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 or amortised on their revalued amount on a straight-line basis over their remaining useful lives.

Depreciation

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

Buildings		
Buildings – concrete	50 years	(2%)
Buildings – wood	25 years	(4%)
Buildings – fit-outs	3 to 20 years	(33.3% to 5%)
Hut complexes – concrete	50 years	(2%)
Hut complexes – wood	25 years	(4%)
Hut fit-outs	3 to 20 years	(33.3% to 5%)
Leasehold Improvements		
Leasehold improvements	10 years	(10%)
Plant and Equipment		
Plant and machinery	10 years	(10%)
Office equipment	5 years	(20%)
Tools and equipment	5 years	(20%)
Furniture and Fittings		
Furniture and fittings – office	5 years	(20%)
Furniture and fittings – prisoner	3 years	(33.3%)
Computer Hardware		
Information technology – network	5 years	(20%)
Information technology – specialised	3 to 10 years	(33.3% to 10%)
Information technology – PC based	3 years	(33.3%)
Motor Vehicles		
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, leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

Amortisation

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

Computer Software		
Information technology – network	5 years	(20%)
Information technology – specialised	3 to 10 years	(33.3% to 10%)
Information technology – PC based	3 years	(33.3%)

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 payments are recognised as an expense on a straight-line basis over the lease term.

CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash held in bank accounts.

DEBTORS AND OTHER RECEIVABLES

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate, less impairment changes.

Impairment of a receivable is established when there is objective evidence that the Department will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debtor is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance. Overdue receivables that are renegotiated are reclassified as current (ie not past due).

INVENTORIES

Inventories held for distribution, or consumption in the provision of services, that are not issued on a commercial basis are measured at the lower of cost (calculated using the weighted average method) and current replacement cost. Where inventories are acquired at no cost, or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

The replacement cost of the economic benefits or service potential of inventory held for distribution reflects any obsolescence or any other impairment.

Inventories held for sale or use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the weighted average cost method.

The write-down from cost to current replacement cost or net realisable value is recognised in the Statement of Financial Performance in the period when the write-down occurs.

ASSETS HELD FOR SALE

Assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of assets held for sale are recognised in the Statement of Financial Performance.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

PHYSICAL ASSETS

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 two years. Additions between revaluations are recorded at cost. The two-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 would result in a debit balance within an asset class in the revaluation reserve, the debit balance will be expensed in the Statement of Financial Performance.

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

Discontinued operations, disposals, transfers and assets held for sale are shown at fair value prior to being sold or disposed.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Department and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Financial Performance. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to general funds.

Subsequent Costs

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

INTANGIBLE ASSETS

Intangible assets with finite lives are recorded at cost less any amortisation and impairment losses. Amortisation is charged to the Statement of Financial Performance on a straight-line basis over the useful life of the asset.

Intangible assets, or groups of intangible assets forming part of a network, which are material in aggregate, costing more than \$3,000 (GST exclusive) or deemed as valuable and/or attractive are capitalised and recorded at cost. Any write-down of an item to its recoverable amount is recognised in the Statement of Financial Performance.

The disposals and assets held for sale are shown at fair value prior to being sold or disposed.

Intangible assets are tested for impairment where an indicator arises.

Software Acquisition and Development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by the Department, are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

BIOLOGICAL ASSETS

The Department recognises biological assets or agricultural produce when, and only when:

- the Department controls the assets as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the Department; and
- the fair value or cost of the asset can be measured reliably.

Biological assets managed for harvesting into agricultural produce are recorded at fair value less point of sale costs, with any realised gains or losses reported in the Statement of Financial Performance.

The Department's valuations incorporate any material point of sale costs in the valuation.

The Department's biological assets are forests and livestock.

Forests

Forestry assets are independently revalued annually at fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate.

Gains or losses arising on initial recognition of biological assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the Statement of Financial Performance.

The costs to maintain the forestry assets are included in the Statement of Financial Performance.

Livestock

Livestock assets are recorded at fair value less point of sale costs.

Gains and losses due to changes in the per head value of the livestock at balance date 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.

Any material differences in fair value are taken to Statement of Financial Performance.

INVESTMENTS

Investments are classified as financial assets at fair value through profit or loss.

Investments are recognised initially at cost being the fair value of consideration given. All investments are subsequently carried at fair value. Any changes in fair value are recognised in the Statement of Financial Performance in the period in which they arise.

Fair value for investments are determined as follows:

- listed shares are valued at the quoted price at the close of business on the balance date; and
- non-listed shares are recognised at initial cost of investment and adjusted for performance of the business since that date.

Investments arise from the Department's dealings with companies in the farming industry.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Non-financial assets that have indefinite useful lives are not subject to amortisation and are tested annually for impairment. An intangible asset that is not yet available for use at the balance sheet date is tested for impairment annually.

Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is the depreciated replacement cost for an asset where the future economic benefits or service potential of the asset is not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the Statement of Financial Performance.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the Statement of Financial Performance.

The Department accounts for reversals on a class basis. A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation reserve. However, to the extent that an impairment loss on the same class of asset was previously recognised in the Statement of Financial Performance, a reversal of that impairment loss is also recognised in the Statement of Financial Performance.

EMPLOYEE ENTITLEMENTS

Short-term employee entitlements

Employee entitlements which the Department expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

The Department recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the Department anticipates it will be used by staff to cover those future absences.

The Department recognises a liability and an expense for performance payments where contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

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

The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- the present value of the estimated future cash flows. A discount rate of 3.49 percent to 6.35 percent (2008: 6.42 percent to 7.09 percent), and a future salary growth rate of 3.0 percent (2008: 3.0 percent) were used. The discount rates are based on the weighted average of government interest rates for stock with terms to maturity similar to those of the relevant liabilities.

SUPERANNUATION SCHEMES

Defined Contribution Schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the Statement of Financial Performance as incurred.

Defined Benefit Schemes

The Department is a participating employer in the Defined Benefit Plan Contributors Scheme (the Scheme), managed by the Board of Trustees of the National Provident Fund. The Scheme is a multi-employer defined benefit scheme. Insufficient information is available to use defined benefit accounting and it is not possible to determine from the terms of the Scheme, the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

Termination Benefits

Termination benefits are recognised in the Statement of Financial Performance only when there is a demonstrable commitment either to terminate employment prior to normal employment date or to provide such benefits as a result of an offer to encourage voluntary redundancy. Termination benefits settled within 12 months are reported at the amount expected to be paid. Other termination benefits are reported at the present value of the estimated future cash outflows.

ONEROUS CONTRACTS

Where the benefits to be derived from a contract are lower than the unavoidable costs of meeting the obligation under the contract, a provision is recognised. The provision is stated at the present value of the future net cash outflows expected to be incurred in respect of the contract.

PROVISIONS

The Department recognises a provision for future expenditure of an uncertain amount or timing when:

- there is a present obligation (either legal or constructive) as a result of a past event;
- it is probable that an outflow of future economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

ACC Partnership Programme

The Department belongs to the ACC Partnership Programme whereby the Department accepts the management and financial responsibility of work-related illnesses and accidents of employees. Under the ACC Partnership Programme, the Department is effectively providing accident insurance to employees and this is accounted for as an insurance contract. The value of this liability represents the expected future payments in relation to accidents and illnesses occurring up to the Statement of Financial Position date for which the Department has responsibility under the terms of the Partnership Programme.

The liability for claims reported prior to balance date has been determined by assuming that the future experience for each current claim is consistent with historical claim information since the commencement of the programme. The liability for injuries or illnesses that have occurred up to balance date, but not yet reported or not enough reported, has been determined by reference to historical information of the time it takes to report injury or illness.

The liability is measured at the present value of the expected future payments to be made in respect of employee injuries and claims up to the reporting date using actuarial techniques.

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 and for each class of contingent liability at the balance sheet date, a brief description of the nature of the contingent liability is provided.

Contingent liabilities are not disclosed if the possibility of an outflow of resources embodying economic resources is remote.

TAXPAYERS' FUNDS

Taxpayers' Funds is the Crown's net investment in the Department and is measured as the difference between total assets and total liabilities.

Taxpayers' Funds is disaggregated and classified as general funds and revaluation reserves.

STATEMENT OF CASH FLOWS

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.

FOREIGN CURRENCY

Foreign currency transactions are converted into New Zealand dollars at the exchange rate at the date of the transaction.

FINANCIAL INSTRUMENTS

The Department is party to financial instruments as part of its normal operations. These financial instruments include bank accounts; debtors and other receivables; creditors and other payables; and investments. 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.

TAXATION

Income Tax

Government departments are exempt from income tax in terms of the Income Tax Act 2004. Accordingly, no charge for income tax has been provided for.

Goods and Services Tax (GST)

The Statement of Financial Position is exclusive of GST except for creditors and other payables and debtors and other

receivables, which are GST inclusive. All other financial statements are GST exclusive. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST payable to, or recoverable from, the Inland Revenue Department at balance date is included in creditors and other payables and debtors and other receivables.

Commitments and contingent liabilities are disclosed exclusive of GST. The movement in GST paid or received is recognised as a separate cash flow line item.

BUDGET FIGURES

The budget figures are those presented in the 2008/09 Main and Supplementary Estimates.

CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In preparing these financial statements, the Department has made estimates, assumptions and critical judgements in applying accounting policies concerning the future. These estimates, assumptions, and critical judgements in applying accounting policies may differ from the subsequent actual results. Estimates, assumptions and critical judgements in applying accounting policies are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below:

Property, plant and equipment useful lives and residual values

At each revaluation, the useful lives and residual values of the Departments' land and buildings are reviewed. Assessing the appropriateness of useful lives and residual values of land and buildings requires consideration of a number of factors such as the physical condition of land and buildings, expected period of use of land and buildings by the Department, and expected proceeds from the disposal of land and buildings.

Reassessment of the useful lives or residual values will impact on the depreciable amount of land and buildings, therefore impacting on the depreciation expense recognised in the Statement of Financial Performance, and the carrying amount of land and buildings in the Statement of Financial Position.

As part of revaluation of land and buildings at 30 June 2009, the useful lives of buildings were reassessed as:

Buildings	2009 Useful lives	2010 Useful lives
Buildings – commercial	50 years	75 years
Buildings – concrete	50 years	50 to 65 years

The carrying amounts of property, plant and equipment are disclosed in note 12.

Employee entitlements – retiring and long service leave

Note 16 provides an analysis of the exposure in relation to estimates and uncertainties surrounding retirement and long service leave liabilities.

NOTES

The notes that accompany the financial statements form part of the financial statements.

CHANGES IN ACCOUNTING POLICIES

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

COST ACCOUNTING POLICIES

The Department has determined the costs of outputs using the cost allocation system outlined below.

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.

CHANGES IN COST ACCOUNTING POLICIES

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

NOTE 2: OTHER REVENUE

2008 Actual		2009 Actual	2009 Main Estimates	2009 Supp. Estimates
\$000		\$000	\$000	\$000
30,078	External revenue – sale of goods	30,006	23,709	32,053
451	External revenue – services	515	–	–
1,643	Board and rents	1,706	1,500	1,500
204	Profit on sale of assets	–	–	–
699	Miscellaneous	699	789	645
33,075	Total other revenue	32,926	25,998	34,198

NOTE 3: PERSONNEL COSTS

2008 Actual		2009 Actual	2009 Main Estimates	2009 Supp. Estimates
\$000		\$000	\$000	\$000
423,463	Salaries and wages	446,221	440,477	441,891
578	Government Superannuation Fund (GSF) contribution expense	527	550	550
6,738	State Sector Retirement Savings Scheme and Kiwisaver employer contribution	7,414	7,379	7,379
5,220	Annual leave	5,884	2,270	2,270
1,493	Retirement and long service leave	4,542	7,790	7,790
5,355	Common leave	(5,355)	–	–
173	Sick leave	23	–	–
443,020	Total personnel costs	459,256	458,466	459,880

Personnel costs incorporates employee entitlements excluding Fringe Benefit Tax which is reported as an operating cost.

The increase in provision for long service leave of \$5.355 million due to changes in common leave provisions announced by Cabinet during May 2008, has been rescinded by Cabinet during February 2009.

The retiring and long service leave includes a remeasurement loss of \$2.143 million (2008: a loss of \$0.392 million) due to a change in discount rates between 30 June 2008 and 30 June 2009.

NOTE 4: OPERATING COSTS

2008 Actual		2009 Actual	2009 Main Estimates	2009 Supp. Estimates
\$000		\$000	\$000	\$000
13,416	Operating lease rentals	15,319	13,649	17,600
284	Audit fees for financial statements' audit	297	302	318
18	Audit fees for NZ IFRS transition	–	–	–
133	Fees to auditors for other services	70	27	–
51,012	Facilities maintenance	63,045	54,770	54,462
72,443	Offender management costs	43,147	77,952	45,395
11,004	Computer costs	11,121	16,596	10,379
15,342	Contract management	22,282	11,078	22,152
37,247	Administration	32,048	36,614	39,921
83	Receivables written off during period	106	5	(13)
866	ACC Partnership Programme	1,636	–	3,950
8,561	Inventory expenses	9,353	–	10,702
19,499	Other operating costs	45,091	34,781	52,162
294	Biological assets revaluation	1,013	–	–
–	Investment revaluation	1,231	–	–
1,881	Net loss on sale or disposal of physical assets	506	–	–
232,083	Total operating costs	246,265	245,774	257,028

The fees to auditors for other services were for assurance engagements over the review of:

- procurement practices;
- the tendering process for prisoner transport; and
- the internal quality assurance and probity review for double bunking.

Contract management represents contracts with First Security Guard Service 2008 Limited, Chubb New Zealand Limited (until December 2008) and the New Zealand Prisoners' Aid and Rehabilitation Society Incorporated.

NOTE 5: DEPRECIATION AND AMORTISATION

2008 Actual \$000		2009 Actual \$000	2009 Main Estimates \$000	2009 Supp. Estimates \$000
DEPRECIATION				
92,564	Buildings	99,874	102,149	98,728
1,381	Leasehold improvements	1,816	1,452	1,583
3,904	Plant and equipment	4,257	4,000	4,123
1,689	Furniture and fittings	1,680	1,850	1,606
4,648	Computer hardware	4,704	2,500	3,999
3,693	Motor vehicles	3,808	4,200	3,889
107,879	Depreciation charge	116,139	116,151	113,928
AMORTISATION				
10,009	Computer software	8,660	10,300	8,450
10,009	Amortisation charge	8,660	10,300	8,450
117,888	Total depreciation and amortisation charge	124,799	126,451	122,378

NOTE 6: 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 2009 was 7.5 percent (2008: 7.5 percent) per annum.

NOTE 7: CASH AND CASH EQUIVALENTS

2008 Actual \$000		2009 Actual \$000
164,761	Cash and bank balances	146,685
164,761	Total cash and cash equivalents	146,685

The Department is required to maintain a positive balance in New Zealand dollar bank accounts at all times.

The Department has three departmental bank accounts with Westpac New Zealand Limited.

NOTE 8: PREPAYMENTS

2008 Actual \$000		2009 Actual \$000
Current portion		
1,988	Prepayments	3,019
Non-current portion		
–	Prepayments	–
1,988	Total prepayments	3,019

The Department classifies prepayments that are expected to be realised within 12 months as current.

NOTE 9: DEBTORS AND OTHER RECEIVABLES

2008 Actual \$000		2009 Actual \$000
	Current portion	
–	Debtor Crown	3,728
–	Crown debtors	3,728
3,343	Trade debtors – external	3,771
273	Employee advances	238
(145)	Less provision for doubtful debts	(95)
3,471	Trade debtors – external and employees	3,914
2,221	Trade debtors – other government entities	3,637
2,221	Trade debtors – other government entities	3,637
	Non-current portion	
–	Trade debtors - external	–
5,692	Total debtors and other receivables	11,279

The carrying value of trade debtors approximates their fair value.

The Crown debtor relates to \$3.728 million funding provided for the 2008 Bargaining Round subject to approval from the Minister of Finance.

The Department does not make loans to employees other than minor salary/travel advances and salary overpayments. There were no loans outstanding to related parties.

There is minimal credit risk with respect to receivables outside the Department, as the Department has a spread of external customers. The Department's terms of credit are that payment is due on the 20th of the month following the date of invoice. No further extension of credit is permitted.

The Department classifies debtors as current that are expected to be realised within 12 months, other than those debtors which are considered doubtful. The impairment of these debtors is based on the uncollectability of the amounts outstanding.

As at 30 June 2008 and 2009, all overdue receivables have been assessed for impairment and appropriate provisions applied, as detailed below:

	2008 \$000 Gross	2008 \$000 Impairment	2008 \$000 Net	2009 \$000 Gross	2009 \$000 Impairment	2009 \$000 Net
Not past due	5,013	(79)	4,934	8,955	–	8,955
Past due 1-30 days	359	–	359	2,013	–	2,013
Past due 31-60 days	85	(6)	79	121	–	121
Past due 61-90 days	2	(1)	1	205	(22)	183
Past due > 91 days	378	(59)	319	80	(73)	7
	5,837	(145)	5,692	11,374	(95)	11,279

The provision for doubtful debts has been calculated based on expected losses for the Department's pool of debtors. Expected losses have been determined based on analysis of the Department's losses in previous periods, and review of specific debtors.

Those specific debtors that are insolvent are fully provided for. As at 30 June 2009 the Department has identified no debtors (2008: Nil) that are insolvent.

Movements in the provision for doubtful debts are as follows:

2008 Actual \$000		2009 Actual \$000
52	Balance at 1 July	145
93	Change in provisions made during the year	(48)
–	Receivables written off during period	(2)
145	Balance at 30 June	95

NOTE 10: INVENTORIES

2008 Actual \$000		2009 Actual \$000
4,184	Inventory held for the use in the provision of goods and services	4,563
1,727	Finished goods	1,881
5,911	Total inventories	6,444

The Department's inventory consists of supplies that are available for purchase by prisoners using funds out of their trust accounts, operational supplies and inventory held for use in prisoner employment.

No inventories are pledged as security for liabilities.

The Department classifies inventories as current that are expected to be realised within 12 months.

NOTE 11: INVESTMENTS

2008 Actual \$000		2009 Actual \$000
	Current portion	
1,510	Investments	–
	Non-current portion	
6,926	Investments	5,695
8,436	Total investments	5,695

Investments arise from the Department's dealings with companies in the farming industry. These investments are classified as financial instruments and valued at fair value through profit and loss.

The Department classifies investments that are expected to be realised within 12 months as current.

NOTE 12: PHYSICAL ASSETS

Freehold land and buildings were valued at fair value as at 30 June 2009 by an independent registered valuer, Darroch Valuations. This valuation was certified by K Stewart FPINZ FNZIV.

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.

The Department classifies physical assets expected to be sold in the next 12 months as assets held for sale.

The Department constructs prison buildings that are classified as assets under construction as a physical asset and are transferred to completed assets at the in-service date.

The Department reports transfers and disposals together for presentation purposes only.

The Department currently holds residential properties that were purchased in the 1960s. The core intention of holding these properties was to entice staff to move to rural areas and work at the Department's prisons. The rental income that is received from these properties is incidental, as opposed to being held for rental income or capital gains. The Department is currently reviewing the future intention and strategic purpose of these assets, with the view to potentially selling these properties. The current net book/market value of these properties is \$4.368 million (2008: \$3.185 million).

	Land	Buildings	Leasehold Improvements	Plant & Equipment	Furniture & Fittings	Computer Hardware	Motor Vehicles	Total Physical Assets
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cost or valuation								
Balance 1 July 2007	141,067	1,164,468	11,856	34,115	8,925	32,142	36,824	1,429,397
Additions	791	391,563	3,008	9,115	3,120	9,601	5,207	422,405
Revaluation increase/(decrease)	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Disposals/transfers	239	(252)	(1,743)	(2,565)	(465)	(79)	(2,772)	(7,637)
Cost or valuation at 30 June 2008	142,097	1,555,779	13,121	40,665	11,580	41,664	39,259	1,844,165
Add: Movements								
Additions	1,401	19,887	1,616	2,651	720	5,519	4,366	36,160
Revaluation increase/(decrease)	71,892	(18,216)	-	-	-	-	-	53,676
Assets held for sale	-	-	-	-	-	-	-	-
Disposals/transfers	(14)	9,529	(110)	(1,785)	(403)	(2,715)	(2,278)	2,224
Cost or valuation at 30 June 2009	215,376	1,566,979	14,627	41,531	11,897	44,468	41,347	1,936,225
Accumulated depreciation and impairment losses								
Balance 1 July 2007	-	-	(6,223)	(21,460)	(6,088)	(24,897)	(21,032)	(79,700)
Depreciation expense	-	(92,564)	(1,381)	(3,904)	(1,689)	(4,648)	(3,693)	(107,879)
Disposals/transfers	-	9	1,745	2,149	462	85	1,920	6,370
Revaluation increase/(decrease)	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses at 30 June 2008	-	(92,555)	(5,859)	(23,215)	(7,315)	(29,460)	(22,805)	(181,209)
Add: Movements								
Depreciation expense	-	(99,874)	(1,816)	(4,257)	(1,680)	(4,704)	(3,808)	(116,139)
Disposals/transfers	-	461	460	1,914	371	486	1,668	5,360
Revaluation increase/(decrease)	-	191,629	-	-	-	-	-	191,629

	Land	Buildings	Leasehold Improvements	Plant & Equipment	Furniture & Fittings	Computer Hardware	Motor Vehicles	Total Physical Assets
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Assets held for sale	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses at 30 June 2009	-	(339)	(7,215)	(25,558)	(8,624)	(33,678)	(24,945)	(100,359)
Carry amounts per asset class								
At 30 June 2008	142,097	1,463,224	7,262	17,450	4,265	12,204	16,454	1,662,956
At 30 June 2009	215,376	1,566,640	7,412	15,973	3,273	10,790	16,402	1,835,866
Add: assets under construction								
At 30 June 2008								35,508
At 30 June 2009								105,406
Total carrying amounts								
At 30 June 2008								1,698,464
At 30 June 2009								1,941,272

NOTE 13: INTANGIBLE ASSETS

	Acquired Software \$000	Internally Generated Software \$000	Total Intangible Assets \$000
Cost or valuation			
Balance 1 July 2007	29,159	44,746	73,905
Additions	2,975	7,473	10,448
Disposals/transfers	(171)	(6,374)	(6,545)
Cost or valuation at 30 June 2008	31,963	45,845	77,808
Add: movements			
Additions	551	2,947	3,498
Disposals/transfers	(541)	7,104	6,563
Cost or valuation at 30 June 2009	31,973	55,896	87,869
Accumulated depreciation and impairment losses			
Balance 1 July 2007	(20,839)	(21,997)	(42,836)
Amortisation expense	(3,513)	(6,496)	(10,009)
Disposals/transfers	37	5,184	5,221
Impairment losses	–	–	–
Accumulated depreciation and impairment losses at 30 June 2008	(24,315)	(23,309)	(47,624)
Add: Movements			
Amortisation expense	(2,848)	(5,812)	(8,660)
Disposals/transfers	294	(40)	254
Impairment losses	–	–	–
Accumulated depreciation and impairment losses at 30 June 2009	(26,869)	(29,161)	(56,030)
Carrying amounts			
At 30 June 2008	7,648	22,536	30,184
At 30 June 2009	5,104	26,735	31,839
Add: Assets under construction			
At 30 June 2008	2,556	3,623	6,179
At 30 June 2009	4,668	7,681	12,349
Total carrying amounts			
At 30 June 2008	10,204	26,159	36,363
At 30 June 2009	9,772	34,416	44,188

The Department builds and maintains internally generated software. They are classified as assets under construction and capitalised at the in-service date.

There are no restrictions over the title of the Department's intangible assets, nor are any intangible assets pledged as security for liabilities.

NOTE 14: BIOLOGICAL ASSETS

	2009 Forests	2009 Livestock	2009 Total Biological Assets
	\$000	\$000	\$000
Cost or valuation			
Balance 1 July 2007	29,396	8,448	37,844
Purchases	–	127	127
Gains/(losses) arising from changes in fair value less estimated point of sale costs	(811)	9,307	8,496
Less sales/harvest	(2,212)	(5,951)	(8,163)
Cost or valuation at 30 June 2008	26,373	11,931	38,304
Add: Movements			
Purchases	–	221	221
Gains/(losses) arising from changes in fair value less estimated point of sale costs	4,355	3,128	7,483
Less sales/harvest	(2,691)	(5,582)	(8,273)
Cost or valuation at 30 June 2009	28,037	9,698	37,735
Carrying amounts			
At 30 June 2008	26,373	11,931	38,304
At 30 June 2009	28,037	9,698	37,735

There are no restrictions over the title of the Department's biological assets, nor are any biological assets pledged as security for liabilities.

FORESTS

The Tongariro forest land is owned by the Crown. The Department manages the forest as part of its prisoner employment training programme. The Tongariro forest area is as follows:

Forest	Legal description	Legal area
Tongariro	Land rated as commercial forest	4,512.29 ha
	Land rated as reserve	1,332.40 ha
	Total legal area	5,844.69 ha

The valuation of forests was undertaken by an independent registered valuer, PF Olsen and Company Limited, on 30 June 2009. T Vos, registered forestry consultant (NZIF), completed this valuation.

The forest valuation was determined using the expectation value approach adopting the following valuation assumptions:

- a discount rate of 7.0 percent (2008: 7.0 percent) has been applied to post-tax cash flows;
- land values, improvements, protection or amenity planting have been excluded;
- the tree crop has been valued on a liquidation basis;
- an inflation rate of 3.0 percent (2008: 3.0 percent) has been applied;
- annual and forest operations costs are based on current industry costs for similar forests; and
- log prices are derived from average prices published by the Ministry of Agriculture and Forestry.

LIVESTOCK

The Department farms sheep, cattle, deer and pigs at various locations in both the North and South Islands. At 30 June 2009, livestock on hand comprised 16,753 sheep (2008:16,238); 1,848 beef cattle (2008:1,782); 4,296 dairy cattle (2008: 4,275); 2,610 deer (2008:2,626) and 5,950 pigs (2008: 5,872).

The valuation of livestock is valued based on the active market price and was undertaken by various independent livestock valuers.

FINANCIAL RISK MANAGEMENT STRATEGIES

The Department is not materially exposed to financial risks arising from changes in commodity prices. The Department reviews its outlook for timber and livestock prices regularly in considering the need for active financial risk management.

NOTE 15: CREDITORS AND OTHER PAYABLES

2008 Actual \$000		2009 Actual \$000
Current portion		
23,454	Trade creditors	18,867
45,043	Accrued expenses	44,030
8,578	GST payable	4,720
77,075	Total current portion	67,617
Non-current portion		
–	Trade creditors	–
77,075	Total creditors and other payables	67,617

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of creditors and payables approximates their fair value.

The Department classifies creditors and other payables that are expected to be settled within 12 months as current.

NOTE 16: EMPLOYEE ENTITLEMENTS

2008 Actual \$000		2009 Actual \$000
Current liabilities		
16,000	Retirement and long service leave	18,400
39,170	Annual leave	45,055
1,130	Sick leave	1,153
3,540	Common leave provisions	–
59,840	Total current portion	64,608
Non-current liabilities		
10,477	Retirement and long service leave	12,618
1,815	Common leave provisions	–
12,292	Total non-current portion	12,618
72,132	Total provision for employee entitlements	77,226

Employee entitlements expected to be settled within 12 months of balance date, are measured at nominal values based on accrued entitlements at current rates of pay.

These include annual leave earned to, but not yet taken, at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

The Department classifies employee entitlements as current that:

- are expected to be settled within 12 months after the balance date; and
- the Department does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

The present value of the retirement and long service leave obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability include the discount rates and the salary inflation factor. Any changes in these assumptions will impact on the carrying amount of the liability.

The revaluation of long service leave and retirement leave as at 30 June 2009 was conducted by an independent valuer, G R Lee (BSc FIA), a member of the New Zealand Society of Actuaries, of Aon New Zealand. Aon New Zealand revalues the Department's non-current employment entitlements on a quarterly basis.

The major assumptions used in the 30 June 2009 valuation are that future salary growth rates are 3.0 percent (2008: 3.0 percent) per annum and discount rates ranged from 3.49 percent to 6.35 percent (2008: 6.42 percent to 7.09 percent) per annum.

In determining the appropriate discount rates, the valuer used the weighted averages of returns on government stock of different terms to maturity that match, as closely to possible, the estimated future cash outflows. The salary growth assumption is consistent with the results of the Aon Economists' Survey.

NOTE 17: PROVISIONS

2008 Total Provisions Actual \$000		2009 Procurement Actual \$000	2009 Restructures Actual \$000	2009 Employee Accidents Actual \$000	2009 Total Provisions Actual \$000
Current provisions					
6,184	Balance at 1 July	546	1,512	5,687	7,745
10,406	Additional provisions made during the year	–	–	5,172	5,172
(8,845)	Charged against provision for the year	(546)	(1,512)	(2,281)	(4,339)
7,745	Current provisions	–	–	8,578	8,578
–	Non-current provisions	–	–	–	–
7,745	Total provisions	–	–	8,578	8,578

EMPLOYEE ACCIDENTS

The provision relates to the estimated future cost of work-related accident claims and ACC charges.

Estimation of ACC Partnership Programme Outstanding Claims Liability and ACC Levies:

2008 Actual \$000		2009 Actual \$000
Estimated future claims		
1,250	Incurred but not reported claims (IBNR)	1,332
507	Reopened claims	772
787	Open claims	1,962
2,544	Total future claims	4,066
Associated expenses		
180	Claims management expenses reserve	305
180	Total expenses	305
2,724	Total outstanding claims liability	4,371
ACC levies		
2,963	ACC levies payable	4,207
2,963	Total ACC levies	4,207
5,687	Total outstanding claims liability and ACC levies	8,578

LIABILITY VALUATION

An external independent actuarial valuer, Neil Christie (FIAA) from Melville Jessup Weaver (Fellow of the NZ Society of Actuaries) has calculated the Department's liability and the valuation is effective 30 June 2009. The valuer has attested he is satisfied as to the nature, sufficiency and accuracy of the data used to determine the outstanding claims liability. There are no qualifications contained in the actuarial valuer's report. The key assumptions used in determining the value of outstanding claims are detailed in the paragraphs below.

The Department manages its exposure arising from the programme by promoting a safe and healthy working environment by:

- implementing and monitoring health and safety policies;
- induction training on health and safety;
- actively managing work place injuries to ensure employees return to work as soon as practical;
- recording and monitoring work place injuries and near misses to identify risk areas and implementing mitigating actions; and
- identification of work place hazards and implementation of appropriate safety procedures.

The stop loss cover level has been at 150.0 percent of the standard levy and no high cost claims cover was taken. Since the 2007/08 cover period, the stop loss has been set at the minimum percentage of the standard levy with High Cost Claims Cover of \$1 million.

A 10.0 percent workplace safety management discount applied for the whole period until the 2009/10 cover year, for which a 15.0 percent discount applies.

Inflation has been assumed within the range of 2.6 percent and 4.2 percent and a discount rate in the range of 6.10 percent to 6.23 percent has been used for future years.

The IBNR provision is calculated for each cover period based on the liable earnings, the risk rating of the employer group and the period since the start of the cover year. The new IBNR provision is 74.0 percent of the open claim case estimates.

The reopened provision allows for the costs of the claims currently closed that may reopen in the future and is based on ACC factors applied to the Department's actual claims experience.

The claims management provision to allow for the future cost of managing claims uses the ACC standard basis of 7.5 percent of the total liability.

The Department is not exposed to any significant concentrations of insurance risk as work-related injuries are generally the result of an isolated event to an individual employee.

The value of the liability is not material for the Department's financial statements therefore, any changes in assumptions will not have a material impact on the financial statements.

NOTE 18: TAXPAYERS' FUNDS

Taxpayers' Funds comprise General Funds and Revaluation Reserves.

GENERAL FUNDS

2008 Actual		2009 Actual	2009 Main Estimates	2009 Supp. Estimates
\$000		\$000	\$000	\$000
1,449,377	General funds at 1 July	1,519,977	1,519,977	1,519,977
3,228	Net operating surplus/(deficit)	13,398	–	6,400
70,600	Capital contribution from the Crown	65,747	(21,094)	65,747
–	Capital returned to the Crown	(83,841)	–	(83,841)
73,828		(4,696)	(21,094)	(11,694)
(3,228)	Provision for repayment of surplus to the Crown	(13,398)	–	(6,400)
1,519,977	General funds at 30 June	1,501,883	1,498,883	1,501,883

The net operating surplus from the delivery of outputs must be repaid by 31 October each year.

REVALUATION RESERVES

2008 Total Actual		2009 Asset Revaluation Reserve	2009 Fair Value Through Equity Reserve	2009 Total Actual
\$000		\$000	\$000	\$000
280,973	Revaluation reserves at 1 July	277,495	2,267	279,762
(1,211)	Revaluation gains/(losses) for the current period	245,305	–	245,305
–	Net write-back of revaluation gains/(losses) related to previous year	2,548	–	2,548
(1,211)	Total movement in revaluation reserves	247,853	2,267	247,853
279,762	Revaluation reserves at 30 June	525,348	2,267	527,615

The Department has no restricted reserves.

ASSET REVALUATION RESERVE

2008 Total Actual \$000		2009 Land	2009 Buildings	2009 Total Actual \$000
\$000		\$000	\$000	\$000
278,528	Asset revaluation reserves at 1 July	65,488	212,007	277,495
(1,033)	Revaluation gains/(losses) for the current period	71,892	173,413	245,305
–	Net write-back of revaluation gains/(losses) related to previous year	–	2,548	2,548
(1,033)	Total movement in asset revaluation reserves	71,892	175,961	247,853
277,495	Asset revaluation reserves at 30 June	137,380	387,968	525,348

FAIR VALUE THROUGH EQUITY RESERVE

2008 Actual \$000		2009 Actual \$000
2,445	Fair value through equity reserve at 1 July	2,267
(178)	Revaluation gains/ (losses) for the current period	–
(178)	Total movement in fair value through equity reserve	–
2,267	Fair value through equity reserve at 30 June	2,267

NOTE 19: RECONCILIATION OF NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2009

2008 Actual \$000		2009 Actual \$000	2009 Main Estimates \$000	2009 Supp. Estimates \$000
3,228	NET SURPLUS/(DEFICIT)	13,398	–	6,400
	Add/(less) non-cash items			
117,888	Depreciation and amortisation	124,799	126,451	122,378
–	Impairment charges	–	–	–
5,696	Inc/(dec) in non-current employee entitlements	(3,189)	–	–
176	Inc/(dec) in other non-cash items	58	–	–
123,760	Total non-cash items	121,668	126,451	122,378
	Working capital movements			
1,169	(Inc)/dec in debtors and other receivables	(5,645)	–	–
(69)	(Inc)/dec in inventories	(533)	–	311
(345)	(Inc)/dec in prepayments	(1,031)	(500)	(174)
20,090	Inc/(dec) in creditors and other payables	(15,313)	–	(14,746)
1,561	Inc/(dec) in provisions	833	500	34
6,545	Inc/(dec) in current employee entitlements	8,345	1,500	–
28,951	Working capital movements – net	(13,344)	1,500	(14,575)
	Add/(less) items classified as investing or financing activities			
(17)	Dividends	(28)	–	–
294	Biological assets revaluation loss	1,013	–	–
–	Investments revaluation loss	1,231	–	–
–	Net loss/(gain) on sale or disposal of investments	(156)	–	–
1,677	Net loss/(gain) on sale or disposal of physical assets	662	–	–
1,954	Total investing activity items	2,722	–	–
157,893	Net cash flow from operating activities	124,444	127,951	114,203

NOTE 20: CONTINGENCIES

Contingent liabilities and assets are separately disclosed in the Statement of Contingent Liabilities and Assets.

NOTE 21: RELATED PARTY DISCLOSURE

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.

As no related party transactions occurred, the personnel compensation relating to key management personnel is not disclosed as part of the related party disclosure note. Remuneration applicable to key management personnel is disclosed as part of the Key Management Personnel note. The Department has determined key management personnel as the Chief Executive and the Executive Management Team.

NOTE 22: KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel include the Chief Executive and eight General Managers (2008: eight General Managers).

2008 Actual \$000		2009 Actual \$000
2,271	Salary and other short term benefits	2,516
–	Post employment benefits	–
66	Other long-term benefits	22
–	Termination benefits	–
2,337	Total key management personnel compensation	2,538

NOTE 23: POST-BALANCE DATE EVENTS

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

NOTE 24: 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.

FAIR VALUE

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

MARKET RISK

Price Risk

Price risk is the risk that the fair value of future cashflows of a financial instrument will fluctuate as a result of changes in market prices. The Department is exposed to price risk on its investments. The price risk is nominal as the investments are held by the Department as a result of dealings with the farming industry and, as such, are not expected to be traded and are not used to support any cashflows.

CURRENCY RISK

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Department does not enter into forward foreign exchange contracts, as it engages in few overseas transactions, and is therefore only nominally susceptible to foreign exchange risks.

INTEREST RATE RISK

Fair value interest rate risk is the risk that the value of a financial instrument, or the cash flows from a financial instrument, will fluctuate, due to changes in market interest rates.

Under Section 46 of the Public Finance Act 1989 the Department cannot raise a loan without Ministerial approval and no such loans have been raised. Accordingly, the Department has no interest bearing financial instruments and therefore has no exposure to interest rate risk.

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, transactions with financial institutions and the New Zealand Debt Management Office (NZDMO).

The Department is only permitted to deposit funds with Westpac New Zealand Limited, or with the NZDMO, as these entities have high credit ratings. For other financial instruments, the Department does not have significant concentrations of credit risk.

The Department's maximum credit risk exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalent (note 7), prepayments (note 8), debtors and other receivables (note 9) presented in the Statement of Financial Position. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

LIQUIDITY RISK

Liquidity risk is the risk that the Department will encounter difficulty raising liquid funds to meet commitments as they fall due.

Management of Liquidity Risk

In meeting its liquidity requirements, the Department closely monitors its forecast cash requirements with expected cash draw downs from the NZDMO. The Department maintains a target level of available cash to meet liquidity requirements.

Contractual Maturity Analysis of Financial Liabilities

The table below analyses the Department's financial liabilities that will be settled based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

2008 Actual \$000		2009 Actual \$000
Creditors and other payables (note 15)		
68,497	Less than one year	62,497
–	Between one and five years	–
–	More than five years	–
68,497		62,497

The liability for the repayment of surplus to the Crown is not a financial liability as defined by NZ IAS 32 – *Financial Instruments Presentation*, as the obligation to pay arises from statute.

SENSITIVITY ANALYSIS

As NZ IFRS 7: *Statement of Cash Flows* does not prescribe the format for presenting sensitivity analysis, the Department has chosen to make the following disclosures.

Cash and Cash Equivalents

No cash or cash equivalents earn interest, nor are they held in any term deposits.

Bank Overdraft

The Department has no bank overdraft.

Secured Loans

The Department has no secured loans.

Derivatives – held for Trading and Hedge Accounting

The Department has no derivatives held for trading and does not engage in hedge accounting.

Creditors and Other Payables

The Department holds no creditors or other payables that are affected by foreign exchange rate movements.

Categories Of Financial Instruments

The carrying amounts of financial assets and financial liabilities in each of the NZ IAS categories are as follows:

2008 Actual \$000		2009 Actual \$000
FINANCIAL ASSETS		
Cash and receivables		
164,761	Cash and cash equivalents (note 7)	146,685
5,692	Debtors and other receivables (note 9)	11,279
170,453	Total cash and receivables	157,964
Fair value through equity		
8,436	Investments (note 11)	5,695
8,436	Total investments	5,695
178,889	Total financial assets	163,659
FINANCIAL LIABILITIES		
Financial liabilities		
68,497	Creditors and other payables (note 15)	62,497
68,497	Total financial liabilities	62,497

NOTE 25: CAPITAL MANAGEMENT

The Department's capital is its equity (or taxpayers' funds), which comprise general funds and revaluation reserves. Taxpayers' funds are represented by net assets.

The Public Finance Act 1989 (The Act) requires the Department to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Taxpayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The Department has in place asset management plans for major classes of assets detailing renewal and maintenance programmes.

The Act requires the Department to make adequate and effective provision in its long-term capital expenditure and that the Department acts in accordance with financial delegations from Cabinet to the Chief Executive through the Responsible Minister. The Act also requires that the Department complies with the requirements of the State Sector Act 1988, Treasury Instructions and any other legislation governing its operations when incurring any capital expenditure.

The objective of managing the Department's Taxpayers' funds is to ensure the Department effectively achieves its goals and objectives for which it has been established, whilst remaining a going concern.

NOTE 26: MAJOR BUDGET VARIATIONS

STATEMENT OF FINANCIAL PERFORMANCE, STATEMENT OF FINANCIAL POSITION, STATEMENT OF CASH FLOWS AND STATEMENT OF DEPARTMENTAL EXPENDITURE AND APPROPRIATIONS

Explanations for major variances from the 2008/09 Main and Supplementary Estimates are as follows:

The increase in Revenue Crown compared to 2008/09 Main Estimates relates to funding for 2008/09 collective bargaining and related wage pressures for Community Probation and Psychological Services.

The closing taxpayers' funds as at 30 June 2009 are higher compared with both the Main and Supplementary Estimates mainly due to an increase in revaluation reserves for land and buildings of \$245.3 million.

The increase in cash compared to the Main and Supplementary Estimates is due to a revised spending profile on some of the Department's infrastructure and higher than anticipated net cash flow from operating activities.


Physical assets are higher compared with the Supplementary Estimates mainly due to revaluation gains from land and buildings at 30 June 2009. Intangible assets are higher than the Main Estimates mainly due to commission of major new software projects during 2008/09 such as the Unauthorised Use of Cell Phones Project and the SAP Accounting System upgrade.

The increase in debtors and other receivables compared to the Main and Supplementary Estimates is mainly due to the \$3.7 million due from the Crown. As at 30 June 2009, the Department is yet to draw down the funding under the approved bargaining round for 2008, pending approval from the Minister of Finance.

Creditors and other payables are significantly lower than both Main and Supplementary Estimates. The variance is mainly due to the classification of provisions in creditors and other payables in both the Main and Supplementary Estimates.

The increase in employee entitlements compared to the Main and Supplementary Estimates is due to the following reasons:

- higher annual leave provision due to the Department's compliance with the Holidays Act which increased the average hourly rate for annual leave;
- new negotiated contractual entitlements for Prison Service staff working on Public Holidays. The agreement was back-dated to 1 January 2008; and
- higher employee entitlements for long service and retiring leave due to significant changes in discount rates during 2008/09.



PART C: STATEMENT OF SERVICE PERFORMANCE

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OUTPUT CLASS: COMMUNITY-BASED SENTENCES AND ORDERS

Provides for the management and delivery of community-based sentences and orders through sentence management and sentence compliance services.

The number of new sentences and orders managed in the 2008/09 financial year was 66,642¹, an increase of 20 percent on the 2007/08 financial year. The average offender population being managed at any given time during 2008/09 was 41,347, an increase of 20 percent on the 2007/08 financial year. The throughput of offenders managed on sentences and orders through 2008/09 was 105,430, an increase of 22 percent on the 2007/08 financial year.

Outputs within this output class are:

- Home Detention Orders;
- Home Detention Sentences;
- Community Detention Sentences;
- Intensive Supervision Sentences;
- Supervision Sentences;
- Community Work Sentences;
- Parole Orders;
- Orders for Post-release Conditions;
- Orders for Post-detention Conditions; and
- Extended Supervision Orders.

OUTPUT CLASS STATEMENT: COMMUNITY-BASED SENTENCES AND ORDERS

For the year ended 30 June 2009

	2007/08	2008/09		
	Actual	Actual	Main Estimates	Supp. Estimates
	\$000	\$000	\$000	\$000
REVENUE				
Crown	102,719	130,353	123,175	130,353
Departmental	1,980	2,558	1,290	2,135
Total Revenue	104,699	132,911	124,465	132,488
Total Expenses	105,733	130,396	124,465	132,488
Net Surplus/(Deficit)	(1,034)	2,515	0	0

¹ The total of this Output Class and includes four offenders managed under a compassionate release order

OUTPUT: HOME DETENTION ORDERS

The Department administers home detention orders imposed by the New Zealand Parole Board. Legislative changes in October 2007 removed the provision for offenders to serve a prison sentence by way of home detention. However the provision remained available to prisoners who were already serving prison sentences as at 1 October 2007.

Performance Measures	2007/08	2008/09		
	Actual	Budget Standard	Actual Standard	Variance (%)
Offenders commencing a home detention order (#)	860	829	9	(99%)
Offenders who abscond from home detention to be no more than (%)	2%	2%	0%	(100%)
Offenders who successfully complete a home detention order (%)	88%	80%	90%	13%

COMMENTS

A small number of offenders were eligible to apply to serve the end of their prison sentence by way of a home detention order. The number of offenders commencing a home detention order was 99 percent below standard; this is as a result of an incorrect standard being set for 2008/09 in the Estimates process. The order is no longer valid and has been removed from the 2009/10 financial year.

Ninety percent of offenders successfully completed this order compared with the 80 percent standard set by the Department.

OUTPUT: HOME DETENTION SENTENCES

Home detention was introduced as a stand-alone sentence on 1 October 2007. This sentence imposed by the court requires the offender to reside at an approved address under strict conditions and with strict monitoring, including electronic monitoring. Offenders may also be required to undertake rehabilitation programmes or counselling that addresses their offending.

Performance Measures	2007/08	2008/09		
	Actual	Budget Standard	Actual Standard	Variance (%)
Offenders commencing a home detention sentence (#)	1,876	2,870	3,166	10%
Average home detention sentences being served (#)	537	1,435	1,449	1%
Offenders who successfully complete a home detention sentence (%)	74%	80%	82%	3%

COMMENTS

The greater than expected use of this sentencing option by the judiciary has resulted in a 69 percent increase in the actual number of offenders who have commenced a home detention sentence between 2007/08 and 2008/09; the full year result was 10 percent more than the expected standard. It is expected that this sentencing option will continue to be fully utilised by the judiciary during 2009/10.

Eighty-two percent of offenders successfully completed this sentence which was very close to the standard set. This result cannot be attributed to any one factor as compliance is influenced by a wide range of variables, the impacts of which are difficult to quantify. These factors include:

- Individual offender characteristics, for example age, offending history, current personal circumstances, motivation to address offending, and
- The number and complexity of special conditions to be complied with (e.g. attendance at programmes, non-association orders, residential/employment restrictions).

OUTPUT: COMMUNITY DETENTION SENTENCES

The Department ensures that offenders sentenced to community detention comply with the curfew periods imposed by the court. Offenders on community detention are electronically monitored and are required to remain at a specific address during curfew hours.

	2007/08	2008/09		
Performance Measures	Actual	Budget Standard	Actual Standard	Variance (%)
Offenders commencing a community detention sentence (#)	1,371	2,503	3,186	27%
Average community detention sentences being served (#)	330	625	993	59%
Offenders who successfully complete a community detention sentence (%)	89%	65%	89%	37%

COMMENTS

The greater than expected use of this sentencing option by the judiciary has resulted in a 132 percent increase in the actual number of offenders who have commenced a community detention sentence between 2007/08 and 2008/09; the full year result was 27 percent more than the expected standard. It is expected that this sentencing option will continue to be fully utilised by the judiciary during 2009/10 and future standards will be adjusted to reflect the popularity of this sentencing option by the judiciary.

This sentencing option has now been available for one full year and the Department has focused on ensuring that offenders comply with their sentence. This is reflected in the 89 percent completion rate compared with the expected standard of 65 percent.

OUTPUT: INTENSIVE SUPERVISION SENTENCES

The Department ensures that offenders sentenced to intensive supervision address the causes of their offending with intensive oversight from a Probation Officer. Intensive supervision may include in-depth, focused interventions. This sentence provides a higher level of supervision and has a wider more complex set of special conditions than those currently available under the supervision sentence.

	2007/08	2008/09		
Performance Measures	Actual	Budget Standard	Actual Standard	Variance (%)
Offenders commencing an intensive supervision sentence (#)	1,199	2,527	2,471	(2%)
Average intensive supervision sentences being served (#)	424	1,773	1,822	3%
Offenders who successfully complete an intensive supervision sentence (%)	n/a ²	65%	62%	(5%)

COMMENTS

Overall the results for Intensive Supervision for the 2008/09 financial year were in line with the standards set.

² This sentence was introduced from 1 October 2007 with an anticipated average sentence length of 12 months. It was too early to measure the completion rate for the 2007/08 financial year.

OUTPUT: SUPERVISION SENTENCES

The Department 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 focused interventions such as rehabilitation programmes, reintegration services or counselling that addresses their offending.

	2007/08	2008/09		
Performance Measures	Actual	Budget Standard	Actual Standard	Variance (%)
Offenders commencing a supervision sentence (#)	8,302	6,415	9,657	51%
Average supervision sentences being served (#)	5,666	3,780	6,386	69%
Offenders who successfully complete a supervision sentence (%)	73%	65%	77%	18%

COMMENTS

The greater than expected use of this sentencing option by the judiciary has resulted in a 16 percent increase in the actual number of offenders who have commenced a supervision sentence between 2007/08 and 2008/09; the full year result was 51 percent more than the expected standard. It is expected that this sentencing option will continue to be fully utilised by the judiciary during 2009/10 and future standards will be adjusted to reflect the popularity of this sentencing option by the judiciary.

Seventy-seven percent of offenders successfully completed this sentence; 18 percent over the standard expected for 2008/09. This is a positive result given the increased number of offenders being sentenced to a supervision sentence.

OUTPUT: COMMUNITY WORK SENTENCES

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

	2007/08	2008/09		
Performance Measures	Actual	Budget Standard	Actual Standard	Variance (%)
Offenders commencing a community work sentence (#)	35,650	40,993	40,334	(2%)
Average community work sentences being served (#)	21,580	22,352	24,733	11%
Total community work hours served (#)	2,906,231	3,075,000	3,285,373	7%
Community work sentence hours converted to basic work and living skills training (#)	1,714	TBR ³	1,284	n/a
Offenders who successfully complete a community work sentence (%)	64%	70%	88%	26%

COMMENTS

The number of offenders commencing a community work sentence was as expected in the 2008/09 financial year. The average number of offenders serving community work sentences was 11 percent higher than the standard expected for the 2008/09 financial year.

Eighty-eight percent of offenders successfully completed this sentence; 26 percent higher than the standard expected for 2008/09, this represents the Department's increased focus on ensuring that offenders comply with their sentence.

³ No standard was included in the Information Supporting The Estimates of Appropriations – Budget 2008.

OUTPUT: PAROLE ORDERS

The Department administers parole orders imposed by the New Zealand Parole Board. This includes the Probation Officer meeting regularly and working closely with an offender subject to a parole order, and monitoring that special conditions imposed by the Board are complied with.

	2007/08	2008/09		
Performance Measures	Actual	Budget Standard	Actual Standard	Variance (%)
Offenders commencing a parole order (#)	1,602 ⁴	1,813	1,827	1%
Average parole orders being served (#)	1,666 ⁵	1,861	1,862	0%
Offenders who successfully complete a parole order (%)	65%	65%	63%	(3%)

COMMENTS

The number of offenders commencing and the average number of offenders serving a parole order was as expected in 2008/09; however there was a significant increase on the number of offenders managed on parole from the 2007/08 financial year.

OUTPUT: ORDERS FOR POST-RELEASE CONDITIONS

The Department administers post-release conditions for prisoners with short sentences, as imposed by the court at the time of sentencing. Offenders' conditions are monitored by Probation Officers.

	2007/08	2008/09		
Performance Measures	Actual	Budget Standard	Actual Standard	Variance (%)
Offenders released on post-release conditions (#)	4,559	4,186	4,138	(1%)
Average orders for post-release conditions being served (#)	3,664	3,139	3,250	4%
Offenders who successfully complete orders for post-release conditions (%)	64%	65%	62%	(5%)

COMMENTS

The number of offenders commencing and the average number of offenders released on post-release conditions was as expected in 2008/09.

⁴ This result has been adjusted from 1,562; it was incorrectly reported in the 2007/08 Annual Report.

⁵ This result has been adjusted from 1,657; it was incorrectly reported in the 2007/08 Annual Report.

OUTPUT: ORDERS FOR POST-DETENTION CONDITIONS

The Department administers post-detention conditions for offenders who have served sentences of home detention, as imposed by the court at the time of sentencing. Offenders' conditions are monitored by Probation Officers.

Performance Measures	2007/08	2008/09		
	Actual	Budget Standard	Actual Standard	Variance (%)
Offenders released on post-detention conditions (#)	204	2,870	1,823	(36%)
Average orders for post-detention conditions being served (#)	36	2,152	714	(67%)
Offenders who successfully complete orders for post-detention conditions (%)	n/a ⁶	65%	76%	17%

COMMENTS

The use of post-detention conditions has been lower than expected with a 36 percent variance against the budget standard for the number of offenders released on post-detention conditions. As the number of offenders released on post-detention conditions was lower than expected this has also affected the average orders for post-detention conditions being served, as a result there has been a 67 percent variance against the budget standard.

The number of offenders successfully completing their post-detention conditions was 76 percent; a 17 percent positive variance against the 65 percent expected for the 2008/09 financial year.

OUTPUT: EXTENDED SUPERVISION ORDERS

The Department administers extended supervision orders imposed by the court, with conditions set by the New Zealand Parole Board to actively manage the long-term risks posed by high-risk child-sex offenders in the community. The order can apply for up to 10 years following a finite term of imprisonment and the offender continues to be monitored by a Probation Officer for the duration of the order.

Performance Measures	2007/08	2008/09		
	Actual	Budget Standard	Actual Standard	Variance (%)
Offenders commencing an extended supervision order (#)	43	56	27	(52%)
Average extended supervision orders being served (#)	108	258	129	(50%)
Offenders serving extended supervision orders who are eligible and have met the criteria for sentencing planning, who have a plan prepared and managed according to agreed standards (%)	100%	100%	100%	0%

COMMENTS

The number of offenders who commenced an extended supervision order was 52 percent below the expected standard for the 2008/09 financial year. The volume of offenders for extended supervision is demand driven and affected by court sentencing of eligible offenders, applications to court, defended hearings, hearing delays, orders suspended due to re-imprisonment, remanded or convicted. The standards set for the 2009/10 financial year have been reduced based on the variances reported in the past two years.

⁶ As this order only commences after the completion of a Home Detention Sentence, it was too soon to measure the completion rate.

OUTPUT CLASS: CUSTODIAL SERVICES

Provision of custodial services, the provision of facilities, and administering sentences of imprisonment.

The average sentenced prisoner population for the 2008/09 financial year was 6,227, one percent above the 2006 Justice Sector Prison Population Forecast. This forecast was used to set the budget standards for 2008/09. The throughput of sentenced prisoners during the 2008/09 financial year was approximately 8,600.

Outputs within this output class are:

- Maximum Security Male Prisoners;
- Medium Security Male Prisoners;
- Minimum Security Male Prisoners;
- Female Prisoners;
- Male Youth Prisoners; and
- Crime Prevention.

OUTPUT CLASS STATEMENT: CUSTODIAL SERVICES

For the year ended 30 June 2009

	2007/08	2008/09		
	Actual	Actual	Main Estimates	Supp. Estimates
	\$000	\$000	\$000	\$000
REVENUE				
Crown	524,681	527,458	549,982	522,813
Departmental	3,640	4,107	4,323	4,503
Total Revenue	528,321	531,565	554,305	527,316
Total Expenses	521,598	515,779	554,305	527,316*
Net Surplus/(Deficit)	6,723	15,786	–	–

* These figures also include the following adjustment under Section 26A of the Public Finance Act 1989:

	Supplementary Estimates	Section 26A Transfer	Final Appropriation
	\$000	\$000	\$000
	531,961	(4,645)	527,316

OUTPUT: MAXIMUM SECURITY MALE PRISONERS

The Department provides for the safe, secure and humane confinement of maximum security adult male prisoners who have a 'CB' security classification based on an assessment of internal and external risk.

Performance Measures	2007/08	2008/09		
	Actual	Budget Standard	Actual Standard	Variance (%)
Average maximum security prisoner population (#)	117	113	116	3%
Prisoners who are eligible and have met the criteria for sentencing planning, who have a plan prepared within agreed timelines (%)	28%	95%	52%	(45%)

COMMENTS

The average number of maximum security prisoners was only three percent higher than the standard set for 2008/09. Of the prisoners classified as maximum security and who were eligible for sentence plans, only 52 percent had sentence plans completed within 28 days from the sentence commencement date. The lower than anticipated result reflects that resources were reprioritised to other operational areas such as the completion of the New Zealand Parole Board reports and completing sentence plans for prisoners who are serving short sentences, or who are due to appear at a New Zealand Parole Board hearing shortly after being sentenced. Despite this, 72 percent of sentence plans were completed within 90 days.

OUTPUT: MEDIUM SECURITY MALE PRISONERS

The Department provides for the safe, secure and humane confinement of medium security adult male prisoners who have either 'BB' or 'AB' security classifications based on an assessment of internal and external risk.

Performance Measures	2007/08	2008/09		
	Actual	Budget Standard	Actual Standard	Variance (%)
Average medium security prisoner population (#)	3,210	3,217	3,471	8%
Prisoners who are eligible and have met the criteria for sentencing planning, who have a plan prepared within agreed timelines (%)	36%	95%	81%	(15%)

COMMENTS

The average number of medium security prisoners was eight percent higher than the standard set for 2008/09. Of the prisoners classified as medium security and who were eligible for sentence plans, 81 percent had sentence plans completed within 28 days from the sentence commencement date. The lower than anticipated result reflects that resources were reprioritised to other operational areas such as the completion of the New Zealand Parole Board reports and completing sentence plans for prisoners who are serving short sentences, or who are due to appear at a New Zealand Parole Board hearing shortly after being sentenced. Despite this, 93 percent of sentence plans were completed within 90 days.

OUTPUT: MINIMUM SECURITY MALE PRISONERS

The Department provides for the safe, secure and humane confinement of minimum security adult male prisoners who have a 'AA' security classification based on an assessment of internal and external risk.

Performance Measures	2007/08	2008/09		
	Actual	Budget Standard	Actual Standard	Variance (%)
Average minimum security prisoner population (#)	2,400	2,434	2,246	(8%)
Prisoners who are eligible and have met the criteria for sentencing planning, who have a plan prepared within agreed timelines (%)	46%	95%	86%	(9%)

COMMENTS

The average number of minimum security prisoners was eight percent lower than the standard set for 2008/09. Of the prisoners classified as minimum security and who were eligible for sentence plans, 86 percent had sentence plans completed within 28 days from the sentence commencement date. The lower than anticipated result reflects that resources were reprioritised to other operational areas such as the completion of the New Zealand Parole Board reports and completing sentence plans for prisoners who are serving short sentences, or who are due to appear at a New Zealand Parole Board hearing shortly after being sentenced. Despite this, 94 percent of sentence plans were completed within 90 days.

OUTPUT: FEMALE PRISONERS

The Department provides for the safe, secure and humane confinement of female sentenced prisoners.

Performance Measures	2007/08	2008/09		
	Actual	Budget Standard	Actual Standard	Variance (%)
Average medium security prisoner population (#)	160	162	136	(16%)
Average minimum security prisoner population (#)	195	183	200	9%
Prisoners who are eligible and have met the criteria for sentencing planning, who have a plan prepared within agreed timelines (%)	35%	95%	49%	(48%)

COMMENTS

The average number of female medium security prisoners was 16 percent lower than the standard set for 2008/09, while the average number of female minimum security prisoners was nine percent higher than the standard set for 2008/09. Of the prisoners who were eligible for sentence plans, 49 percent had sentence plans completed within 28 days from the sentence commencement date. The lower than anticipated result reflects that resources were reprioritised to other operational areas such as the completion of the New Zealand Parole Board reports and completing sentence plans for prisoners who are serving short sentences, or who are due to appear at a New Zealand Parole Board hearing shortly after being sentenced. Despite this, 65 percent of sentence plans were completed within 90 days.

OUTPUT: MALE YOUTH PRISONERS

The Department provides for the safe, secure and humane confinement of sentenced male youth prisoners less than 18 years of age and vulnerable 18 – 19 year olds in Young Offender Units.

Performance Measures	2007/08	2008/09		
	Actual	Budget Standard	Actual Standard	Variance (%)
Average medium security prisoner population (#)	41	42	35	(17%)
Average minimum security prisoner population (#)	23	23	23	0%
Prisoners who are eligible and have met the criteria for sentencing planning, who have a plan prepared within agreed timelines (%)	41%	95%	84%	(12%)

COMMENTS

The average number of youth medium security prisoners was 17 percent lower than the standard set for 2008/09, while the average number of youth minimum security prisoners was the same as the standard set for 2008/09. Of the prisoners who were eligible for sentence plans, 84 percent had sentence plans completed within 28 days from the sentence commencement date. The lower than anticipated result reflects that resources were reprioritised to other operational areas such as the completion of the New Zealand Parole Board reports and completing sentence plans for prisoners who are serving short sentences, or who are due to appear at a New Zealand Parole Board hearing shortly after being sentenced. Despite this, 88 percent of sentence plans were completed within 90 days.

OUTPUT: CRIME PREVENTION

The Department identifies drug users in prisons through the administration of three random drug screening programmes and other drug screening tests. Drug control activities, drug dog services and checkpoints aim to reduce the availability of drugs and contraband.

Performance Measures	2007/08	2008/09		
	Actual	Budget Standard	Actual Standard	Variance (%)
General random drug screening tests taken (#)	3,660	3,744	3,700	(1%)
Random drug screening tests taken from prisoners returning from temporary release (#)	462	364	405	11%
Random drug screening tests taken from prisoners who are identified drug users (#)	1,934	2,340	1,591	(32%)
Other drug screening tests taken (#)	5,637	5,638	5,953	6%

COMMENTS

All prisoners returning to prison from temporary release are subject to random drug tests. In 2008/09 the number of prisoners selected was 11 percent higher than expected and was driven by factors including the number of prisoners on Release to Work.

Prisoners identified as drug users are subject to random drug screening tests and are randomly selected to undergo drug tests using an algorithm applied within the offender management system. The number of prisoners randomly selected by the algorithm was 32 percent lower than the standard expected due to a decrease in the population of identified drug users. This is a favourable result for the Department and is attributed to the increased contraband detection rate in the custodial environment.

OUTPUT CLASS: CUSTODY OF REMAND PRISONERS

Provides for custodial remand services and provision of facilities to hold people charged with offences, and offenders convicted but not yet sentenced.

The average remand prisoner population for 2008/09 was 1,785, one percent below the 2006 Justice Sector Prison Population Forecast. This forecast was used to set the budget standards in 2008/09. The number of prisoners held on remand in custody is influenced by rates of arrest and decisions of the judiciary and as such are outside of the Department's direct control.

The throughput of remand prisoners during the year was approximately 13,200. Accommodating remand prisoners remains a challenge due to the volatility and the requirements to hold remand prisoners close to the court in which they need to appear; the majority of demand for remand accommodation is in the Northern region.

OUTPUT CLASS STATEMENT: CUSTODY OF REMAND PRISONERS

For the year ended 30 June 2009

	2007/08	2008/09		
	Actual	Actual	Main Estimates	Supp. Estimates
	\$000	\$000	\$000	\$000
REVENUE				
Crown	121,983	135,437	115,524	137,237
Departmental	893	1,001	968	926
Total Revenue	122,876	136,438	116,492	138,163
Total Expenses	128,652	137,869	116,492	138,163*
Net Surplus/(Deficit)	(5,776)	(1,431)	–	–

* These figures also include the following adjustment under Section 26A of the Public Finance Act 1989:

	Supplementary Estimates	Section 26A Transfer	Final Appropriation
	\$000	\$000	\$000
	136,363	1,800	138,163

OUTPUT: CUSTODY OF REMAND PRISONERS

The Department provides for the safe, secure and humane confinement of remand prisoners (accused and convicted) in a custodial environment.

	2007/08	2008/09		
Performance Measures	Actual	Budget Standard	Actual Standard	Variance (%)
Average remand prisoner population (#)	1,718 ⁷	1,798	1,785	(1%)
– Male	1,610	1,667	1,654	(1%)
– Female	82	112	101	(10%)
– Youth	26	19	30	58%

COMMENTS

The average number of remand prisoners held in custody is influenced by rates of arrest and decisions of the judiciary. The total average number of remand prisoners over the year was one percent lower than expected.

⁷ On average, a further 55 prisoners were held in Police and court cells.

OUTPUT CLASS: ESCORT AND CUSTODIAL SUPERVISION

Provides for transportation of prisoners to and from court and their custody while at court.

OUTPUT CLASS STATEMENT: ESCORT AND CUSTODIAL SUPERVISION

For the year ended 30 June 2009

	2007/08	2008/09		
	Actual	Actual	Main Estimates	Supp. Estimates
	\$000	\$000	\$000	\$000
REVENUE				
Crown	12,090	11,015	11,508	11,215
Departmental	81	86	89	91
Total Revenue	12,171	11,101	11,597	11,306
Total Expenses	11,457	10,566	11,597	11,306*
Net Surplus/(Deficit)	714	535	–	–

* These figures also include the following adjustment under Section 26A of the Public Finance Act 1989:

	Supplementary Estimates	Section 26A Transfer	Final Appropriation
	\$000	\$000	\$000
	11,106	200	11,306

OUTPUT: ESCORT SERVICES

Remand and sentenced prisoners are escorted to and from court safely, securely, and humanely.

	2007/08	2008/09		
Performance Measures	Actual	Budget Standard	Actual Standard	Variance (%)
Prisoners escorted (#)				
– Northland/Auckland (including Police escorts) ⁸	38,269	37,440	35,668	(5%)
– Remainder of New Zealand ⁹	9,283	9,000	9,898	10%

COMMENTS

The number of prisoners escorted to and from court is influenced by rates of arrest and decisions of the judiciary. The number of prisoners escorted was five percent below the expected standard for the Northland/Auckland area, however it was 10 percent higher than expected in the remainder of New Zealand.

OUTPUT: COURTROOM CUSTODIAL SUPERVISION SERVICES

Remand and sentenced prisoners are supervised while at court safely, securely and humanely.

	2007/08	2008/09		
Performance Measures	Actual	Budget Standard	Actual Standard	Variance (%)
Prisoners supervised in courts (#)				
– Northland/Auckland ¹⁰	10,839	9,520	9,960	5%
– Remainder of New Zealand ¹¹	10,518	10,250	10,313	1%

COMMENTS

The number of prisoners supervised in courts is influenced by rates of arrest and decisions of the judiciary. The number of prisoners supervised in the Northland/Auckland area was five percent more than expected while the number of prisoners supervised in the remainder of New Zealand was only one percent higher than expected.

⁸ Undertaken by an external provider.

⁹ Undertaken by Prison Services.

¹⁰ Undertaken by an external provider.

¹¹ Undertaken by Prison Services.

OUTPUT CLASS: INFORMATION SERVICES

Provision of psychological reports, remand pre-sentence reports, reparation reports, same day reports, home detention reports and assessments, oral information reports, home leave reports and pre-release reports for prisoners, information for extended supervision orders, and reports to the New Zealand Parole Board.

Outputs within this output class are:

- Sentencing Advice to Courts;
- Judicial Monitoring;
- Parole Advice to the New Zealand Parole Board;
- Home Leave Reports;
- Home Detention Assessments to the New Zealand Parole Board;
- New Zealand Parole Board Progress Report;
- Psychological Service Information; and
- Information Services for Extended Supervision Orders.

OUTPUT CLASS STATEMENT: INFORMATION SERVICES

For the year ended 30 June 2009

	2007/08	2008/09		
	Actual	Actual	Main Estimates	Supp. Estimates
	\$000	\$000	\$000	\$000
REVENUE				
Crown	38,947	42,868	43,693	43,368
Departmental	271	252	269	489
Total Revenue	39,218	43,120	43,962	43,857
Total Expenses	41,370	43,816	43,962	43,857*
Net Surplus/(Deficit)	(2,152)	(696)	–	–

* These figures also include the following adjustment under Section 26A of the Public Finance Act 1989:

	Supplementary Estimates	Section 26A Transfer	Final Appropriation
	\$000	\$000	\$000
	43,357	500	43,857

OUTPUT: SENTENCING ADVICE TO COURTS

This output entails the preparation of reports (relating to remand pre-sentence, reparation including emotional harm, same-day, special purpose and oral information reports) 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.

Performance Measures	2007/08	2008/09		
	Actual	Budget Standard	Actual Standard	Variance (%)
Pre-sentence reports prepared for the courts (#)	36,567	36,719	44,596	21%
Court attendance hours (#)	70,218	71,135	90,107	27%
Pre-sentence reports provided to agreed standards (%)	94%	95%	94%	(1%)
Written complaints from judges to be no more than (#)	6	15	13	13%
Pre-sentence reports provided within agreed timelines (%)	96%	98%	90%	(8%)

COMMENTS

The number of reports provided by the Department to the judiciary and court attendance hours were 21 percent and 27 percent higher than the budget standard respectively, reflecting the increased flow of offenders through the courts and an increase in the court sitting hours.

The quality of the Department's sentencing advice continued to be of a high standard with 13 percent fewer written complaints received from judges than the standard set for 2008/09. This is a positive result given the increased number of pre-sentence reports. The number of reports provided within agreed timeframes was eight percent below standard, a result of the increased number of reports prepared for the courts.

OUTPUT: JUDICIAL MONITORING

Judicial monitoring reports contain information on offenders' progress and compliance with court imposed sentences.

Performance Measures	2007/08	2008/09		
	Actual	Budget Standard	Actual Standard	Variance (%)
Judicial monitoring reports prepared for the courts (#)	70	311	191	(39%)
Judicial monitoring reports provided within agreed timelines (%)	98%	95%	89%	(6%)

COMMENTS

The number of judicial monitoring reports prepared for the courts was 39 percent below standard; the Department has no direct control over the number of monitoring reports requested.

Of the reports that were prepared 89 percent were provided within the agreed timeframe; six percent below standard, this is a result of the increased volume of pre-sentence reports being prepared for the court.

OUTPUT: PAROLE ADVICE TO THE NEW ZEALAND PAROLE BOARD

Parole assessment reports provide information to the New Zealand Parole Board to assist with decisions regarding a prisoner's release.

	2007/08	2008/09		
Performance Measures	Actual	Budget Standard	Actual Standard	Variance (%)
Parole assessment reports prepared for the Board (#)	5,316	4,600	5,322	16%
Parole assessment reports provided to agreed standards (%)	100%	100%	100%	0%

COMMENTS

The number of assessment reports requested by the New Zealand Parole Board was higher than the expected standard and led to 16 percent more reports being requested. Due to the importance of parole assessment reports, the Department has to prioritise this work ahead of other areas in order to meet agreed standards. Resources were reallocated from areas of work such as sentence planning (Output Class Custodial Services) and consequently sentence planning timeliness performance measures were compromised.

OUTPUT: HOME LEAVE REPORTS

Home leave reports, including investigating the suitability of the sponsor and residence, are prepared. The Department has the delegated authority to consider and approve home leave proposals. Likely community reaction to the planned home leave by a prisoner and the suitability of the proposed accommodation are also assessed.

	2007/08	2008/09		
Performance Measures	Actual	Budget Standard	Actual Standard	Variance (%)
Home leave reports prepared (#)	413	1,218	356	(71%)
Home leave reports provided to agreed standards (%)	94%	98%	97%	(1%)
Home leave reports provided within agreed timelines (%)	95%	98%	94%	(4%)

COMMENTS

The number of home leave reports prepared is dependent on the number of prisoners who apply for home leave. The number of home leave reports prepared in 2008/09 was 71 percent below the standard expected.

OUTPUT: HOME DETENTION ASSESSMENTS TO THE NEW ZEALAND PAROLE BOARD

As reported during 2007/08, prisoners are no longer entitled to apply for home detention. As a consequence this output was removed during 2008/09. This output was superseded by the new sentencing options introduced in October 2007.

	2007/08	2008/09		
Performance Measures	Actual	Budget Standard	Actual Standard	Variance (%)
Home Detention specialist reports provided to agreed standards (%)	96%	98%	100%	2%
Home Detention specialist reports provided within agreed timelines (%)	91%	98%	100%	2%

COMMENTS

The home detention specialist reports were all provided to agreed standard and met the expected timeframe.

OUTPUT: NEW ZEALAND PAROLE BOARD PROGRESS REPORT

The Department provides progress reports to the New Zealand Parole Board on offenders' compliance with the conditions of their parole orders.

	2007/08	2008/09		
Performance Measures	Actual	Budget Standard	Actual Standard	Variance (%)
Parole progress reports prepared for the Board (#)	49	310	486	57%
Parole progress reports provided within agreed timelines (%)	100%	98%	nav ¹²	n/a

COMMENTS

The number of parole progress reports prepared for the New Zealand Parole Board was 57 percent higher than the standard set for 2008/09. The Department has no direct control over the volume of these reports; the volume of reports is set by the New Zealand Parole Board.

The parole progress reports being provided within agreed timeframes could not be measured during 2008/09 due to information technology functionality and procedural changes between the New Zealand Parole Board and the Department.

¹² Information is not available for 2008/09.

OUTPUT: PSYCHOLOGICAL SERVICE INFORMATION

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

Performance Measures	2007/08	2008/09		
	Actual	Budget Standard	Actual Standard	Variance (%)
Psychological reports prepared for the Board (#)	1,095	1,100	1,103	0%
Psychological reports prepared for the courts (#)	132	150	108	(28%)
Psychological reports prepared for the Board provided to agreed standards (%)	100%	100%	100%	0%
Psychological reports prepared for the courts provided to agreed standards (%)	100%	100%	100%	0%
Psychological reports prepared for the Board provided within agreed timelines (%)	100%	100%	100%	0%
Psychological reports prepared for the courts provided within agreed timelines (%)	99%	100%	100%	0%

COMMENTS

The number of psychological reports prepared for the New Zealand Parole Board was as expected in the 2008/09 financial year; all reports were provided to the agreed standards and within the expected timeframe.

The number of psychological reports prepared for the courts was 28 percent below the standard expected for the 2008/09 financial year; all reports were provided to the agreed standards and within the expected timeframe.

OUTPUT: INFORMATION SERVICES FOR EXTENDED SUPERVISION ORDERS

Information on extended supervision orders is provided to courts and the New Zealand Parole Board. The Department can apply to the court for an extended supervision order in respect of child-sex offenders who are eligible. Psychological health assessments are completed on these offenders and the outcome of the health assessment determines whether an application for an extended supervision order is made. Applications, which include the relevant health assessments, are made to courts and applications are made to the New Zealand Parole Board to set special conditions for the orders.

Performance Measures	2007/08	2008/09		
	Actual	Budget Standard	Actual Standard	Variance (%)
Health assessments completed on offenders for whom an Extended Supervision order is considered (#)	58	56	82	46%
Health assessments provided to agreed standards (%)	100%	100%	100%	0%
Health assessments provided within agreed timelines (%)	100%	100%	100%	0%
Extended Supervision applications prepared for the courts (#)	23	56	42	(25%)
Applications prepared for the Board for special conditions (#)	45	56	24	(57%)
Applications prepared for the courts provided to agreed standards (%)	100%	100%	100%	0%
Applications prepared for the Board provided to agreed standards (%)	100%	100%	100%	0%
Applications prepared for the courts provided within agreed timelines (%)	100%	100%	100%	0%
Applications prepared for the Board provided to agreed timelines (%)	100%	100%	100%	0%

COMMENTS

The higher than expected number of health assessments completed by the Department did not correspond to a proportional increase in extended supervision applications made to the courts. Standards were set on the basis that all offenders assessed would apply to the court, however only 42 applications were made; 25 percent below standard.

The number of applications made to the New Zealand Parole Board for special conditions is dependent on the number of applications prepared for the courts and the number of orders granted. Twenty-four applications were made to the New Zealand Parole Board, 57 percent less than expected.

The Department continued to provide reports that met the quality and timeliness standards set.

OUTPUT CLASS: POLICY ADVICE AND DEVELOPMENT

Provision of advice, development of policies, and ministerial servicing relating to the reduction of 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 2009

	2007/08	2008/09		
	Actual	Actual	Main Estimates	Supp. Estimates
	\$000	\$000	\$000	\$000
REVENUE				
Crown	4,909	4,923	4,896	4,973
Departmental	40	39	40	40
Total Revenue	4,949	4,962	4,936	5,013
Total Expenses	4,652	4,859	4,936	5,013*
Net Surplus/(Deficit)	297	103	–	–

* These figures also include the following adjustment under Section 26A of the Public Finance Act 1989:

	Supplementary Estimates	Section 26A Transfer	Final Appropriation
	\$000	\$000	\$000
	4,963	50	5,013

OUTPUT: POLICY ADVICE AND DEVELOPMENT SERVICES

The Department provides advice and develops policies that contribute to the improvement of service delivery, including policies that improve outcomes for Māori and Pacific peoples, and the development of effective criminal justice sector legislation. Services also include the development of service standards, the analysis of trends in the offender population, and the evaluation of the impact of programmes to reduce re-offending.

	2007/08	2008/09		
Performance Measures	Actual	Budget Standard	Actual Standard	Variance (%)
Advice provided according to the work programme agreed with the Minister of Corrections (%)	100%	95%	100%	5%
Advice delivered to the Minister of Corrections that meets agreed standards (%)	100%	95%	100%	5%
Policy advice delivered to the Minister of Corrections within agreed timelines (%)	100%	95%	95%	0%

OUTPUT: MINISTERIAL SERVICES

Responses are provided to ministerial correspondence and parliamentary questions, Official Information Act requests, and requests from the Office of the Ombudsmen.

	2007/08	2008/09		
Performance Measures	Actual	Budget Standard	Actual Standard	Variance (%)
Responses prepared to ministerial correspondence (#)	256	300	497	66%
Responses prepared to written parliamentary questions (#)	573	850	241	(72%)
Responses to parliamentary questions completed within agreed timelines (%)	–	100%	90%	(10%)
Ministerial correspondence completed at first draft (%)	–	90%	86%	(4%)

COMMENTS

An increased level of ministerial responses was provided than was originally anticipated. This resulted in a 66 percent variance against the budget standard.

There were fewer parliamentary questions received than expected. This resulted in a 72 percent variance against the budget standard.

OUTPUT CLASS: PRISONER EMPLOYMENT

Provision of prisoner employment, including the provision and administration of work experience and training opportunities designed to help address the underlying causes of criminal re-offending.

Outputs within this output class are:

- Prison-based Work and Training;
- Release to Work;
- Trade and Technical Training; and
- Community Services

OUTPUT CLASS STATEMENT: PRISONER EMPLOYMENT

For the year ended 30 June 2009

	2007/08	2008/09		
	Actual	Actual	Main	Supp.
	\$000	\$000	Estimates	Estimates
			\$000	\$000
REVENUE				
Crown	13,127	15,393	11,919	17,303
Departmental	362	362	342	318
Other	32,888	32,978	25,998	34,198
Total Revenue	46,377	48,733	38,259	51,819
Total Expenses	45,151	49,398	38,259	51,819*
Net Surplus / (Deficit)	1,226	(665)	–	–

* These figures also include the following adjustment under Section 26A of the Public Finance Act 1989:

	Supplementary	Section 26A	Final
	Estimates	Transfer	Appropriation
	\$000	\$000	\$000
	49,909	1,910	51,819

OUTPUT: PRISON-BASED WORK AND TRAINING

This output covers the provision of employment, work-based training and assessment of New Zealand Qualifications Authority (NZQA) credits for prisoners.

Performance Measures	2007/08	2008/09		
	Actual	Budget Standard	Actual Standard	Variance (%)
Average prisoners employed in prison-based work and training (Corrections Inmate Employment volumes) (#)	–	2,371	2,230	(6%)
Total hours prisoners are employed in prison-based work and training (Corrections Inmate Employment volumes) (#)	–	3,612,896	4,114,523	14%
Average number of NZQA credits achieved per prisoner employed by Corrections Inmate Employment in prison-based work and training (Corrections Inmate Employment volumes) (#)	–	20	27	35%
Average prisoners employed in prison-based work (Prison Services volumes) (#)	–	1,800	1,576	(12%)
Total hours prisoners are employed in prison-based work (Prison Services volumes) (#)	–	2,070,000	2,249,852	9%

COMMENTS

Within the Department employment is provided to prisoners by both Corrections Inmate Employment (CIE) and Prison Services (PS). Prisoners employed in prison based work within PS undertake cleaning, grounds maintenance and general duties. Other industry related activities are provided by CIE, which may include activities such as farming, forestry, and manufacturing activities.

The average number of prisoners employed within CIE and PS was six and 12 percent below the expected standard respectively. While the average number of prisoners was below what was expected, the total hours prisoners were employed with both CIE and PS were 14 and nine percent higher than expected standard respectively. The total hours prisoners were employed was expected to be set at around 30 hours per prisoner per week. During the 2008/09 financial year the result was at around 35 hours per prisoner per week. Matching available prisoners to available work is often complicated by a number of factors and while the result may be that fewer prisoners work they tend to work an increased number of hours.

The average number of NZQA credits achieved per prisoner employed in CIE was 35 percent above the standard expected for 2008/09; this can be attributed to the strong focus on delivering NZQA credits to prisoners in employment. The total credits achieved in 2008/09 are 82 percent higher than the 2007/08 financial year. Overall this is a favourable result for the Department in respect of the Prisoner Employment Strategy.

OUTPUT: RELEASE TO WORK

Eligible prisoners may be released during the day to be employed in workplaces outside the prison. This supports their reintegration back into the community.

	2007/08	2008/09		
Performance Measures	Actual	Budget Standard	Actual Standard	Variance (%)
Average prisoners on Release to Work (Corrections Inmate Employment volumes) (#)	153	192	150	(22%)
Total hours prisoners are employed on Release to Work (Corrections Inmate Employment volumes) (#)	345,841	368,800	314,436	(15%)

COMMENTS

The average number of prisoners on Release to Work was well below the standard expected for 2008/09. The economic downturn has impacted the number of employers willing or able to employ prisoners. As a result of the average number of prisoners employed on Release to Work being below the standard expected this has impacted the number of hours prisoners are employed on Release to Work with a 15 percent variance against the standard expected for 2008/09.

OUTPUT: TRADE AND TECHNICAL TRAINING

Eligible prisoners are provided with work related training to support their reintegration into the community on release from prison.

	2007/08	2008/09		
Performance Measures	Actual	Budget Standard	Actual Standard	Variance (%)
Total prisoners commencing trade and technical training (Corrections Inmate Employment volumes) (#)	–	400	207	(48%)
Total trade and technical training EFTS engaged (Corrections Inmate Employment volumes) (#)	–	200	104	(48%)
Total hours prisoners are engaged in trade and technical training (Corrections Inmate Employment volumes) (#)	–	119,120	87,238	(27%)
Average number of NZQA credits achieved per prisoner engaged in trade and technical training (Corrections Inmate Employment volumes) (#)	–	24	45	88%
Total prisoners commencing computer and driver licence training (Prison Services volumes) (#)	–	1,550	1,270	(18%)
Total hours prisoners are engaged in computer and driver licence training (Prison Services volumes) (#)	–	23,250	29,282	26%

COMMENTS

Prisoners commencing trade and technical training were well behind the standards set for 2008/09 due to the lead time necessary to build relationships with polytechnics and establish training facilities. However, trends in the last few months of the 2008/09 financial year have shown a positive result and these trends are expected to continue.

The average number of NZQA credits achieved per prisoner has significantly exceeded the standard set for 2008/09 with a favourable 88 percent variance. This is as a result of careful selection of participants to ensure a maximum completion rate, and improvements to the design of the course to include the most relevant and achievable unit standards.

OUTPUT: COMMUNITY SERVICES

Prisoners are involved in activities benefiting local communities. Prisoners nearing their release date and who meet eligibility criteria, work outside the prison boundaries during the day in supervised work parties.

Performance Measures	2007/08	2008/09		
	Actual	Budget Standard	Actual Standard	Variance (%)
Average prisoners employed in community service activities (#)	33	68	45	(34%)
Total hours prisoners are employed in community service activities (#)	40,457	68,000	50,204	(26%)

COMMENTS

Prisoners who are eligible to work on community service activities are employed to undertake community services outside of prison that benefit local communities. The standards set for the average number of prisoners employed in community services and hours of employment were not achieved, with a variance of 34 and 26 percent respectively. This result is due to the lack of available supervisory custodial staff during the year and a reduction in the number of suitable prisoners available for this external activity. The Department focuses on public safety by ensuring adequate supervision and only suitable prisoners are selected to work in the community.

OUTPUT CLASS: REHABILITATIVE PROGRAMMES AND REINTEGRATIVE SERVICES

Provision of prison and community-based responsivity and rehabilitative programmes, reintegrative services and psychological services designed to address the underlying causes of criminal re-offending.

Outputs within this output class are:

- Responsivity/Motivational Programmes;
- Special Treatment Units;
- Medium-Intensity Rehabilitation Programmes;
- Other Rehabilitative Programmes and Activities;
- Education;
- Reintegration Interventions;
- Community Residential Centres; and
- Psychological Services.

OUTPUT CLASS STATEMENT: REHABILITATIVE PROGRAMMES AND REINTEGRATIVE SERVICES

For the year ended 30 June 2009

	2007/08	2008/09		
	Actual	Actual	Main Estimates	Supp. Estimates
	\$000	\$000	\$000	\$000
REVENUE				
Crown	58,598	58,137	61,239	58,137
Departmental	438	531	530	524
Total Revenue	59,036	58,668	61,769	58,661
Total Expenses	57,201	58,638	61,769	58,661
Net Surplus/(Deficit)	1,835	30	–	–

OUTPUT: RESPONSIVITY/MOTIVATIONAL PROGRAMMES

The Department delivers short motivational programmes, Tikanga Māori and faith-based programmes. Attendance at these programmes improves an offender's responsivity or motivation to address identified criminogenic needs.

Performance Measures	2007/08	2008/09		
	Actual	Budget Standard	Actual Standard	Variance (%)
SHORT MOTIVATIONAL PROGRAMMES				
Total prisoners who start a short motivational programme (#)	114	200	282	41%
Total hours prisoners spend attending a short motivational programme (#)	491	750	1,130	51%
Prisoners who complete a short motivational programme (%)	85%	75%	76%	1%
TIKANGA MĀORI PROGRAMMES				
Total offenders who start a Tikanga Māori programme (#)				
– Prisoners	808	963	1,026	7%
– Community-based offenders	804	1,014	941	(7%)
Total hours offenders spend attending a Tikanga Māori programme (#)				
– Prisoners	54,968	52,112	67,675	30%
– Community-based offenders	33,326	48,548	45,728	(6%)
Offenders who complete a Tikanga Māori programme (%)				
– Prisoners	95%	90%	89%	(1%)
– Community-based offenders	71%	65%	86%	32%
FAITH-BASED UNIT				
Average prisoners engaged in faith-based programmes (#)	60	60	57	(5%)
Total hours prisoners spend attending a faith-based programme (#)	16,116	17,820	18,765	5%
Prisoners who complete a module at the faith-based Unit (%)	96%	90%	88%	(2%)

COMMENTS

Short Motivational Programmes

During the 2008/09 year the Department revised the programme eligibility for short motivational programmes to make it available to a wider range of prisoners; as a result more prisoners attended this programme with a 41 percent variance. The increased number of prisoners starting this programme has also impacted the number of hours prisoners are attending this programme with a 51 percent variance.

Tikanga Māori Programmes

Tikanga Māori programmes are delivered to both prisoners in custody and community-based offenders. The number of prisoners starting Tikanga Māori programmes was seven percent above the standard set for 2008/09, while community-based offenders were seven percent below the standard set for 2008/09.

The number of hours delivered to prisoners in custody is 30 percent above the standard set for 2008/09, however, the standards set are based on the minimum number of hours requiring delivery as per the contract. While the number of hours delivered has exceeded that expected, the additional hours are delivered within the cost of the contract and were at no additional cost to the Department.

The rate of community-based offenders completing a Tikanga Māori programme exceeded the standard set by 32 percent, a favourable result for the Department.

OUTPUT: SPECIAL TREATMENT UNITS

The following programmes are delivered in prison and are aimed at addressing offenders' rehabilitative needs.

Programmes include:

- sex offender treatment programmes, for prisoners convicted of sex offending against children. The programmes include special treatment units at Kia Marama in Christchurch Prison and Te Piriti in Auckland Prison;
- violence prevention programmes, including the delivery of group-based treatment to violent offenders in the male Violence Prevention Unit at Rimutaka Prison and the Pacific violence prevention programme;
- drug treatment programmes to highly recidivist offenders with identified alcohol and drug-related needs. The output includes the delivery of alcohol and drug treatment programmes within special treatment units; and
- intensive rehabilitative programmes delivered in a dedicated prison unit for high-risk offenders.

	2007/08	2008/09		
Performance Measures	Actual	Budget Standard	Actual Standard	Variance (%)
SEX OFFENDER TREATMENT PROGRAMMES				
Total prisoners who start a sex offender treatment programme (#)	88	80	90	13%
Total hours prisoners spend attending a sex offender treatment programme (#)	25,388	25,000	26,777	7%
Prisoners who complete a sex offender treatment programme (%)	94%	95%	97%	2%
Programmes completed where required components were completed (%)	100%	100%	100%	0%
VIOLENCE PREVENTION PROGRAMMES				
Total prisoners who start a violence prevention programme (#)	30	30	30	0%
Total hours prisoners spend attending violence prevention programmes (#)	7,449	7,700	7,498	(3%)
Prisoners who complete a violence prevention programme (%)	84%	70%	80%	14%
DRUG TREATMENT PROGRAMMES				
Total prisoners who start a substance abuse programme in a drug treatment unit (#)	346	437	499	14%
Total hours prisoners spend attending substance abuse programmes in a drug treatment unit (#)	85,061	59,000	106,097	80%
Prisoners who complete a substance abuse programme (%)	55%	75%	58%	(23%)
INTENSIVE REHABILITATIVE PROGRAMMES				
Total prisoners who start an intensive rehabilitative programme (#)	–	70	69	(1%)
Total hours prisoners spend attending an intensive rehabilitative programme (#)	–	13,210	13,238	0%
Prisoners who complete an intensive rehabilitative programme (%)	–	75%	77%	3%

COMMENTS

The sex offender treatment programme has adopted a rolling group format in the 2008/09 year which has seen an increase in the throughput of the Sex Offender Treatment Unit.

The percentage of prisoners who completed a violence prevention programme was 80 percent, a favourable result for the Department when compared to the budget standard for 2008/09. This is as a result of improved case management.

The drug treatment programmes are delivered to prisoners in the drug treatment units in six prisons. A more flexible method of delivering the programme has been introduced during 2008/09 to enable prisoners to start and complete the programme at different times. This has improved the access to the programme which has increased the number of prisoners who were expected to start the programme by 14 percent. The number of hours prisoners spent attending a substance abuse programme was 80 percent more than the budget standard. The standards are set on the minimum number of hours requiring delivery as per the contract. While the number of hours delivered has exceeded that expected, the additional hours were provided within the cost of the contract and were at no additional cost to the Department. The percentage of prisoners completing the substance abuse programme was lower than expected as a result of the more flexible method of delivering the programme. A minority of prisoners will not be sufficiently advanced to complete the programme, as a result only 58 percent of prisoners completed a substance abuse programme in the 2008/09 financial year.

OUTPUT: MEDIUM-INTENSITY REHABILITATION PROGRAMMES

Programmes that are delivered to address an offenders' rehabilitative needs, either in prison or the community.

Performance Measures	2007/08	2008/09		
	Actual	Budget Standard	Actual Standard	Variance (%)
MĀORI THERAPEUTIC PROGRAMMES				
Total prisoners who start a Māori therapeutic programme (#)	126	140	132	(6%)
Total hours prisoners spend attending Māori therapeutic programmes (#)	10,913	11,200	11,861	6%
Prisoners who complete a Māori therapeutic programme (%)	85%	80%	88%	10%
RELAPSE PREVENTION PROGRAMMES				
Total offenders who start a relapse prevention programme (#)	381	350	568	62%
OTHER REHABILITATIVE PROGRAMMES				
Total offenders who start a rehabilitative programme (#)				
– Prisoners	484	540	540	0%
– Community-based offenders	385	508	639	26%
Total hours offenders spend attending a rehabilitative programme (#)				
– Prisoners	53,074	53,590	60,066	12%
– Community-based offenders	18,198	29,780	39,542	33%
Offenders who complete a rehabilitation programme (%)				
– Prisoners	85%	75%	84%	12%
– Community-based offenders	54%	65%	66%	2%
FOCUS PROGRAMMES				
Total young offenders who start a FOCUS programme (#)	155	109	142	30%
Total hours young offenders spend attending a FOCUS programme (#)	5,121	3,709	4,314	16%
Young offenders assessed as appropriate to attend a programme who participate in a programme (%)	100%	98%	95%	(3%)

COMMENTS

Māori Therapeutic Programmes

The number of prisoners who started a Māori therapeutic programme was six percent below the standard set for 2008/09 due to one programme being withdrawn to provide training for new facilitators.

The number of hours delivered to prisoners in custody is six percent above the standard set for 2008/09. While the number of hours delivered has exceeded that expected, the additional hours were delivered within the cost of the contract and were at no additional cost to the Department.

The rate of prisoners completing a Māori therapeutic programme exceeded the standard set by 10 percent, a favourable result for the Department.

Relapse Prevention Programme

The number of offenders who started a relapse prevention programme was 62 percent above the standard set for 2008/09. A revision of the criteria to complete this programme is being piloted. Once the pilot is complete the criteria will be revised and it is expected that the volume for this programme will reduce for community-based offenders and increase for those offenders in prison.

Other Rehabilitative Programmes

The number of offenders who started a rehabilitative programme was 26 percent above the standard set for 2008/09. This can be attributed in part to a change in policy to allow programmes to be for up to 12 offenders, rather than the original 10. Increased numbers of offenders starting and completing a programme also resulted in more programme hours being delivered.

OUTPUT: OTHER REHABILITATIVE PROGRAMMES AND ACTIVITIES

Community-based rehabilitation programmes are delivered by external providers and are designed to address the underlying causes of re-offending.

	2007/08	2008/09		
Performance Measures	Actual	Budget Standard	Actual Standard	Variance (%)
SEX OFFENDER TREATMENT PROGRAMMES				
Total offenders who start a sex offender treatment programme (#)	63	70	62	(11%)
Offenders who complete a sex offender treatment programme (%)	54%	TBR ¹³	67%	n/a
DOMESTIC VIOLENCE TREATMENT PROGRAMMES				
Total offenders who start a domestic violence treatment programme (#)	2,203	1,677	2,404	43%
Offenders who complete a domestic violence treatment programme (%)	49%	TBR ¹⁴	53%	n/a
ALCOHOL AND DRUG TREATMENT PROGRAMMES				
Total offenders who start a community-based alcohol and drug treatment programme (#)				
– Residential	–	100	117	17%
– Non residential	–	TBR ¹⁵	5,761	n/a
Offenders who complete a community-based alcohol and drug treatment programme (%)				
– Residential	–	65%	23%	(65%)
– Non residential	–	TBR ¹⁶	68%	n/a

¹³ No standard was included in the Information Supporting The Estimates of Appropriations – Budget 2008.

¹⁴ No standard was included in the Information Supporting The Estimates of Appropriations – Budget 2008.

¹⁵ No standard was included in the Information Supporting The Estimates of Appropriations – Budget 2008.

¹⁶ No standard was included in the Information Supporting The Estimates of Appropriations – Budget 2008.

COMMENTS

Sex Offender Treatment Programmes

The number of referrals to sex offender treatment programmes was lower than expected. A contributing factor to the reduction in referrals is the work undertaken during the year to clarify the eligibility criteria. During the 2009/10 year the Department is looking at addressing the demand for such programmes for minority groups (for example, young child sex offenders) and in more remote areas and therefore expect volumes to increase.

Domestic Violence Treatment Programmes

The number of offenders who started a domestic violence treatment programme was 43 percent above the standard set for 2008/09. This has been due to public awareness campaigns, family violence courts and judicial behaviour and the increased number of offenders with special conditions to attend a programme. These programmes are provided by external providers in the community and while the programme completion rates are low it should be noted that as a direct result of the referrals a significant number of victims of domestic violence are linked into appropriate support services. This has also signified a low tolerance of non-compliance which aligns with the approach taken across Government in addressing domestic violence.

Alcohol and Drug Treatment Programmes

The provision of alcohol and drug treatment programmes is the responsibility of the Ministry of Health and District Health Boards. The number of offenders who completed a programme was 65 percent below the standard set for 2008/09. The standard for 2009/10 has been revised and reduced to 40 percent.

OUTPUT: EDUCATION

The Department seeks to improve the education standards of prisoners through the provision of foundation learning (literacy, numeracy, English for speakers of other languages [ESOL]) and secondary school education that improve education skills and ability to gain employment after release.

	2007/08	2008/09		
Performance Measures	Actual	Budget Standard	Actual Standard	Variance (%)
Total prisoners commencing education (#)	3,119	2,514	2,158	(14%)
Total hours prisoners are engaged in education (#)	190,898	204,648	250,390	22%

COMMENTS

While the number of prisoners commencing education was 14 percent below the standard set for 2008/09, the total number of hours education providers delivered was 22 percent above the standard for 2008/09. The additional hours were delivered within the cost of the contract and were at no additional cost to the Department.

OUTPUT: REINTEGRATION INTERVENTIONS

Reintegrative services are provided to offenders and their families/whānau in order to facilitate the transition from prison to the community or to assist community-based offenders to fulfil the conditions of their sentence or order. Reintegrative needs may include accommodation and employment, financial management, relationship management, community support, victim related issues, and health care.

Reintegration services are delivered by prison-based reintegration teams that include caseworkers, social workers and family/whānau liaison workers. The reintegration teams work collectively with other government agencies and non-government organisations that may be contracted by the Department or serve on a voluntary basis.

	2007/08	2008/09		
Performance Measures	Actual	Budget Standard	Actual Standard	Variance (%)
REINTEGRATIVE PROGRAMMES				
Total prisoners who start a reintegrative programme (#)	1,105	790	1,103	40%
Total hours prisoners spend attending a reintegrative programme (#)	29,317	22,750	26,942	18%
Prisoners who complete a reintegrative programme (%)	79%	90%	72%	(20%)
REINTEGRATIVE SERVICES PROVIDED BY THE NEW ZEALAND PRISONERS AID AND REHABILITATION SOCIETY (NZPARS)				
Support service hours provided (#)	48,662	48,000	51,553	7%
Number of offenders who receive reintegrative services (#)	–	TBR ¹⁷	10,582	n/a
Referrals to NZPARS for reintegrative services acknowledged within five working days of receipt (%)	100%	95%	95%	0%
SUPPORTED ACCOMMODATION SERVICES				
Offenders participating in a Supported Accommodation service (#)	123	200	183	(9%)
Offenders who complete a Supported Accommodation service and gain longer-term independent accommodation (%)	70%	65%	77%	18%

COMMENTS

The number of prisoners who started a reintegrative programme exceeded the standard set for 2008/09 by 40 percent. This was largely contributed to by increased class sizes containing on average three more prisoners than the minimum contracted number per programme. This is a positive result as it has provided the opportunity for more prisoners to attend the programme.

¹⁷ No standard was included in the Information Supporting The Estimates of Appropriations – Budget 2008.

OUTPUT: COMMUNITY RESIDENTIAL CENTRES

Community Residential Centres (CRCs) provide a residential programme in a community-based reintegrative and structured environment. The objective is to resettle offenders back into the community through rehabilitation programmes and reintegrative services that aim to reduce the likelihood of further offending.

Performance Measures	2007/08	2008/09		
	Actual	Budget Standard	Actual Standard	Variance (%)
Offenders who start a programme (#)				
– Montgomery House	24	40	29	(28%)
– Te Ihi Tu	12	24	8	(67%)
– Salisbury Street Foundation	15	8	11	38%
Psychological hours provided to Montgomery House (#)	699	900	1,098	22%
Offenders who successfully complete a programme (#)				
– Montgomery House	15	TBR ¹⁸	16	n/a
– Te Ihi Tu	10	TBR ¹⁹	5	n/a
Average occupancy at Salisbury Street Foundation (#)	7	12	11	(8%)
Post-programme assessments for Montgomery House programmes completed by a psychologist (%)	94%	100%	100%	0%

COMMENTS

Offenders starting a programme at Montgomery House were 28 percent below the standard set for 2008/09 due to lower than expected programme referrals and programme scheduling issues that have been addressed for 2009/10.

Higher than expected psychologist hours provided to Montgomery House has reflected the need to have psychologists running the programme as the New Zealand Prisoner's Aid and Rehabilitation Society does not currently have staff trained in group delivery.

The contract for the Te Ihi Tu programme was terminated in December 2008 which had a significant impact in regards to meeting the standard set for 2008/09 of 24 offenders.

¹⁸ No standard was included in the Information Supporting The Estimates of Appropriations – Budget 2008.

¹⁹ No standard was included in the Information Supporting The Estimates of Appropriations – Budget 2008.

OUTPUT: PSYCHOLOGICAL SERVICES

Specialist psychologist treatment services are provided to offenders serving both custodial and community-based sentences. This 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 responsivity/motivational and rehabilitative programmes.

Performance Measures	2007/08	2008/09		
	Actual	Budget Standard	Actual Standard	Variance (%)
PSYCHOLOGICAL SERVICES				
Psychological consultation hours provided (#)				
– Prisons	16,199	13,790	18,390	33%
– Community probation services	12,288	13,994	16,988	21%
Psychological reports provided (#)				
– Prisons	939	1,033	925	(10%)
– Community probation services	1,143	916	1,734	89%
Psychological consultations that meet the agreed standards (%)	100%	95%	100%	5%
Psychological reports that meet the agreed standards (%)	100%	95%	100%	5%
BICULTURAL THERAPY				
Māori offenders who receive treatment under the Bicultural Therapy Model (#)	318	350	377	8%
Hours provided by Māori service providers under the Bicultural Therapy Model (#)	4,221	4,000	4,352	9%
Māori service providers who comply with the agreed standards when delivering consultation hours under the Bicultural Therapy Model (%)	97%	100%	100%	0%

COMMENTS

Within prisons, psychological consultation hours were above the standard set for 2008/09 due to high volume group-based programmes carried out during the year and facilitator supervision across the regions. However, reduced report numbers resulted from a focus on New Zealand Parole Board requests, the delivery of group-based programmes and the high volume of facilitator supervision being provided.

Within community-based services, over delivery of consultation hours against the standard set for 2008/09 was as a result of psychologists continuing to prioritise delivery to offenders and a high focus on high risk offenders. The number of psychological reports provided was 89 percent above the standard set for 2008/09. This was contributed to by the large number of short-term interventions provided in the community with lower than average contact hours required per report.

OUTPUT CLASS: SERVICE PURCHASE AND MONITORING

Provision of contract management, inspectorate, custodial assurance and national systems services.

OUTPUT CLASS STATEMENT: SERVICE PURCHASE AND MONITORING

For the year ended 30 June 2009

	2007/08	2008/09		
	Actual	Actual	Main Estimates	Supp. Estimates
	\$000	\$000	\$000	\$000
REVENUE				
Crown	1,800	1,963	1,705	2,048
Departmental	26	12	14	15
Total Revenue	1,826	1,975	1,719	2,063
Total Expenses	1,675	2,047	1,719	2,063*
Net Surplus/(Deficit)	151	(72)	–	–

* These figures also include the following adjustment under Section 26A of the Public Finance Act 1989:

	Supplementary Estimates	Section 26A Transfer	Final Appropriation
	\$000	\$000	\$000
	1,978	85	2,063

OUTPUT: INSPECTORATE SERVICES

The Inspectorate 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 Department's Assurance Board and is independent of the services that it inspects.

Performance Measures	2007/08	2008/09		
	Actual	Budget Standard	Actual Standard	Variance (%)
Inspections in the Inspectorate work programme as approved by the Assurance Board (#)				
– Routine visits	76	100	92	(8%)
– Special investigations	14	15	17	13%
Complaints received by the Inspectorate (#)	2,216	3,000	2,799	7%
Inspections carried out to agreed standards (%)	100%	100%	100%	0%
Routine inspection reports completed within agreed timelines (%)	95%	100%	92%	(8%)
Special investigation reports completed within agreed timelines (%)	95%	100%	70%	(30%)

COMMENTS

The number of routine visits conducted by the Inspectorate was eight percent less than the standard set for 2008/09 due to the temporary closure of Wellington Prison and an unprecedented level of priority investigative work that was received. The Inspectorate carried out sufficient activity to enable a conclusion to be reached nationally regarding key systems affecting the safe, fair and humane treatment of prisoners.

Please refer to page 138 for the Inspectorate's Report under Section 190(1)(b) of the Corrections Act 2004.

OUTPUT: SERVICES TO VICTIMS

This output involves the administration of the victim notification services. The Department has a responsibility to notify eligible victims about specific events detailed in the Victims' Rights Act 2002. The New Zealand Police refer details of eligible victims to the Department.

Performance Measures	2007/08	2008/09		
	Actual	Budget Standard	Actual Standard	Variance (%)
Referrals from the New Zealand Police (#)	499	600	433	(28%)
Victims notified as per requirements (%)	100%	100%	100%	0%

COMMENTS

Referrals are driven by the New Zealand Police; the Department has no control over the number of referrals received.

OUTPUT CLASS: SERVICES TO NEW ZEALAND PAROLE BOARD

Provides for services to the New Zealand Parole Board relating to the provision of administrative, financial and secretariat services.

OUTPUT CLASS STATEMENT: SERVICES TO NEW ZEALAND PAROLE BOARD

For the year ended 30 June 2009

	2007/08	2008/09		
	Actual	Actual	Main Estimates	Supp. Estimates
	\$000	\$000	\$000	\$000
REVENUE				
Crown	7,149	6,066	7,137	6,166
Departmental	34	50	64	78
Total Revenue	7,183	6,116	7,201	6,244
Total Expenses	6,560	5,930	7,201	6,244*
Net Surplus/(Deficit)	623	186	–	–

* These figures also include the following adjustment under Section 26A of the Public Finance Act 1989:

	Supplementary Estimates	Section 26A Transfer	Final Appropriation
	\$000	\$000	\$000
	6,144	100	6,244

OUTPUT: SERVICES TO THE NEW ZEALAND PAROLE BOARD

This output involves the provision of administrative services to the New Zealand Parole Board.

Performance Measures	2007/08	2008/09		
	Actual	Budget Standard	Actual Standard	Variance (%)
Hearings by the New Zealand Parole Board (#)	9,195	7,500	8,260	10%
Cases scheduled to be heard by the Board that are scheduled within the timeline specified in the Parole Act 2002 (%)	100%	100%	99%	(1%)
Offenders who are entitled to a hearing who receive a hearing (%)	100%	100%	99%	(1%)
Offenders notified of an impending hearing within the agreed timelines (%)	99%	100%	98%	(2%)
Victims notified of an impending hearing within the agreed timelines (%)	98%	100%	99%	(1%)
Offenders notified of a Board decision within the agreed timelines (%)	100%	100%	92%	(8%)
Victims notified of a Board decision within the agreed timelines (%)	100%	100%	97%	(3%)

COMMENTS

The New Zealand Parole Board is funded for 8,000 hearings, the budget standard of 7,500 was an error in the production of the Information Supporting The Estimates of Appropriations in 2008/09.

In some instances there was a delay in providing offenders with written copies of the Board decision within the agreed timeframes. In the majority of cases this was caused by a delay in receiving the written decision from the Board rather than as a result of an administrative error. Enhanced processes are being implemented to assist the Board in meeting these timeframes. It is important to note that all decisions are verbally notified to the offender at the hearing unless the Board reserves their decision.

A blue-tinted photograph of a group of people sitting around a large conference table in a meeting room. They are looking at documents and talking. The image is used as a background for the top half of the page.

APPENDICES

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APPENDIX 1: REHABILITATION PROGRAMMES AND REINTEGRATION SERVICES

Provider	Description	Prison / Community	Location
RESPONSIVITY / MOTIVATIONAL			
Department	Short Motivational Programmes are designed to help offenders enhance their motivation to identify and address their rehabilitation needs.	Prisoners, Community-based offenders	Nationwide
External Service Provider	Tikanga Māori Programmes are designed to develop a sense of awareness and responsibility for an offender's behaviour and its impact on themselves, their whānau, hapā and iwi, by focusing on regeneration of Māori identity and Māori practices.	Prisoners, Community-based offenders	Nationwide
External Service Provider	The Faith-Based Programme is a Christian-based programme that is available to lower security prisoners generally in the last 18 months of their sentence. It is provided in partnership with the Prison Fellowship New Zealand, and core modules include personal value and purpose, transformation, restoration and reintegration. These programmes are provided within the Faith-Based Unit.	Prisoners	Rimutaka
REHABILITATION			
Department	The Violence Prevention Programme assists offenders to develop skills needed to live without violence, such as controlling violent impulses and conflict resolution. These programmes are provided within the Violence Prevention Unit.	Prisoners	Rimutaka
External Service Provider	Drug Treatment Programmes are delivered to highly recidivist offenders with identified alcohol and drug-related needs. These Programmes are delivered in Drug Treatment Units for prisoners with a history of serious substance abuse identified as contributing to offending. The aim of the Drug Treatment Programme is to reduce the level and/or seriousness of re-offending by assisting programme participants to cease (or reduce) their dependence on alcohol and other drugs.	Prisoners	Hawke's Bay, Rimutaka, Arohata, Christchurch, Waikeria, Spring Hill
Department	Special Treatment Unit – Rehabilitative Programmes are delivered in a dedicated prison unit for high-risk male offenders and are based on the principles of risk, needs and responsivity, cognitive behavioural, dialectical behaviour therapy and relapse prevention theories.	Prisoners	Waikeria (Karaka), Spring Hill (Puna Tatari)
Department	The Kowhiritanga Programme for Women helps offenders examine the cause of their offending and develop specific skills to prevent them re-offending. It is co-facilitated by a psychologist and a programme facilitator.	Prisoners	Arohata, Christchurch Women's, ARWCF
External Service Provider	Māori Therapeutic Programmes integrate cognitive behavioural therapy and Tikanga Māori concepts to facilitate change in the offending behaviour of Māori offenders. These programmes are delivered in Māori Focus Units and Northern Region Correctional Facility.	Prisoners, Community-based offenders	Nationwide
Department	The Maintenance programme is for offenders who have completed either a high-intensity or a medium-intensity programme. It provides a forum for review of post-release developments and treatment maintenance.	Prisoners, Community-based offenders	Nationwide

Provider	Description	Prison / Community	Location
Department	The Medium Intensity Rehabilitation Programme that helps male offenders examine the cause of their offending and develop specific skills to prevent them re-offending.	Prisoners, Community-based offenders	Nationwide
Department	The Short Rehabilitation Programme is the condensed versions of either the Medium Intensity Rehabilitation Programme or Kowhiritanga, it helps offenders examine the cause of their offending and develop specific skills to prevent them re-offending. There are separate programmes available to male and female prisoners.	Prisoners, Community-based offenders	Nationwide
Department	The Saili Matagi Programme is a violence prevention programme specifically for Pacific adult male offenders. This programme is provided within the Pacific Focus Unit.	Prisoners	Spring Hill
Department	The Focus Programme helps young offenders to acknowledge their offending, understand themselves better, learn how to break their offending cycle, learn how to cope with uncomfortable or negative feelings and practice using skills to get on better with others. The Focus Programme is provided within the Youth Unit.	Prisoners	Christchurch Men's, Hawke's Bay, Rimutaka, Waikeria
Department	The Community Youth Rehabilitation Programme is a rehabilitation programme that focuses on the needs of young offenders in a community setting. It is provided to male offenders under the age of 20.	Community-based offenders	Christchurch
Department	The Adult Sex Offender Treatment Programme is provided within the Kai Marama and Te Piriti Special Treatment Units for prisoners convicted of sex offending against children.	Prisoners	Christchurch Men's (Kai Marama), Auckland (Te Piriti)
External Service Provider	Domestic Violence Programmes teach offenders the skills needed to live without violence, such as controlling violent impulses and conflict resolution.	Community-based offenders	Nationwide
External Service Provider	Alcohol and Drug Programmes are for offenders with a history of serious substance abuse identified as contributing to their offending.	Community-based offenders	Nationwide
EDUCATION			
External Service Provider	Foundation Skills Programmes are provided to prisoners identified as requiring development of their reading, writing and numeracy skills. It enables prisoners to become functionally literate and numerate thus increasing their employment opportunities or preparing them for further education or training on release.	Prisoners	Nationwide
Department / External Service Provider	Secondary Education is delivered according to the needs of the offender and is available to all prisoners 18 years of age and under.	Prisoners	Nationwide
REINTEGRATION			
External Service Provider	The Parenting Skills course is an intervention designed to improve the ability of prisoners to safely and effectively parent their own children.	Prisoners	Nationwide

Provider	Description	Prison / Community	Location
External Service Provider	The Living Skills course addresses prisoners' reintegrative problems and their practical skills for living. The programme targets the specific social or environmental problems prisoners will face on release, which are likely to constitute obstacles to a non-offending lifestyle following release.	Prisoners	Nationwide
NZPARS	Reintegrative Services provided by NZPARS cover the period from pre-sentence to post-release, and include the coordination and/or delivery of reintegrative support services. Services may include information, advice and practical assistance, emotional support, development of self management skills, and coaching.	Prisoners, Community-based offenders	Nationwide
External Service Provider	Supported Accommodation Services provide much needed accommodation and other reintegrative services to released prisoners and offenders serving sentences and orders in the community.	Community-based offenders	Auckland, Wellington, Christchurch, Hamilton, Hawke's Bay
COMMUNITY RESIDENTIAL CENTRES			
Department / External Service Provider	Montgomery House provides a residential treatment programme for men who have repeatedly committed serious violent offences.	Prisoners on temporary release, Community-based offenders	Hamilton
Department / External Service Provider	Te Ihi Tu was a residential programme that provided rehabilitative and reintegrative services for male offenders. The programme was terminated during the year and is no longer available.	Community-based offenders	New Plymouth
Department / External Service Provider	Salisbury Street Foundation provides a residential programme for men who have spent substantial time in the criminal justice system.	Community-based offenders	Christchurch
PSYCHOLOGICAL SERVICES			
Department	Specialist Psychologist Treatment Services are provided to offenders serving both custodial and community-based sentences. This is a special referral programme that primarily deals with high-risk offenders one-on-one.	Prisoners, Community-based offenders	Nationwide
EMPLOYMENT			
Department	Prison-based work and training comprises unit-based self sufficiency work, such as wing-cleaning, that is managed by Prison Services, and the wider range of employment activities run by Corrections Inmate Employment.	Prisoners	Nationwide
Department	Corrections Inmate Employment activities include farming, nursery, horticulture, forestry, timber processing, joinery, building construction, pre-cast concrete, light engineering, printing, electrical assembly, textiles, catering and laundry. There is an strong emphasis on providing employment training in areas of current and predicted labour market skills shortages and ensuring that the training provided has a strong alignment with the National Qualifications Framework.	Prisoners	Nationwide

Provider	Description	Prison / Community	Location
External Service Provider	Release to Work allows eligible prisoners to be released during the day to work for private sector employers as ordinary employees. This supports their reintegration back into the community.	Prisoners	Nationwide
Department	Trade and Technical Training courses are provided in a limited number of locations where the Department has been able to access appropriate Polytechnic providers. It covers the provision of all employment-related training other than on-the-job training. Courses include Forestry, Horticulture, Building Construction and Allied Trades, Painting and Decorating and Small Motor Mechanic.	Prisoners	Northland, Rimutaka, Wanganui, Manawatu
Department	Community Services allow prisoners to undertake work that benefits local communities. Prisoners nearing their release date, who meet eligibility criteria, work outside the prison boundaries during the day in supervised work parties.	Prisoners	Rimutaka, Rolleston, Tongariro/Rangipo, Waikeria, Hawke's Bay, New Plymouth, Wanganui, Christchurch Men's
UNITS			
Department	Māori Focus Units were developed to provide an environment and programmes to meet the specific needs of Māori prisoners, including preparation for their release. Māori Focus Units are constituted on Tikanga Māori principles and operate within a Tikanga Māori environment.	Prisoners	Hawke's Bay, Waikeria, Tongariro/Rangipo, Rimutaka, Wanganui
External Service Provider	Drug Treatment Units provide accommodation for prisoners with drug and alcohol dependencies in an intensive therapeutic environment. The treatment highlights how substance abuse has impacted on prisoners offending and equips them with the skills to live without substance abuse.	Prisoners	Waikeria, Christchurch Men's, Arohata, Hawke's Bay, Rimutaka, Spring Hill
Department	Special Treatment Units (STUs) at Rolleston Prison (Kai Marama) and Auckland Prison (Te Piriti) deliver group-based treatment within a therapeutic environment for prisoners with convictions for sexual offences against children. The STUs at Waikeria Prison (Karaka) and Spring Hill Prison (Puna Tatari) are for men who have repeatedly committed a range of serious crimes.	Prisoners	Auckland, Rolleston, Waikeria, Spring Hill, Christchurch
Department	The Violence Prevention Unit (VPU) at Rimutaka Prison targets high risk serious violent offenders for treatment designed to help them to control their violent behaviour. As with other Special Treatment Units the VPU makes use of the prison environment to support the learning that occurs in the group treatment room.	Prisoners	Rimutaka
Department	Self Care Units allow longer serving prisoners to spend time in a residential-style unit as they near their release. These units let the prisoners get used to living in a house or flat environment and give them the opportunity to learn and practice the skills they will need to live independently after their release. Some prisoners with babies may be eligible to live in Self Care Units at Arohata, Auckland Women's and Christchurch Women's under the mother-child placement option.	Prisoners	Arohata, Auckland Women's, Christchurch Men's, Christchurch Women's, Hawke's Bay, Northland, Otago, Rimutaka, Wanganui, Spring Hill

Provider	Description	Prison / Community	Location
Department	Youth Units house male prisoners under the age of 18, or male 18 and 19-years old deemed vulnerable using the Prison Youth Vulnerability Scale, in a manner appropriate to their age, level of maturity and statutory requirements. The Units provide a safe and secure development environment, away from the mainstream prison population and reduce re-offending by providing access to educational, vocational, psychological and recreational activities.	Prisoners	Christchurch Men's, Hawke's Bay, Rimutaka, Waikeria
Department	The Reintegration Unit houses male prisoners who are serving the final 12 months of their sentence and who would benefit from specialist support before they return to the community. These units accommodate prisoners with a low-medium or minimum security classification and provide a structured environment where Release to Work and vocational training opportunities can be maximised. Prisoners held in these units are assisted to find accommodation and employment, as well as assistance with practical life skills such as managing debt.	Prisoners	Rimutaka
External Service Provider	The Faith-Based Unit is aimed at reducing the risk of re-offending by providing a programme with a strong Christian emphasis. Within a supportive environment, prisoners are provided with an opportunity to explore the Christian faith and support leading up to and following their release.	Prisoners	Rimutaka
Department	The Pacific Focus Unit (or Vaka Fa'aola) at Spring Hill provides a therapeutic environment where prisoners are encouraged and supported to deal with their motivational barriers to addressing offending needs.	Prisoners	Spring Hill

APPENDIX 2: RECIDIVISM INDEX TABLES

TABLE ONE:

RECIDIVISM INDEX – 12-MONTHS FOLLOW-UP (PERCENTAGES) FOR 2007/08

Category	Group	Released from prison		Beginning community sentence	
		Reimprisoned	Reconvicted	Imprisoned	Reconvicted
All (2007/2008)		27.6	47.6	6.3	32.5
Gender	Female	15.5	41.1	2.9	23.2
	Male	28.6	48.1	7.2	34.7
Ethnicity	Maori	31.0	52.3	8.0	36.6
	European	24.1	41.8	5.3	30.8
	Pacific	21.9	43.4	5.0	28.0
	Other (incl. Asian)	14.7	30.4	3.6	21.9
Age (at prison release or start of community sentence)	<20 years	44.1	74.1	7.8	46.9
	20-24 years	34.3	59.4	6.9	36.7
	25-29 years	29.8	51.9	6.9	31.2
	30-39 years	24.8	43.1	6.4	28.3
	40 and above	15.3	26.0	3.7	19.1
Offence Group (Most serious for original sentence)	Dishonesty	41.1	66.0	9.5	40.7
	Property Damage/Abuses	35.5	55.2	8.5	40.4
	Admin	34.1	54.9	10.5	31.5
	Violence	28.7	48.3	6.8	33.1
	Traffic	18.9	37.5	4.2	27.7
	Drug & Anti-social	15.0	28.0	5.8	29.3
	Sexual	11.4	18.7	4.8	19.8
	Other Minor offences*	(see note)	(see note)	4.6	30.5
Offence Type (Most serious for original sentence)	Car Conversion	50.0	71.7	12.1	48.9
	Theft	42.1	66.5	9.4	42.2
	Burglary	41.0	67.3	11.3	47.3
	Fraud	28.1	47.1	4.7	19.8
	Intimidation and Threats	34.7	59.9	8.6	36.7
	Robbery	30.7	49.6	9.0	31.8
	Assaults	28.2	47.8	6.4	32.5
	Homicide*	6.1	9.1	(see note)	(see note)
	Disqualified Driving	28.7	49.8	7.8	38.9
	Drink Driving	9.7	25.0	2.5	21.2
	Family Offences	33.9	48.2	10.8	37.9
	Drugs (Not Cannabis)	13.5	28.8	4.8	28.0
	Drugs (Cannabis Only)	8.8	18.9	3.6	24.2
	Sexual (Other)**	17.5	27.8	5.0	21.3
	Sexual (Child Sex)	7.4	12.7	4.5	18.0

Category	Group	Released from prison		Beginning community sentence	
		Reimprisoned	Reconvicted	Imprisoned	Reconvicted
Community-Sentence	Community Work	n/a	n/a	5.8	33.3
	Supervision	n/a	n/a	8.2	32.1
	Intensive Supervision****	n/a	n/a	10.7	40.3
	Community Detention****	n/a	n/a	2.4	32.1
	Home Detention Sentence****	n/a	n/a	7.6	21.5
Prisoner Security Classification (at Release)	Maximum*	(see note)	(see note)	n/a	n/a
	High-medium	45.4	63.9	n/a	n/a
	Low-medium	36.3	57.7	n/a	n/a
	Minimum	21.0	40.4	n/a	n/a
Release Type	Parole	22.0	33.7	n/a	n/a
	Post-release Conditions***	29.0	50.3	n/a	n/a
Sentence Length	6 mth or less	27.4	49.0	5.9	32.7
	> 6mth but <= 1yr	29.3	50.5	8.7	31.4
	>1 to 2 yr	30.6	50.4	12.0	33.3
	>2 to 3 yr	22.2	38.3	n/a	n/a
	>3 to 5 yr	27.0	38.3	n/a	n/a
	>5 yr	14.5	21.1	n/a	n/a
All (2006/2007)		27.2	43.5	7.9	32.5

Notes

Figures indicate rate of reconviction / re-imprisonment (within a subsequent 12-month period) amongst all offenders released from prison or commencing a new community sentence between 1 April 2007 and 31 March 2008. Reconviction figures are *inclusive* of imprisonments. Source is CMS conviction and sentencing data, as at 30 June 2009.

* Insufficient numbers to report

** Sexual (Other) type includes offences against adult victims, child pornography and indecent exposure.

*** Post-release conditions was introduced by the Sentencing Act 2002; order imposed by judge at time of sentencing

**** Introduction of new community sentences as a results of Effective Interventions since October 2007

TABLE TWO:**RECIDIVISM INDEX – 24-MONTHS FOLLOW-UP (PERCENTAGES) FOR 2006/07**

Category	Group	Released from prison		Beginning community sentence	
		Reimprisoned	Reconvicted	Imprisoned	Reconvicted
All (2006/2007)		36.8	58.7	11.4	46.0
Gender	Female	24.6	50.5	5.6	33.8
	Male	38.0	59.5	12.7	48.9
Ethnicity	Maori	41.5	64.4	13.7	51.0
	European	31.4	52.1	9.7	43.5
	Pacific	31.4	51.7	9.6	39.8
	Other (incl. Asian)	16.0	31.9	5.7	29.4
Age (at prison release or start of community sentence)	<20 years	54.2	79.4	13.5	61.4
	20-24 years	43.7	68.1	12.2	50.9
	25-29 years	40.5	63.9	12.3	46.8
	30-39 years	36.3	58.1	11.6	41.8
	40 and above	20.7	37.7	7.0	27.5
Offence Group (Most serious for original sentence)	Dishonesty	53.5	75.6	15.8	57.3
	Property Damage/Abuses	32.8	56.9	11.5	48.3
	Admin	46.6	63.9	14.8	40.8
	Violence	39.2	62.0	11.6	47.3
	Traffic	26.1	49.0	8.9	41.4
	Drug & Anti-social	24.2	43.8	10.8	42.0
	Sexual	12.7	19.7	4.9	25.1
	Other Minor offences*	(see note)	(see note)	7.5	35.1
Offence Type (Most serious for original sentence)	Car Conversion	56.0	77.0	20.1	69.1
	Theft	54.8	78.6	15.1	55.6
	Burglary	55.4	77.3	17.9	65.1
	Fraud	37.0	55.8	8.5	31.6
	Intimidation and Threats	49.6	68.3	14.2	54.6
	Robbery	40.2	63.5	13.8	42.6
	Assaults	39.1	62.4	11.0	46.4
	Homicide*	17.6	33.3	(see note)	(see note)
	Disqualified Driving	38.0	63.3	13.0	58.0
	Drink Driving	17.1	38.6	6.5	31.2
	Family Offences	43.0	66.7	18.9	52.4
	Drugs (Not Cannabis)	18.8	31.9	13.7	41.2
	Drugs (Cannabis Only)	17.8	37.7	7.1	38.0
	Sexual (Other)**	20.8	30.8	5.1	30.3
	Sexual (Child Sex)	8.4	13.7	4.5	17.2

Category	Group	Released from prison		Beginning community sentence	
		Reimprisoned	Reconvicted	Imprisoned	Reconvicted
Community-Sentence Prisoner Security Classification (at Release)	Community Work	n/a	n/a	10.4	46.7
	Supervision	n/a	n/a	16.3	47.8
	Maximum*	(see note)	(see note)	n/a	n/a
	High-medium	56.3	76.5	n/a	n/a
	Low-medium	51.1	71.5	n/a	n/a
	Minimum	32.7	54.8	n/a	n/a
Release Type	Parole	31.1	45.8	n/a	n/a
	Home Detention***	18.3	29.5	9.5	22.6
	Post-release Conditions****	38.5	60.7	n/a	n/a
Sentence Length	6 mth or less	35.6	59.3	10.5	46.0
	> 6mth but <= 1yr	40.1	64.0	16.6	46.5
	>1 to 2 yr	41.2	60.9	18.9	41.8
	>2 to 3 yr	34.3	52.8	n/a	n/a
	>3 to 5 yr	32.8	47.4	n/a	n/a
	>5 yr	23.3	33.1	n/a	n/a
All (2005/2006)		37.9	57.6	12.8	44.2

Notes

Figures indicate rate of reconviction / re-imprisonment (within a subsequent 24-month period) amongst all offenders released from prison or commencing a new community sentence between 1 April 2006 and 31 March 2007. Reconviction figures are *inclusive* of imprisonments. Source is CMS conviction and sentencing data, as at 30 June 2009.

* *Insufficient numbers to report*

** *Sexual (Other) type includes offences against adult victims, child pornography and indecent exposure.*

*** *"Front-end" Home Detention (now discontinued) is reported as community sentence new start, "back-end" Home Detention (also discontinued) reported as prison release*

**** *Post-release conditions was introduced by the Sentencing Act 2002; order imposed by judge at time of sentencing*

APPENDIX 3: ASSURANCE BOARD REPORT

The purpose of the Assurance Board is to assist the Chief Executive in ensuring that the Department's Risk Management Framework (based on the Australian/New Zealand Standard AS/NZS 4360:2004) is operating effectively and efficiently and in particular it helps to ensure that:

- Internal controls and quality assurance environments are robust and improved;
- Operational, legal, financial, information technology, human resource management and security systems risks are identified and managed; and
- Management of the offender environment is maintained with issues appropriately addressed.

During the year the Board met every two months and received regular updates and reports from the Department's Independent Assurance units, External Audit and from Management. The Board also reviewed reports from other external parties such as the Coroner in relation to deaths in custody.

The Assurance Board also assists the Chief Executive by maintaining an oversight of the operations of the Department's Independent Assurance units (Internal Audit, the Inspectorate, and the Professional Standards Unit).

In 2008/09 the Department's Assurance Board benchmarked itself against the Auditor-General's Good Practice Guide for Audit Committees. This resulted in the Board's membership changing to comprise only external board members, of whom there are four, Chairperson David Henry, and board members Hamish Bowen, Graeme Hall and Steve Ruru. The Board's charter was also updated.

In the past year the Assurance Board has been driving changes in relation to the effectiveness of the assurance and organisational performance information presented. The Board has also been involved in an independent review of the effectiveness of the Internal Audit unit and its compliance with the Institute of Internal Auditors standards.

APPENDIX 4: REPORT UNDER SECTION 190 OF THE CORRECTIONS ACT 2004

Section 190 of the Corrections Act 2004 prescribes particular issues that must be reported in the Department's Annual Report. These issues and the Department's achievements in the period from 1 July 2008 to 30 June 2009 are detailed below.

SECTION 190(1)(A)

Reports on how the Chief Executive has carried out his functions under section 8(1)(k), of ensuring that processes are established and maintained to identify communities significantly affected by policies and practices in the corrections system, and giving opportunities for those communities to give their views on those policies and practices, and ensuring those views were taken into account, together with information on how prison managers have carried out this responsibility.

Regional Managers are required by the General Manager of Prison Services to engage with local communities on a regular basis. The processes established to assist engagement are described in the following resources:

- Prison Services manuals and guidelines;
- Release of Official Information: Guideline for Coordination;
- Consultation requirements as set by local authorities; and
- Performance management system.

There were no major issues during 2008/09 that required consultation with community organisations. However, opportunities were made available for community involvement through staff and community networks, public meetings, hui, and the media. This involvement included identifying issues that could both positively and negatively impact on a community, providing opportunities for positive community contributions, and providing information on departmental prison activities. Examples of this include speaking engagements by Corrections staff and managers with community groups to talk about the work of Corrections, with more than 80 engagements undertaken in the last year.

SECTION 190(1)(B)

Reports on the work undertaken by inspectors of prisons, including statistical information about the disposition of complaints and comments on issues arising from complaints or visits.

The Corrections Inspectorate is established under the provisions of section 28 of the Corrections Act 2004 as a dedicated complaints resolution, investigation and assurance function, reporting directly to the Chief Executive independently of operational line management. The legislation acknowledges the high level of risk attached to sentence management by providing an appropriate level of legislative prescription, protection and access for the agents of the Chief Executive in matters related to sentence management generally and the secure prison environment in particular.

Community-based sentences traditionally generate a very low volume of complaints to the Inspectors. Only six were received for the year, none of which was upheld. The reasons for the low volume are twofold. Firstly, Community Probation and Psychological Services has traditionally had a robust internal complaints process in place for offenders. As a result, offender issues are effectively resolved at operational level. Secondly, community-based offenders are largely able to carry on with their normal lives while serving their sentences. They therefore have ready access to their normal support networks, and the coercive power of the State is significantly less immediate than is the case for someone serving a sentence of imprisonment.

This report therefore deals primarily with prison related matters.

Complaints to the Inspectors of Corrections

The effective and timely resolution of prisoner complaints is a key area of the Inspector's work. For reasons of safety, security, fairness and the mitigation of risk the Department expects prisoners' issues and concerns to be resolved as soon as practicable and at the lowest possible organisational level. In the normal course of events that is within the prison, at unit floor level. It is the responsibility of unit staff to resolve prisoner concerns by taking the appropriate action before they escalate into complaints or incidents. For those occasions where lower level resolution does not occur, or is not possible, the legislation provides the Department with a two-tiered system of internal complaints resolution. At prison site level, a robust, auditable internal complaints system is required so that prisoners can formally take matters for resolution to their unit manager or prison manager. This constitutes the first tier.

The Inspectorate is the Department's second tier of complaints resolution. As such it is effectively the Department's last opportunity to resolve a complaint before external agencies or Court action become involved. There was an increase of 26 percent in the number of formal complaints made to an inspector during the year. At 2,799, however, the total is still significantly less than the figures noted prior to the introduction and bedding-in of a more robust internal prisoner complaints system by Prison Services since 2005.

Only 93 of the 2,799 complaints received were found to be justified. At 3.3 percent of total complaints this is in the Inspectorate's view a very low proportion of the thousands of interactions that occur between the Department and offenders every day. It is also an improvement on the four percent noted last year. The subject matter of justified complaints related mainly to the timeliness of disciplinary charges and the management of prisoners' personal property. While there are no issues of concern around the management of the disciplinary process, the management of prisoners' personal property still leaves much to be desired. This has been an ongoing subject of concern and is likely to remain so until there is a significant overhaul of the way the Department approaches and manages prisoner property. It is pleasing to note that such a review has been approved for 2009/10 and that as a first step the existing instructions relating to prisoners' property are being consolidated.

0800 Complaints Line

Since 1997, the Inspectorate has operated an 0800 free-call telephone line that offenders, and in particular prisoners and their families can use to complain directly to an Inspector during normal business hours. With an average of more than 5,000 calls this facility now generates the vast majority of the 6,000 contacts prisoners make with the Inspectors every year. While only 2,799 of these contacts resulted in formal complaints during 2008/09, the service is of considerable value as a 'safety valve'. Prisoners' concerns are able to be de-escalated immediately, either by independent confirmation that the prison's decision was appropriate, or by the provision of sound, experience-based advice to the prison where some corrective action is required.

Prison Visit Focus Reviews

The Inspectorate's prison visiting programme includes a number of system reviews which focus on those areas of prison activity that generate the greatest level of risk to safe, fair and humane treatment. The focus review areas undertaken during 2008/09 were:

- The system for managing the directed segregation of prisoners;
- The system for identifying and managing prisoners at risk to themselves;
- The prisons' internal complaints system; and
- The arrangements prisons have in place to ensure that regular sanitation and hygiene inspections by an independent specialist are carried out and any issues arising are addressed.

The results of these reviews were:

The Directed Segregation System

A reasonable level of assurance can be given that the required system for identifying and managing prisoners who from time to time, because of their behaviour or other factors need to be segregated from the others, is in place and being operated in practice. Some minor recording matters were drawn to management's attention at some sites but in general the need for segregation is well documented and the reasons for segregation are appropriate. The management of segregated prisoners was found to be largely within the requirements of both the overarching legislation and the Department's published standards.

At smaller prison sites, limited segregation facilities may at times result in reduced opportunities for directed segregation prisoners in terms of unlock hours and access to some mainstream facilities. It is agreed, however, that the safety of staff and other prisoners is the overriding factor upon which a decision to segregate must be based. The reviews have shown that overall the system is being managed in a conscientious manner and no instances of overt abuse were noted. This was the first year this system has been the subject of focus reviews by the Inspectorate. It is considered to be critical to safe and secure custody and will remain on the focus review menu for 2009/10.

The System for Identifying and Managing Prisoners At Risk to Themselves

A reasonable level of assurance can be given that the system for identifying and managing prisoners at risk to themselves is in place and being operated in practice. It should be noted, however, that despite the overall results of the focus reviews in this area, isolated incidents will, when investigated still show up individual actions and decisions that fall short of the standards required. This system is considered to be critical to safe and secure custody and will remain on the focus review menu for 2009/10.

The Prisons' Internal Complaints System

A reasonable level of assurance can be given that the required system for managing prisoner complaints at prison site level is in place at most locations. However, as noted above, some ongoing but isolated shortcomings remain. This system is considered to be critical to the safe, fair and humane treatment of prisoners and will remain on the focus review menu for 2009/10.

The System for Managing Independent Sanitation and Hygiene Inspections

A reasonable level of assurance can be given that there is a system in place at all prison sites to ensure that regular independent expert health and sanitation checks of the prison are carried out. A reasonable level of assurance can also be given that any shortcomings noted by the health and sanitation inspectors are recorded and addressed. The Inspectorate's ongoing review of this system is a policy requirement. It is also critical to safe custody and will remain on the focus review menu for 2009/10.

Investigations

In addition to their prison visiting and complaints resolution activities the Inspectors completed 17 full investigations of significant prison incidents during 2008/09, all of which related to deaths in custody. The conduct of these investigations has been monitored by Investigating Officers from the Office of the Ombudsmen who attended most scene examinations and interviews and were kept apprised of developments throughout.

In the interests of transparency, the Inspectors have also continued to monitor the conduct and outcome of a number of internal prison investigations into other prisoner related incidents and allegations. Seventy-three such monitoring reviews were carried out during the year. This represents an increase of 50 percent in this area of work.

The most consistent areas of concern arising out of the investigations and monitoring assignments carried out by the Inspectors during 2008/09 remain as reported last year. They are:

- the need for staff to carry out an adequate level of supervision, observation and routine security checking of prisoners;
- the need for managers to maintain an adequate level of monitoring to ensure that staff are supporting the Department's objectives, and that their day-to-day work practices are in accordance with instructions;
- the need for assessing staff to carry out an adequate level of cross matching of information when completing prisoners' risk of self-harm assessments; and
- the need for staff to report all incidents in a timely fashion, and for reports to be submitted by all staff who are involved in an incident.

As with the matters arising out of the Inspectors' complaints activities and routine visits, the areas of concern noted in most investigation reports are the subject of adequate and well-proven systems, instructions and procedural requirements. The issues identified continue to reflect isolated instances of non-compliance in practice with those systems. That they remain of concern is indicative of a continuing need for refresher training and effective staff supervision rather than any major concerns with the systems themselves. Nonetheless, Prison Services' Policy and Procedure Manual remains under ongoing review in order to improve clarity and reinforce key expectations. The Inspectorate maintains an ongoing involvement in the consultancy phases of this project.

Conclusion

The Inspectorate has reported progressively throughout the year on the matters arising out of their various activities to operational management, to the Chief Executive, and to the Department of Corrections Assurance Board.

It cannot be stressed enough that corrections is and will remain a difficult and potentially dangerous environment to manage and to work in. Incidents are a fact of prison life in particular, and no jurisdiction in the world has developed an effective immunity to them. When they occur, incidents provide an easy target for criticism, generalisation and sensationalism. It is tempting for operational management in these conditions to develop a resistance to negative review findings. In contrast to the previous years the Inspectorate has noted a significantly less positive response to its findings, recommendations and observations during 2008/09.

Nonetheless, it remains the Inspectorate's view that the Department can be proud of the overall quality of its services and of the ongoing dedication and professionalism of the majority of its staff and managers. While isolated incidents will from time to time generate a disproportionate level of negative attention, the Inspectorate's overall view is derived from the largely positive findings arising out of the Inspectors' visiting, investigation and review activities, and the reducing incidence of justified complaints to the Inspectorate throughout the year.

Corrections, however, is and will remain by its very nature, a fragile environment. There will be an ongoing need for the Department to remain adequately resourced at both operational and support levels, to cope with the rapid rises anticipated in both prison and community-based sentence numbers in the foreseeable future.

SECTION 190(1)(C)(D)(E)

Reports on the processes and systems in place to supervise and control the monitoring of prisoner calls, including statistics on the proportion of prisoner calls monitored and the number and percentage of calls disclosed under section 117(1) and (2):

- to any person other than an employee of the Chief Executive;
- to an employee of the Chief Executive; and
- number of proceedings against a person for a disciplinary in which a recording of any of those calls was used in evidence.

Monitoring prisoners' telephone calls is a key step in preventing crime. Legislative authority for the Department to monitor prisoners' telephone calls is provided under sections 111 to 112 of the Corrections Act 2004. The Prisoner Telephone Monitoring System was first introduced in 2007 with the purpose of increasing public safety by making it easier to prevent, discourage, detect, investigate and prosecute offences that involve prisoners. It is an important part of ensuring offenders are not committing or organising criminal activities from within prison.

During 2008/09, the Department completed implementation of all systems across all prisons and recruited staff to monitor prisoners' telephone calls and collect crime prevention intelligence so that appropriate action could be taken. Between 1 July 2008 and 30 June 2009, 1,318,041 calls were made by payphones in prison. Of this number 18,477 calls were monitored by intelligence staff (1.4 percent). This figure can include repeats of the same call which is often the case due to difficulty in hearing/understanding call content, the requirement to transcribe the calls and for peer reviews.

Three hundred and fifty six internal and external disclosure reports were completed and entered into the Secure Intelligence Database. There is no ability to capture the specific results from the disclosure reports, however the Department knows that they have led to a number of arrests (of prisoners, visitors, members of the community) for a variety of offences. They have resulted in several exclusions of visitors and discovery of drugs and other contraband.

SECTION 190(1)(F)

Reports on measures to reduce drug and alcohol use by prisoners and the effectiveness of those measures, random-testing programmes and the results of those programmes.

The Department's progress in reducing drug and alcohol use by prisoners is reported on pages 15, 16 and 97 of this Annual Report.

SECTION 190(1)(G)

Reports on the operation of every security contract in force for the whole, or any part, of the year to which the annual report relates, including:

- a summary of reports forwarded to the Chief Executive under S171(2) and (3);
- a summary of reports made to the Chief Executive under S172(2)(b); and
- a summary of actions taken in relation to the operation of security contracts as a result of matters raised in any report forwarded.

Chubb New Zealand has met all the obligations in its contract with the Department (through to December 2008) and provided monthly reporting outlining performance measures such as task numbers, escapes, releases in error, prisoner deaths, prisoner injuries, complaints, staff personal grievances and disciplinary actions.

First Security was awarded the prisoner escort and courtroom custodial contract in December 2008. First Security has met all the obligations in its contract with the Department and provided monthly reporting outlining performance measures such as task numbers, escapes, releases in error, prisoner deaths, prisoner injuries, complaints, staff personal grievances and disciplinary actions.

SECTION 190(1)(H)

Reports on the operation of any contract prison, including a summary of reports by the manager of the contract prison, including:

- a summary of reports forwarded to the Chief Executive under S214(2) and (3);
- a summary of reports made to the Chief Executive under S215(2)(b); and
- a summary of actions taken in relation to the management of contract prisons as a result of matters raised in any report forwarded.

No prisons were operated under contract during 2008/09.

APPENDIX 5: REPORT UNDER SECTION 15A OF THE PAROLE ACT 2002

The Department is required to provide additional reporting at the end of each financial year under the Corrections Act 2004 and under the Parole Act 2002.

Electronic monitoring is applied to the community-based sentences of home detention and community detention and can also be a special condition of parole or extended supervision orders. Electronic monitoring services are provided by a contractor (Chubb New Zealand) who is responsible for monitoring and responding to electric alarms. Community Probation and Psychological Services staff manage both the offender and the interface with the electronic monitoring company to ensure offenders comply with their monitoring conditions.

Electronic monitoring equipment comprises a transmitter installed on the offender's ankle that communicates via a continuous radio signal with a base unit installed in the offender's residence. If the offender:

- leaves the confines of the premises;
- does not return to the property at times when he/she is required to be at the premises; or
- interferes with the equipment;
- the base unit transmits an alarm to a central monitoring centre. The monitoring centre then activates the appropriate response to the alarm including advising the offender's supervising Probation Officer.

Prior to recommending electronic monitoring, the Department considers the suitability of the offender's proposed address and assesses the safety and welfare of any occupants proposing to reside with the offender. In all cases the other occupants in the premises must consent to having an offender who is subject to electronic monitoring residing with them.

Section 15(a) of the Parole Act 2002 does not include residential restrictions; therefore the volumes affected by this provision are very small. During 2008/09, 13 offenders were subject to electronic monitoring, with an average of eight during the year. The average duration of this monitoring was nine months. Sixty-nine percent (nine of the 13 offenders) were, while subject to electronic monitoring (other than as a standard detention condition while on home detention), convicted for a breach of the condition, or convicted of another offence.

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