



Part 4

Annual Financial Statements
and
Statement of Service Performance



PART 4 – ANNUAL FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE

Statement Of Responsibility	76
Report Of The Auditor-General	77
Transition To New Zealand Equivalents of International Financial Reporting Standards	79
Financial Statements	80
Statement of Accounting Policies	80
Statement of Financial Performance	83
Statement of Movement in Taxpayers' Funds	84
Statement of Financial Position	85
Statement of Cash Flows	86
Statement of Commitments	87
Statement of Contingent Liabilities	88
Statement of Unappropriated Expenditure	88
Statement of Departmental Expenditure and Appropriations	89
Statement of Trust Monies	91
Notes to the Financial Statements	92
Service Performance	100
Output Class 1: Information Services	100
Output Class 2: Community-based Sentences and Orders	107
Output Class 3: Custody of Remand Prisoners	112
Output Class 4: Escorts and Custodial Supervision	114
Output Class 5: Custodial Services	116
Output Class 6: Prisoner Employment	123
Output Class 7: Rehabilitative Programmes and Reintegrative Services	129
Output Class 8: Services to the New Zealand Parole Board	143
Output Class 9: Policy Advice and Development	145
Output Class 10: Service Purchase and Monitoring	149

STATEMENT OF RESPONSIBILITY

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

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

In my opinion, these financial statements fairly reflect the financial position and operations of the Department for the year ended 30 June 2006.



Signed
Barry Matthews
Chief Executive
29 September 2006



Countersigned
John Ryan
Chief Financial Officer
29 September 2006

REPORT OF THE AUDITOR-GENERAL

TO THE READERS OF THE DEPARTMENT OF CORRECTIONS' FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

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 of the financial statements of the Department, on his behalf, for the year ended 30 June 2006.

UNQUALIFIED OPINION

In our opinion the financial statements of the Department on pages 80 to 155:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
 - the Department's financial position as at 30 June 2006;
 - the results of its operations and cash flows for the year ended on that date; and
 - its standards of delivery performance achieved, as compared with the forecast standards outlined 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 outlined in the statement of forecast service performance adopted at the start of the financial year.

The audit was completed on 29 September 2006, 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 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. 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. 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 disclosures are adequate.

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

We evaluated the overall adequacy of the presentation of information in the financial statements. 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 financial statements 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 2006 and the results of its operations and cash flows 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 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 entered into the following engagements that are compatible with those independence requirements:

- a review of the victim notification system
- internal budget allocation review
- provision of assistance to internal audit on the Regional Prison Development Project
- a review of departmental fixed asset accounting functions.

Other than the audit and these assignments, we have no relationship with or interests in the Department.



S B 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 for the year ended 30 June 2006 included on the Department of Corrections web site. The Department's governing body is responsible for the maintenance and integrity of the Department of Corrections' web site. We have not been engaged to report on the integrity of the Department of Corrections' web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 29 September 2006 to confirm the information included in the audited financial statements presented on this web site.

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

TRANSITION TO NEW ZEALAND EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Reason For Transition

The Accounting Standards Review Board announced in December 2002 that reporting entities must adopt the New Zealand International Financial Reporting Standards (NZ IFRS) for periods beginning after 1 January 2007. The Minister of Finance announced in 2003 that the Crown will first adopt the NZ IFRS for the financial year beginning 1 July 2007.

Impact On Department

The Department of Corrections has conducted a preliminary assessment of the impacts of the transition to the NZ IFRS. The areas of impact from adoption of the NZ IFRS may change as implementation progresses or standards are revised.

Under the 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 Treasury will be gathering comparative information throughout the 2006/07 financial year in conjunction with existing reporting requirements.

The 2007/08 financial statements will require restatements so that the information presented is prepared on a consistent basis. The restatements will be the:

- 2006/07 comparative figures, and
- 1 July 2006 opening balance sheet.

Under the IFRS there will be a requirement to value sick leave which currently is not valued in the financial statements. Sick leave will be recorded and valued as a liability.

FINANCIAL STATEMENTS

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2006

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 45 of the Public Finance Act 1989.

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

Measurement System

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

ACCOUNTING POLICIES

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

Budget Figures

The Budget figures are those presented in the Statement of Intent (Main Estimates) and those amended by the Supplementary Estimates (Supp. Estimates) and any transfer made by Order in Council under section 26A of the Public Finance Act 1989.

Revenue

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

Cost Allocation

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

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

Debtors And Receivables

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

Operating Leases

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

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 three years. Additions between revaluations are recorded at cost.

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

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

Land and buildings were last revalued as at 30 June 2005.

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

Forests

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

The result of revaluing the tree crop is recognised in the Statement of Financial Performance.

The valuation of forests was undertaken by an independent registered valuer, P F Olsen and Company Limited, on 30 June 2006. This valuation was completed by T Vos, registered forestry consultant, NZIF.

Depreciation

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

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

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

The useful life of buildings is reassessed following any revaluation.

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

Inventory

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

Employee Entitlements

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

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

Statement Of Cash Flows

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

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

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

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

Livestock

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

Investments

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

Foreign Currency

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

Financial Instruments

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

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

Goods And Services Tax (GST)

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

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

Taxation

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

Commitments

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

Contingent Liabilities

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

Taxpayers' Funds

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

Changes In Accounting Policies

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

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

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2006

30/06/05 Actual			30/06/06 Actual	30/06/06 Main Estimates	30/06/06 Supp. Estimates
\$000		Notes	\$000	\$000	\$000
	Revenue				
514,375	Crown		628,902	606,776	628,902
3,346	Departmental		5,926	7,025	7,275
25,444	Other	1	25,248	23,498	24,498
543,165	Total operating revenue		660,076	637,299	660,675
	Expenditure				
265,632	Personnel costs	2	322,562	305,778	321,013
169,392	Operating costs	3	191,574	177,744	188,493
48,831	Depreciation	4	62,492	68,786	65,791
53,839	Capital charge	5	82,076	84,991	85,378
537,694	Total output expenses		658,704	637,299	660,675
(11,559)	Other expenses	6	-	-	-
526,135	Total expenses		658,704	637,299	660,675
17,030	Net surplus/(deficit)		1,372	-	-

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

For information on major variances against budget refer to Note 19 (page 98).

STATEMENT OF MOVEMENT IN TAXPAYERS' FUNDS

FOR THE YEAR ENDED 30 JUNE 2006

30/06/05 Actual			30/06/06 Actual Estimates	30/06/06 Main Estimates	30/06/06 Supp.
\$000		Notes	\$000	\$000	\$000
672,989	TAXPAYERS' FUNDS BROUGHT FORWARD AS AT 1 JULY	7	953,302	853,072	953,302
	<i>Movements during the year (other than flows to and from the Crown)</i>				
17,030	Add/(deduct) net surplus/(deficit)	7	1,372	-	-
88,671	Increase/(decrease) in revaluation reserves	7	303	-	-
105,701	Total recognised revenues and expenses for the period		1,675	-	-
	<i>Adjustment for flows to and from the Crown</i>				
180,083	Add capital contributions from the Crown during the year	7	318,547	418,870	393,547
(5,471)	Provision for payment of surplus to the Crown	13	(1,372)	-	-
174,612	Total adjustments for flows to and from the Crown		317,175	418,870	393,547
953,302	Taxpayers' funds at end of the year		1,272,152	1,271,942	1,346,849

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

For information on major variances against budget refer to Note 19 (page 98).

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2006

30/06/05 Actual		Notes	30/06/06 Actual Estimates \$000	30/06/06 Main Estimates \$000	30/06/06 Supp. \$000
\$000					
ASSETS					
Current Assets					
85,836	Cash and bank balances	16	20,044	69,640	31,524
952	Prepayments		962	625	625
4,833	Debtors and receivables	8	4,652	6,800	4,050
4,557	Inventories		5,176	4,700	3,842
96,178	Total current assets		30,834	81,765	40,041
Non-current assets					
8,350	Livestock		8,680	6,840	8,350
6,278	Investments	9	6,645	5,750	6,608
986,376	Physical assets	10	1,367,315	1,262,977	1,430,349
1,001,004	Total non-current assets		1,382,640	1,275,567	1,445,307
1,097,182	Total assets		1,413,474	1,357,332	1,485,348
LIABILITIES					
Current liabilities					
93,100	Creditors and payables	11	88,603	42,540	95,649
1,984	Provisions	12	2,839	-	-
5,471	Provision for repayment of surplus to the crown	13	1,372	-	-
33,516	Provision for employee entitlements	14	38,503	32,950	32,950
134,071	Total current liabilities		131,317	75,490	128,599
Non current liabilities					
9,809	Provision for employee entitlements	14	10,005	9,900	9,900
9,809	Total non current liabilities		10,005	9,900	9,900
143,880	Total liabilities		141,322	85,390	138,499
TAXPAYERS' FUNDS					
864,393	General funds	7	1,182,940	1,271,704	1,257,940
88,909	Revaluation reserves	7	89,212	238	88,909
953,302	Total taxpayers' funds		1,272,152	1,271,942	1,346,849
1,097,182	Total liabilities and taxpayers' funds		1,413,474	1,357,332	1,485,348

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

For information on major variances against budget refer to Note 19 (page 98).

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2006

30/06/05 Actual			30/06/06 Actual	30/06/06 Main Estimates	30/06/06 Supp. Estimates
\$000	Notes		\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES					
	Cash provided from:				
	Supply of outputs to				
514,375	Crown		628,902	606,776	628,902
3,346	Departments		5,926	7,025	7,275
26,574	Other		23,985	23,104	24,216
	Cash disbursed to:				
(264,191)	Personnel		(317,379)	(305,708)	(321,013)
(149,062)	Operating		(201,267)	(177,751)	(188,211)
(3,765)	Net GST paid		1,099	-	-
(53,839)	Capital charge		(82,076)	(84,991)	(85,378)
73,438	Net cash flows from operating activities	15	59,190	68,455	65,791
CASH FLOWS FROM INVESTING ACTIVITIES					
	Cash provided from:				
-	Sale of investments		-	(31)	-
1,144	Sale of physical assets		737	1,600	1,600
	Cash disbursed to:				
-	Purchase of investments		(366)	-	-
(246,313)	Purchase of physical assets		(438,429)	(446,640)	(509,779)
(245,169)	Net cash flows from investing activities		(438,058)	(445,071)	(508,179)
CASH FLOWS FROM FINANCING ACTIVITIES					
	Cash provided from:				
180,083	Capital contribution from the Crown		313,243	418,870	388,243
	Cash disbursed to:				
(1,251)	Payment of surplus to the Crown		(167)	-	(167)
178,832	Net cash flows from financing activities		313,076	418,870	388,076
7,101	Net increase/(decrease) in cash held		(65,792)	42,254	(54,312)
78,735	Opening total cash balances at 1 July		85,836	27,386	85,836
85,836	Closing cash balances as of 30 June		20,044	69,640	31,524

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

For information on major variances against budget refer to Note 19 (page 98).

STATEMENT OF COMMITMENTS

AS AT 30 JUNE 2006

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

Operating leases include lease payments for premises, computer equipment, telephone exchange systems and photocopiers.

30/06/05 Actual \$000		30/06/06 Actual \$000
	Non-cancellable accommodation leases	
7,091	Less than one year	8,365
6,276	One to two years	6,437
13,702	Two to five years	11,992
5,781	More than five years	5,009
32,850		31,803
	Commitments arising from other contracts	
20,876	Less than one year	21,300
15,850	One to two years	17,449
22,255	Two to five years	19,511
-	More than five years	-
58,981		58,260
	Capital Commitments	
136,272	Less than one year	169,467
1,370	One to two years	7,140
-	Two to five years	-
-	More than five years	-
137,642		176,607
229,473	Total commitments	266,670

The increase in capital commitments is largely due to the contracts entered into for the construction of Otago Region Corrections Facility, Spring Hill Corrections Facility, deferred maintenance and the building of additional beds at existing sites to meet increase prisoner demand.

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

STATEMENT OF CONTINGENT LIABILITIES

AS AT 30 JUNE 2006

30/06/05 Actual \$000		30/06/06 Actual \$000
5,564	Legal proceedings	8,593
815	Personal grievances	641
6,379	Total Contingent Liabilities	9,234

The Department was defending 33 legal proceedings claims by prisoners and external parties as at 30 June 2006. They cover a range of areas, including breach of the NZ Bill of Rights Act 1990 and breach of contract.

The Department was also defending personal grievances made by 43 staff members.

Guarantees and Indemnities:

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

STATEMENT OF UNAPPROPRIATED EXPENDITURE

FOR THE YEAR ENDED 30 JUNE 2006

There was no unappropriated expenditure in any of the output classes by the Department during the 2005/06 financial year.

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

STATEMENT OF DEPARTMENTAL EXPENDITURE AND APPROPRIATIONS

FOR THE YEAR ENDED 30 JUNE 2006

	30/06/06 Expenditure Actual \$000	30/06/06 Remeasurement Actual* \$000	30/06/06 Appropriation Voted** \$000
VOTE: CORRECTIONS			
Appropriations for classes of outputs			
Information Services	29,866	-	29,946
Community-based Sentences and Orders	69,844	-	70,981
Custody of Remand Prisoners	84,678	-	84,753
Escorts and Custodial Supervision	7,976	-	8,339
Custodial Services	370,622	-	370,875
Prisoner Employment	37,574	4,830	33,683
Rehabilitative Programmes and Reintegrative Services	45,802	-	49,395
Services to the New Zealand Parole Board	5,594	-	5,604
Policy Advice and Development	5,122	-	5,470
Service Purchase and Monitoring	1,626	-	1,629
Sub-total	658,704	4,830	660,675
Appropriation for capital contributions	318,547	-	318,547
Total	977,251	4,830	979,222

* The Asset Revaluation in the Prisoner Employment appropriation class relates to forestry and livestock revaluation of \$4.830 million in 2005/06. 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".

** These amounts include adjustments made in the Supplementary Estimates and the following transfers under section 26A of the Public Finance Act 1989 and an In Principle Capital Transfer.

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

STATEMENT OF DEPARTMENTAL EXPENDITURE AND APPROPRIATIONS

FOR THE YEAR ENDED 30 JUNE 2006

Output Class	Supplementary Estimates \$000	Section 26A Transfers \$000	Final Appropriation \$000
Information Services	30,299	(353)	29,946
Community-based Sentences and Orders	72,467	(1,486)	70,981
Custody of Remand Prisoners	84,350	403	84,753
Escorts and Custodial Supervision	8,323	16	8,339
Custodial Services	369,564	1,311	370,875
Prisoner Employment	33,727	(44)	33,683
Rehabilitative Programmes and Reintegrative Services	49,465	(70)	49,395
Services to the New Zealand Parole Board	5,488	116	5,604
Policy Advice and Development	5,403	67	5,470
Service Purchase and Monitoring	1,589	40	1,629
Net Adjustment	660,675	-	660,675

	Supplementary Estimates \$000	In Principle Capital Transfer \$000	Final Appropriation \$000
Appropriation for capital contributions	393,547	(75,000)	318,547

The Department returned \$75 million of appropriated capital funding to the Treasury in 2005/06 due to timing in the commencement of some the Department's infrastructure programme.

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

STATEMENT OF TRUST MONIES

FOR THE YEAR ENDED 30 JUNE 2006

Account	As at 01/07/05 \$000	Contribution \$000	Distribution \$000	As at 30/06/06 \$000
Prison Trust Accounts	420	10,785	(10,659)	546

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 1: OTHER REVENUE

30/06/05 Actual		30/06/06 Actual	30/06/06 Main Estimates	30/06/06 Supp. Estimates
\$000		\$000	\$000	\$000
24,008	External sales	23,584	22,438	23,431
1,279	Rents	1,491	974	974
157	Miscellaneous	173	86	93
25,444	Total other revenue	25,248	23,498	24,498

NOTE 2: PERSONNEL COSTS

30/06/05 Actual		30/06/06 Actual	30/06/06 Main Estimates	30/06/06 Supp. Estimates
\$000		\$000	\$000	\$000
265,641	Salaries and wages	320,731	304,630	319,748
(9)	Retirement and long service leave	1,831	1,148	1,265
265,632	Total personnel costs	322,562	305,778	321,013

NOTE 3: OPERATING COSTS

30/06/05 Actual		30/06/06 Actual	30/06/06 Main Estimates	30/06/06 Supp.
\$000		\$000	\$000	\$000
8,917	Operating lease rentals	11,354	10,431	11,210
229	Audit fees to auditors for audit of the financial statements	240	240	240
161	Fees to auditors for other services provided	175	-	-
34,248	Facilities maintenance	43,684	33,956	34,788
47,475	Offender management costs	62,075	47,624	59,113
12,131	Computer costs	10,207	9,130	10,048
18,537	Contract management	11,741	11,522	11,794
21,677	Administration	28,172	35,128	43,970
21	Bad Debts	66	-	-
30,596	Other operating costs	18,182	29,713	17,330
(5,304)	Forestry revaluation/(devaluation)	4,830	-	-
704	Loss on sale of fixed assets	848	-	-
169,392	Total operating costs	191,574	177,744*	188,493

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

Contract Management costs have reduced this financial year due to the Department taking over the running of the Auckland Regional Remand Prison from GEO Group Australia Pty Ltd.

* The amount reported to Treasury was \$175,815.

NOTE 4: DEPRECIATION

30/06/05		30/06/06	30/06/06	30/06/06
Actual		Actual	Main	Supp.
		Estimates	Estimates	
\$000		\$000	\$000	\$000
32,007	Buildings	42,799	49,486	46,491
938	Leasehold improvements	1,239	860	860
2,870	Plant and equipment	2,866	5,140	5,140
799	Furniture and fittings	952	1,200	1,200
8,718	Computer equipment	11,214	9,000	9,000
3,499	Motor vehicles	3,422	3,100	3,100
48,831	Total depreciation charge	62,492	68,786	65,791

NOTE 5: CAPITAL CHARGE

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

The capital charge rate for the year ended 30 June 2006 was 8.0 percent per annum (2005: 8.0 percent).

NOTE 6: OTHER EXPENSES

30/06/05		30/06/06	30/06/06	30/06/06
Actual		Actual	Main	Supp.
		Estimates	Estimates	
		\$000	\$000	\$000
(11,559)	Revaluation - buildings	-	-	-
(11,559)	Total other expenses	-	-	-

The prior year actual represents the portion of the 30 June 2005 building revaluation which reverses the revaluation deficit of 30 June 2002.

NOTE 7: TAXPAYERS' FUNDS

Taxpayers' Funds comprises two components:

General Funds

30/06/05 Actual \$000		Notes	30/06/06 Actual \$000	30/06/06 Main Estimates \$000	30/06/06 Supp. Estimates \$000
672,751	General funds as at 1 July		864,393	853,072	953,302
17,030	Net operating surplus/(deficit)		1,372	-	-
180,083	Capital contribution		318,547	418,870	393,547
197,113			319,919	418,870	393,547
(5,471)	Provision for repayment of surplus to the Crown	13	(1,372)	-	-
864,393	General funds as at 30 June		1,182,940	1,271,942	1,346,849

Revaluation Reserve

30/06/05 Total Actual \$000		30/06/06 Livestock \$000	30/06/06 Land \$000	30/06/06 Buildings \$000	30/06/06 Total Actual \$000
238	Balance brought forward	1,497	36,572	50,840	88,909
88,671	Revaluation changes at 30 June	303	-	-	303
88,909	Revaluation Reserve as at 30 June	1,800	36,572	50,840	89,212

NOTE 8: DEBTORS AND RECEIVABLES

30/06/05 Actual \$000		30/06/06 Actual \$000
3,408	Trade debtors	2,935
1,040	Other	1,999
(322)	Provision for doubtful debts	(282)
707	GST receivable	-
4,833	Total debtors and receivables	4,652

NOTE 9: INVESTMENTS

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

NOTE 10: PHYSICAL ASSETS

30/06/05		30/06/06
Actual		Actual
\$000		\$000
	Freehold land	
–	At cost	221
111,840	At valuation – 30 June 2005	111,840
111,840	Land – net book value	112,061
	Buildings	
–	At cost	106,710
573,081	At valuation – 30 June 2005	573,081
–	Accumulated depreciation	(42,742)
573,081	Buildings – net book value	637,049
	Leasehold improvements	
9,162	At cost	10,939
(3,970)	Accumulated depreciation	(4,974)
5,192	Leasehold improvements – net book value	5,965
	Forests	
34,705	At valuation	30,822
34,705	Forests – net book value	30,822
	Plant and equipment	
31,771	At cost	31,966
(19,569)	Accumulated depreciation	(19,903)
12,202	Plant and equipment – net market value	12,063
	Furniture and Fittings	
7,749	At cost	7,895
(4,940)	Accumulated depreciation	(5,418)
2,809	Furniture and fittings – net book value	2,477
	Computer equipment (incl software)	
71,090	At cost	83,521
(43,737)	Accumulated depreciation	(54,917)
27,353	Computer equipment – net book value	28,604
	Motor vehicles	
33,571	At cost	34,846
(18,028)	Accumulated depreciation	(19,991)
15,543	Motor vehicles – net book value	14,855
	Items under construction	
195,291	Buildings	511,719
8,360	Computer equipment	11,700
203,651	Items under construction – net book value	523,419
	Total physical assets	
1,076,620	At cost and valuation	1,515,260
(90,244)	Accumulated depreciation	(147,945)
986,376	Total carrying amount of physical assets	1,367,315

Freehold land and buildings were valued at fair value as at 30 June 2005 by an independent registered valuer, valuersnet.NZ. This valuation was completed by M W Lauchlan ANZIV SNZPI.

The valuation of forests was undertaken by an independent registered valuer, P F Olsen and Company Limited, on 30 June 2006. This valuation was completed by T Vos, registered forestry consultant, NZIF.

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

NOTE 11: CREDITORS AND PAYABLES

30/06/05 Actual \$000		30/06/06 Actual \$000
33,138	Trade creditors	20,332
59,962	Accrued expenses	67,879
-	GST payable	392
93,100	Total creditors and payables	88,603

NOTE 12: PROVISIONS

30/06/05 Total Actual \$000		30/06/06 Total Actual \$000
1,332	Balance brought forward	1,984
652	Additional provisions made during the year	2,293
-	Charged against provision for the year	(1,438)
1,984	Provisions as at 30 June	2,839

Provisions include an employee provision for the estimated cost of future work-related accident claims and ACC residual levies for ongoing entitlement costs for claims prior to 30 June 1999 and a restructuring provision.

NOTE 13: PROVISION FOR REPAYMENT OF SURPLUS TO THE CROWN

30/06/05 Actual \$000		30/06/06 Actual \$000
5,471	Net surplus/(deficit)	1,372
-	Add: Other expenses (not for production of outputs)	-
5,471	Net surplus/(deficit) from delivery of outputs	1,372
5,471	Total provision for repayment of surplus to the Crown	1,372

NOTE 14: PROVISION FOR EMPLOYEE ENTITLEMENTS

30/06/05		30/06/06
Actual		Actual
\$000		\$000
	Current liabilities	
10,738	Retirement and long service leave	12,187
22,778	Annual leave	26,316
33,516	Total current portion	38,503
	Non-current liabilities	
9,809	Retirement and long service leave	10,005
9,809	Total non-current portion	10,005
43,325	Total provision for employee entitlements	48,508

Aon New Zealand revalues the Department's non-current liabilities on a quarterly basis.

The major assumptions used in the 30 June 2006 valuation is that salary growth rates are 3.0% per annum and discount rates ranged from 5.77% to 6.54% per annum.

NOTE 15: RECONCILIATION OF NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2006

30/06/05		30/06/06	30/06/06	30/06/06	
Actual		Actual	Main	Supp.	
\$000		\$000	Estimates	Estimates	
\$000		\$000	\$000	\$000	
17,030	Net surplus/(deficit)		1,372	-	-
	Add/(less) non-cash items				
48,831	Depreciation		62,492	68,786	65,791
(1,049)	Inc/(dec) in non-current employee entitlements		196	-	(566)
(17,015)	Inc/(dec) other non-cash items		4,801	-	(330)
30,767	Total non-cash items		67,489	68,786	64,895
	Working capital movements				
473	(Inc)/dec in receivables		181	31	783
12	(Inc)/dec in inventories		(619)	(394)	715
(309)	(Inc)/dec in prepayments		(10)	25	327
22,933	Inc/(dec) in creditors and payables		(15,058)	(4)	(1,020)
2,490	Inc/(dec) in current employee entitlements		4,987	11	91
25,599	Working capital movements – net		(10,519)	(331)	896
	Investing activity items				
-	Add/(less) investing activity items		-	-	-
42	Net loss/(gain) on sale of physical assets		848	-	-
42	Total investing activity items		848	-	-
73,438	Net cash flow from operating activities		59,190	68,455	65,791

NOTE 16: 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.

Cash

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

Credit Risk

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

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

Fair Value

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

Currency Risk

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

Interest Rate Risk

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

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

NOTE 17: CONTINGENCIES

The Department does not have any contingent assets as at 30 June 2006 (30 June 2005: nil).

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

NOTE 18: RELATED PARTY INFORMATION

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

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

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

NOTE 19: MAJOR BUDGET VARIATIONS**STATEMENT OF FINANCIAL PERFORMANCE, STATEMENT OF FINANCIAL POSITION, STATEMENT OF CASH FLOWS AND STATEMENT OF DEPARTMENTAL EXPENDITURE AND APPROPRIATIONS**

Opening Taxpayer's Funds and Taxpayer Revaluation Reserves are higher due to the timing issues for the preparation of the 2005/06 Main Estimates. The 2004/05 revaluation of land and buildings was not originally included in the 2005/06 Main Estimates due to the timing of the preparation of the Main Estimates.

Capital contributions, cash and bank balances and general taxpayer's funds are lower than the Main Estimates due to the Department not taking up \$75 million in capital appropriation in 2005/06. The Department did not require this capital funding due to delays in the commencement of the Department's infrastructure work at existing sites. The Department applied for an in-principle capital transfer so that this \$75 million in funding has been transferred to the 2006/07 financial year when expenditure is to occur.

The increase in physical assets compared to the Main Estimates is due to additional investment in the Department's capital investment programme to add existing prisoner accommodation capacity. Additional work and cost escalations on the Otago Region Corrections Facility (ORCF) and Spring Hill Corrections Facility (SHCF) increased after the preparation of the Main Estimates. The Department self-funded a portion of these capital projects, out of cash generated from the depreciation funding.

Creditors and payables are significantly higher than the Main Estimates due to the increased capital works. This is primarily due to timing issues arising from when payments were made at the end of the financial year.

The Department's \$4.830 million forestry revaluation expense is coded to the Prisoner Employment output class. Section 4 (2a) of the Public Finance Act states that the remeasurement of an asset or liability is not an expense under this section. The forestry revaluation loss recorded at 30 June 2006 represents the valuer's outlook for; logging plan, prices, costs, discount rates, and treatment of land cost.

NOTE 20: POST-BALANCE DATE EVENTS

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

STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2006

OUTPUT CLASS 1 INFORMATION SERVICES

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

OUTPUT CLASS STATEMENT: INFORMATION SERVICES

For the Year Ending 30 June 2006

30/06/05 Actual (\$000)		30/06/06 Actual (\$000)	Main Estimates (\$000)	Supp. Estimates* (\$000)
	REVENUE			
28,223	Crown	30,299	28,837	29,946
0	Other	0	0	0
28,223	Total Revenue	30,299	28,837	29,946
27,951	Total Expenses	29,866	28,837	29,946
272	Net Surplus	433	0	0

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

	Supp. Estimates (\$000)	Section 26A Transfer (\$000)	Final Appropriation (\$000)
	30,299	(353)	29,946

This output entails the preparation of reports (relating to remand pre-sentence [level 2], reparation including emotional harm, same-day [level 1], 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 Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
Quantity				
The number of reports to courts:	29,115	28,296	30,000	(1,704)
The number of hours for attendance at courts:	63,809	59,846	60,000	(154)
Quality				
The percentage of reports provided to the following standards:	92%	94%	95%	(1%)
<ul style="list-style-type: none"> written reports in a specified format verification process specified/rationale for no verification concise, logical and grammatically correct clear statement of recommendations consistent with the law. 				
The number of written complaints from judges to be no more than:	6	5	15	(10)
Timeliness				
The percentage of reports to courts provided to a timetable set through service level agreements to be no less than:	95%	96%	98%	(2%)

Comment

Activity in this output class is driven by demand from courts, with 8% fewer requests for reports to courts than anticipated.

The number of written complaints received from judges at five was significantly below the forecast of 15, and compares with six complaints received in the 2004/05 financial year. This lower number continued trends from previous years, whereby the good informal communications channels established between the Department and judiciary mean that judges do not have to resort to formal written complaints.



OUTPUT 1.2 Parole Information and Advice to the New Zealand Parole Board

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

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
Quantity				
The number of New Zealand Parole Board pre-release reports prepared for prisoners:	4,217	4,575	4,600	(25)
Quality				
The percentage of New Zealand Parole Board pre-release reports provided to the following standards contained in the relevant service descriptions, Public Prisons Service Policy and Procedures Manual and Public Prisons Service Sentence Management Manual to be no less than:	100%	100%	100%	0%
<ul style="list-style-type: none"> the reports are clear and concise, identifying major points to enable the Board to make a decision on the prisoner's release the reports must identify whether statements are fact or opinion; findings are to be derived from the body of the report; recommendations are to address issues, be capable of being implemented and demonstrate that they will achieve the results required each prisoner is involved in the development of his or her report. 				
Timeliness				
The percentage of New Zealand Parole Board pre-release reports provided within the deadlines set by the Board to be:	94%	96%	100%	(4%)

Comment

The number of pre-release reports prepared for prisoners during the year was in line with expectations.

The percentage of pre-release reports provided to the Parole Board within the set deadlines was down on target but higher than in 2004/05.

During the year, the existing planning and reporting processes were reviewed in consultation with the New Zealand Parole Board, and revised processes and pre-release reports agreed. These changes were expected to improve the timeliness of delivery of reports to the Board. Necessary changes to the Department's computer systems initially delayed implementation of the revised processes and reports. Implementation of the improved reporting processes will take place later in 2006/07 once the changes to the computer systems have been completed.

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

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
Quantity				
The number of home leave reports:	672	616	900	(284)
Quality				
The percentage of home leave reports provided to the following standards:	95%	96%	98%	(2%)
<ul style="list-style-type: none"> • reports completed and all questions addressed • concise, logical and grammatically correct. 				
Timeliness				
The percentage of home leave reports provided within two weeks of request to be no less than:	99%	96%	98%	(2%)

Comment

The number of home leave reports delivered is demand-driven, dependent on an individual offender's decision to apply for home leave. The actual number of reports was below the forecast of 900. This forecast was based on previous years' actual numbers of reports of 1,109 in 2002/03 and 864 in 2003/04.



OUTPUT 1.4 Home Detention Assessments to the New Zealand Parole Board

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

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
Quantity				
The number of home detention specialist reports:	3,438	3,013	3,900	(887)
Quality				
The percentage of home detention specialist reports provided to the following standards:	95%	97%	98%	(1%)
<ul style="list-style-type: none"> written reports in a specified format verification process specified/rationale for no verification concise, logical and grammatically correct statement of recommendations consistent with the law. 				
Timeliness				
The percentage of home detention specialist reports provided within the deadlines agreed with the Parole Board:	88%	90%	98%	(8%)

Comment

Demand for home detention specialist reports is driven by a number of factors: the number of offenders given leave to apply for home detention, the number of offenders who apply to the New Zealand Parole Board for home detention, and the number of home detention reports subsequently requested by the New Zealand Parole Board.

There was a steady decline in the number of home detention specialist reports in 2005/06, although this decline tapered off in the last half of the financial year. This resulted in the number of reports being 23% below expectations. The percentage of reports provided within the deadlines agreed with the Parole Board was 8% below the forecast for the year.

However, compliance improved dramatically in the last two quarters. When taken in isolation, both the third and fourth quarter returns for deadline compliance were 93% and 94% respectively. Improvements in the latter half of the year can be attributed to clarification of reporting requirements and changes to the timeframes introduced during the second quarter of the financial year.

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

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
Quantity				
The number of New Zealand Parole Board reports:	987	1,121	900	221
The number of reports to courts:	154	151	100	51
Quality				
The percentage of New Zealand Parole Board reports provided to the standards contained in service descriptions and the Psychological Service Manual to be no less than:	100%	100%	100%	0%
The percentage of reports to courts provided to the following standards contained in the service descriptions and Psychological Service Manual to be no less than:	100%	100%	100%	0%
<ul style="list-style-type: none"> • written reports in a specified format • concise, logical and grammatically correct • source and reason for referral are clearly stated • all relevant and appropriate information included • sources of information well documented and verified • clear statement of recommendations for further investigation • complies with the Code of Ethics of the New Zealand Psychological Society 1986. 				
Timeliness				
The percentage of New Zealand Parole Board reports provided within deadlines agreed with the Board to be:	100%	100%	100%	0%
The percentage of reports to courts provided to a timetable set through service level agreements to be:	100%	100%	100%	0%

Comment

The high volume of reports to the New Zealand Parole Board continued throughout the year, with the year-end result 25% above forecast levels. Activity in this output is driven by demand from the New Zealand Parole Board, within the context of its business rules and the provisions of Section 107 of the Parole Act 2002. A review undertaken of requests received during the year confirmed that requests conformed to business rules.

The number of psychological reports to courts is demand-driven and continued to exceed forecast volumes with the year-end result 51% above forecast levels.



OUTPUT 1.6 Information Services for Extended Supervision Orders

This output entails the provision of information for courts and the New Zealand Parole Board in respect of extended supervision orders. The output includes Psychological Service health assessments of offenders for whom an order may be sought, applications to courts for the orders, and applications to the New Zealand Parole Board to set conditions for the orders.

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
Quantity				
The number of health assessments completed on offenders for whom an extended supervision order is considered:	93	96	56	40
The number of extended supervision applications to courts:	64	47	56	(9)
The number of applications to the New Zealand Parole Board for special conditions (for offenders who are subject to an extended supervision order):	21	46	56	(10)
Quality				
The percentage of health assessments provided to the following standards to be no less than:	100%	100%	100%	0%
<ul style="list-style-type: none"> written assessments in a specified format verification process specified required information provided where available clear statement of recommendations consistent with the law. 				
The percentage of applications to courts provided to the following standards to be no less than:	100%	100%	100%	0%
<ul style="list-style-type: none"> written assessments in a specified format verification process specified required information provided where available clear statement of recommendations consistent with the law. 				
The percentage of applications to the New Zealand Parole Board provided to the following standards to be no less than:	100%	100%	100%	0%
<ul style="list-style-type: none"> written assessments in a specified format verification process specified required information provided where available clear statement of recommendations consistent with the law. 				
Timeliness				
The percentage of applications to courts made in accordance with departmental timeframes to be:	100%	100%	100%	0%
The percentage of applications to the New Zealand Parole Board provided within deadlines agreed with the Board to be:	62%	100%	100%	0%

Comment

The health assessment volumes are predicated on the risk levels determined by the Psychological Services' risk measurement.

The number of health assessments completed on offenders for whom an extended supervision order was considered was 71% above the forecast levels. Child-sex offenders are all assessed by a psychologist prior to their first appearance before the Parole Board and a significantly greater number than anticipated were assessed as "sufficiently high-risk" to warrant a health assessment for extended supervision. Next year's outputs are expected to be closer to forecast volumes.

The lower than expected number of applications to the New Zealand Parole Board for special conditions was due to delays in the application process brought about by offenders defending extended supervision orders and longer than anticipated court processes.

All applications to courts and the New Zealand Parole Board were provided within the agreed deadlines and to the standards set out in the 2005/06 Statement of Intent.

OUTPUT CLASS 2 COMMUNITY-BASED SENTENCES AND ORDERS

This output class provides for the management and delivery of community-based sentences and orders through sentence management and sentence compliance services. Included as part of these services are the sentences of supervision and community work and orders such as home detention, parole, post-release conditions and extended supervision for serious child-sex offenders.

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

It provides for an estimated 42,606 new sentences and orders.

OUTPUT CLASS STATEMENT: COMMUNITY-BASED SENTENCES AND ORDERS

For the Year Ended 30 June 2006

30/06/05 Actual (\$000)		30/06/06 Actual (\$000)	Main Estimates (\$000)	Supp. Estimates* (\$000)
REVENUE				
63,825	Crown	72,217	67,552	70,731
0	Departmental	0	0	250
63,825	Total Revenue	72,217	67,552	70,981
63,187	Total Expenses	69,844	67,552	70,981
638	Net Surplus	2,373	0	0

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

	Supp. Estimates (\$000)	Section 26A Transfer (\$000)	Final Appropriation (\$000)
	72,467	(1,486)	70,981



OUTPUT 2.1 Supervision

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

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
Quantity				
The number of supervision sentences:	5,301	5,565	5,000	565
Quality				
The percentage of offenders who comply with the special conditions imposed as part of their sentence to be no less than:	81%	74%	68%	6%

Comment

The number of supervision sentences is a direct result of sentencing decisions by the judiciary. The number of sentences in 2005/06 was 11% above the forecast of 5,000. This forecast was based on actual numbers of 5,029 in 2002/03 and 4,928 in 2003/04.

The percentage of offenders who complied with special conditions imposed as part of their sentence continued to exceed forecast. Compliance is influenced by a wide range of variables that are not easily quantifiable and it is difficult to attribute the impact of any one particular factor to the overall positive result. These factors include:

- individual offender characteristics, for example, age, offending history, current personal circumstances, motivation to address offending
- the number and complexity of special conditions to be complied with (e.g. attendance at programmes, non-association orders, residential/employment restrictions)
- continued improvement in the skills and experience of Probation Officers, together with their commitment and efforts to ensure offenders focus on sentence compliance.



OUTPUT 2.2 Community Work

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

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
Quantity				
The number of community work sentences:	27,928	28,400	29,000	(600)
Quality				
The percentage of offenders who successfully complete a community work sentence to be no less than:	75%	74%	70%	4%

Comment

The results for the year were in line with expectations.

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

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
Quantity				
The number of offenders directed to complete a home detention order:	1,515	1,293	1,900	(607)
Quality				
The percentage of offenders who abscond from home detention to be no more than:	new measure	1%	2%	1%
The percentage of offenders who comply with the special conditions imposed as part of their order to be no less than:	new measure	93%	80%	13%

Comment

There was a steady decline in the numbers of offenders directed to complete a home detention order in 2005/06, although this decline tapered off in the second half of the year. Volumes are determined by the decisions of the courts and the New Zealand Parole Board.

The percentage of offenders who comply with special conditions exceeded expectations throughout the year at 13% above the standard, indicating greater effort toward ensuring offender compliance.

P

OUTPUT 2.4 Parole Orders

This output entails administering an order imposed by the New Zealand Parole Board. It includes the Probation Officer meeting regularly and working closely with an offender subject to a parole order, and ensuring that special conditions imposed by the Board are fulfilled.

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
Quantity				
The number of prisoners directed to complete a parole order:	1,132	1,244	1,100	144
Quality				
The percentage of offenders who comply with the special conditions imposed as part of their order to be no less than:	75%	71%	65%	6%

Comment

The number of prisoners directed to complete a parole order, which was 13% above forecast, is determined by decisions made by the New Zealand Parole Board.

The percentage of offenders who comply with the special conditions imposed as part of their order continued to exceed forecast. 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
- the number and complexity of special conditions to be complied with (e.g. attendance at programmes, non-association orders, residential/employment restrictions)
- continued improvement in the skills and experience of Probation Officers, together with their commitment and efforts to ensure offenders focus on sentence compliance.

P

OUTPUT 2.5 Orders for Post-Release Conditions

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

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
Quantity				
The number of prisoners released on post-release conditions imposed by the court:	4,652	4,819	5,000	(181)
Quality				
The percentage of offenders who comply with the conditions imposed as part of their order to be no less than:	72%	67%	65%	2%

Comment

Both the number of prisoners released on post-release conditions imposed by the court and the percentage of offenders who complied with special conditions imposed as part of their order were in line with expectations.

This output entails the administering of an order 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 is administered by a Probation Officer.

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
Quantity				
The number of offenders commencing an extended supervision order:	21	45	56	(11)
The number of offenders subject to an extended supervision order at 30 June:	19	62	112	(50)
Quality				
The percentage of offenders on extended supervision with a sentence plan prepared and managed to the standards in the relevant service description and the Community Probation Service Operations Manual to be no less than:	100%	97%	100%	(3%)

Comment

The number of offenders commencing orders and being managed was below forecast primarily due to the high number of offenders defending the order in court. The reduced number of offenders currently being managed was also due to the number of extended supervision orders being suspended when offenders were re-imprisoned. This includes imprisonment on remand and on sentence for further criminal charges or breach of extended supervision.

OUTPUT CLASS 3 CUSTODY OF REMAND PRISONERS

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

It provides for a throughput of 11,792 new remand prisoners, representing an average prison population of 1,365 remand prisoners. This demand is met by accommodating prisoners across remand facilities, with any overflow accommodated in segregated custodial facilities.

OUTPUT CLASS STATEMENT: CUSTODY OF REMAND PRISONERS

For the Year Ended 30 June 2006

30/06/05 Actual (\$000)		30/06/06 Actual (\$000)	Main Estimates (\$000)	Supp. Estimates* (\$000)
	REVENUE			
70,371	Crown	84,350	69,031	84,753
0	Other	0	0	0
70,371	Total Revenue	84,350	69,031	84,753
70,076	Total Expenses	84,678	69,031	84,753
295	Net Surplus	(328)	0	0

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

	Supp. Estimates (\$000)	Section 26A Transfer (\$000)	Final Appropriation (\$000)
	84,350	403	84,753

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

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
Quantity				
The average number of remand prisoners held by the				
• Auckland Central Remand Prison:	343	0	n/a ¹	0
• Public Prisons Service:	1,247 ²	1,342 ³	1,365	23
• Police/court cells	0	55	0	(55)
• The total average number of remand prisoners:	0	1,397	1,365	(32)
Quality				
The number of breakouts per annum:	0	1	n/a ⁴	(1)
The number of all other escapes per annum:	0	0	n/a ⁵	0

Comment

The average number of remand prisoners held in custody is influenced by rates of arrests and decisions of the judiciary and is outside the Department's control. The total average number of remand prisoners was 2% above forecast levels, with the latter reflecting the Ministry of Justice prison population forecast.

The year-end result includes remand prisoners who were held in Police cells, the average of which was 55 prisoners. In general, the Department utilises court cells to accommodate sentenced prisoners where necessary, and Police cells to accommodate remand prisoners, although some remand prisoners were accommodated in court cells during the year.

The breakout was investigated and improvements to processes implemented to reduce the possibility of reoccurrence.

1 The Auckland Central Remand Prison was reintegrated into the Department on 13 July 2005.

2 Includes those prisoners who are held in Police and court cells.

3 This figure is not directly comparable to previous years' figures due to improvements in the Department's computerised recording systems.

4 No forecast was included in the 2005/06 Statement of Intent.

5 No forecast was included in the 2005/06 Statement of Intent.

OUTPUT CLASS 4 ESCORTS AND CUSTODIAL SUPERVISION

This output class provides for safe, secure and humane services and facilities for the transportation of prisoners to and from court, and their safe and humane custody while at court. Also included is the time Corrections Officers spend attending court hearings.

OUTPUT CLASS STATEMENT: COURTS AND CUSTODIAL SUPERVISION

For the Year Ended 30 June 2006

30/06/05 Actual (\$000)		30/06/06 Actual (\$000)	Main Estimates (\$000)	Supp. Estimates* (\$000)
	REVENUE			
7,275	Crown	8,323	7,319	8,339
0	Other	0	0	0
7,275	Total Revenue	8,323	7,319	8,339
6,804	Total Expenses	7,976	7,319	8,339
471	Net Surplus	347	0	0

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

	Supp. Estimates (\$000)	Section 26A Transfer (\$000)	Final Appropriation (\$000)
	8,323	16	8,339

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

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
Quantity				
The number of prisoners escorted to and from court in				
• Northland/Auckland (including Police escorts): ⁶	32,633	37,294	34,400	2,894
• remainder of New Zealand (excluding Police escorts): ⁷	8,918	8,686	10,000	(1,314)
Quality				
The number of escapes by prisoners during escort to and from court:	0	3	n/a ⁸	(3)

Comment

The number of prisoners escorted to and from court is initially influenced by rates of arrests and decisions of the judiciary and is outside the Department's control. However, the number of prisoner escorts also reflects the ongoing prison population pressures with prisoner numbers continuing to track above forecast levels, and the increase in the throughput of prisoners, especially in the Auckland Region.

Recommendations resulting from the investigations into the causes of the three escapes have been put in place, where appropriate, to improve the security of prisoners being escorted to and from court.

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

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
Quantity				
The number of prisoners supervised in courts in				
• Northland/Auckland: ⁹	8,792	9,520	9,400	120
• remainder of New Zealand: ¹⁰	10,515	9,326	10,550	(1,224)
Quality				
The number of escapes by remand prisoners and sentenced prisoners while they are held in custody at court:	0	1	n/a ¹¹	(1)

Comment

The number of prisoners supervised in courts is initially influenced by rates of arrests and decisions of the judiciary and is outside the Department's direct control.

Recommendations resulting from the investigation into the escape from custody at court have been put in place to improve the security of prisoners while they are held in custody at court.

⁶ Provided by Chubb New Zealand Limited.

⁷ Provided by the Public Prisons Service.

⁸ No forecast was included in the 2005/06 Statement of Intent.

⁹ Provided by Chubb New Zealand Limited.

¹⁰ Provided by the Public Prisons Service.

¹¹ No forecast was included in the 2005/06 Statement of Intent.

OUTPUT CLASS 5 CUSTODIAL SERVICES

This output class covers the provision of custodial services and the administration of custodial sentences in safe, secure and humane conditions for both male and female prisoners classified as maximum, medium and minimum security. Youth under 18 years of age and vulnerable 18- to 19-year-olds will be housed in specialist Young Offenders Units. Also included are the management of other specialist facilities and the Department's drug reduction strategy.

It provided for a throughput of 10,356 new prisoners, representing an average prison population of 5,786 prisoners. This requires the provision of beds and associated facilities to meet security, gender, age and other prisoner needs 24 hours a day.

OUTPUT CLASS STATEMENT: CUSTODIAL SERVICES

For the Year Ended 30 June 2006

30/06/05 Actual (\$000)		30/06/06 Actual (\$000)	Main Estimates (\$000)	Supp. Estimates* (\$000)
	REVENUE			
286,477	Crown	364,035	369,028	365,346
2,510	Departmental	4,819	5,529	5,529
288,987	Total Revenue	368,854	374,557	370,875
289,151	Total Expenses	370,622	374,557	370,875
(164)	Net Surplus	(1,768)	0	0

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

	Supp. Estimates (\$000)	Section 26A Transfer (\$000)	Final Appropriation (\$000)
	369,564	1,311	370,875

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

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
Quantity				
The average number of maximum security sentenced prisoners:	62	68 ¹²	58	(10)
Quality				
The percentage of sentenced prisoners, who are eligible and have met the Department's criteria for sentence planning, with prisoner management plans prepared and managed to the following standards in the relevant service description, Public Prisons Service Policy and Procedures Manual and Public Prisons Service Sentence Management Manual to be:	77%	85%	100%	(15%)
<ul style="list-style-type: none"> on induction, each prisoner is provided verbally and in writing with accurate and timely information on the operation and rules of the institution and the entitlements of prisoners. Prisoners are informed of their obligations, rights, privileges and their access to services in a way they can understand. The prisoner's immediate needs are addressed or referred for prompt action assessment interviews include prison staff and the prisoner and take into account any pre-sentence reports that are available the prisoner is placed into the appropriate work/programme the prisoner attends the allocated work/programme all information is recorded and filed on the prisoner's file sentence management plans are reviewed as per the plan. 				
The number of breakout escapes per annum:	0	0	n/a ¹³	0
The number of non-returns from temporary release per annum:	0	0	n/a ¹⁴	0
The number of all other escapes per annum:	0	0	n/a ¹⁵	0

Comment

The national system for security classification is objectively applied to all prisoners and actual numbers in each classification are largely outside the control of the Department.

The percentage of sentenced prisoners with sentence plans was below the standard, reflecting a backlog of plans within the Public Prisons Service. Plans were developed during the year that improved performance by 8% in the second half of the year. This target was adversely affected by prison population pressures and increased throughput, plus increased prison transfers, all of which contributed to delays in completing prisoner sentence plans within 28 days of sentence commencement.

¹² This figure is not directly comparable to previous years' figures due to the use of a different departmental computerised recording system.

¹³ No forecast was included in the 2005/06 Statement of Intent.

¹⁴ No forecast was included in the 2005/06 Statement of Intent.

¹⁵ No forecast was included in the 2005/06 Statement of Intent.



OUTPUT 5.2 Medium Security Men

This output provides for the safe, secure and humane confinement of adult male prisoners (excluding young offenders accommodated in the Department's Young Offenders Units) classified as high-medium or low-medium security. It incorporates the costs of accommodation, security, sentence management (including assessment), food and medical care.

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
Quantity				
The average number of medium security sentenced prisoners				
• Public Prisons Service:	2,610	2,700 ¹⁶	2,686	(14)
• Police/court cells:	33	21	n/a ¹⁷	(21)
The total average number of medium security sentenced prisoners:	2,643	2,721	2,686	(35)
Quality				
The percentage of sentenced prisoners, who are eligible and have met the Department's criteria for sentence planning, with prisoner management plans prepared and managed to the following standards in the relevant service description, Public Prisons Service Policy and Procedures Manual and Public Prisons Service Sentence Management Manual to be:	90%	86%	100%	(14%)
• on induction, each prisoner is provided verbally and in writing with accurate and timely information on the operation and rules of the institution and the entitlements of prisoners. Prisoners are informed of their obligations, rights, privileges and their access to services in a way they can understand. The prisoner's immediate needs are addressed or referred for prompt action				
• assessment interviews include prison staff and the prisoner and take into account any pre-sentence reports that are available				
• the prisoner is placed into the appropriate work/programme				
• the prisoner attends the allocated work/programme				
• all information is recorded and filed on the prisoner's file				
• sentence management plans are reviewed as per the plan.				
The number of breakout escapes per annum:	7	4	n/a ¹⁸	(4)
The number of non-returns from temporary release per annum:	0	0	n/a ¹⁹	0
The number of all other escapes per annum:	2	3	n/a ²⁰	(3)

Comment

The national system for security classification is objectively applied to all prisoners and actual numbers in each classification is largely outside the control of the Department.

The total average number of medium security prisoners was in line with forecast levels, which reflected the Ministry of Justice prison population forecast.

The percentage of sentenced prisoners with sentence plans was below the standard, reflecting a backlog of plans within the Public Prisons Service. Plans were developed during the year that improved the performance by 3% in the second half of the year. This target was adversely affected by prison population pressures and increased throughput, plus increased prison transfers, all of which contributed to a delay in completing a prisoner sentence plan within 28 days of sentence commencement.

Recommendations resulting from the investigations into the four breakout and three other escapes have been put in place to reduce the possibility of future escapes of the type of each of these escapes.

¹⁶ This figure is not directly comparable to previous years' figures due to the use of a different departmental computerised recording system.

¹⁷ No forecast was included in the 2005/06 Statement of Intent.

¹⁸ No forecast was included in the 2005/06 Statement of Intent.

¹⁹ No forecast was included in the 2005/06 Statement of Intent.

²⁰ No forecast was included in the 2005/06 Statement of Intent.

This output provides for the safe, secure and humane confinement of adult male prisoners (excluding young offenders accommodated in the Department's Young Offenders Units) classified as minimum security. It incorporates the costs of accommodation, security, sentence management (including assessment), food and medical care.

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
Quantity				
The average number of minimum security sentenced prisoners				
• Public Prisons Service:	2,417	2,746 ²¹	2,576	(170)
• Police/court cells:	0	10	n/a ²²	(10)
The total average number of minimum security sentenced prisoners:	2,417	2,756	2,576	(180)
Quality				
The percentage of sentenced prisoners, who are eligible and have met the Department's criteria for sentence planning, with prisoner management plans prepared and managed to the following standards in the relevant service description, Public Prisons Service Policy and Procedures Manual and Public Prisons Service Sentence Management Manual to be:	90%	91%	100%	(9%)
• on induction, each prisoner is provided verbally and in writing with accurate and timely information on the operation and rules of the institution and the entitlements of prisoners. Prisoners are informed of their obligations, rights, privileges and their access to services in a way they can understand. The prisoner's immediate needs are addressed or referred for prompt action				
• assessment interviews include prison staff and the prisoner and take into account any pre-sentence reports that are available				
• the prisoner is placed into the appropriate work/programme				
• the prisoner attends the allocated work/programme				
• all information is recorded and filed on the prisoner's file				
• sentence management plans are reviewed as per the plan.				
The number of breakout escapes per annum:	2	3	n/a ²³	(3)
The number of non-returns from temporary release per annum:	0	1	n/a ²⁴	(1)
The number of all other escapes per annum:	6	5	n/a ²⁵	(5)

Comment

The national system for security classification is objectively applied to all prisoners and actual numbers in each classification is largely outside the control of the Department.

The percentage of sentenced prisoners with sentence plans was below the standard, reflecting a backlog of plans within the Public Prisons Service. Plans were developed which improved performance by 5% during the second half of the year. This target was adversely affected by prison population pressures and increased throughput, plus increased prison transfers, all of which contributed to a delay in completing some prisoner sentence plans within 28 days of sentence commencement.

Recommendations from the investigations into the escapes and non-return from temporary release have been put in place. These include improved risk assessment and surveillance of prisoners undertaking work experience, and staff training. Processes have also been put in place to ensure that prisoners do not have access to unauthorised equipment that could be used to facilitate an escape.

²¹ This figure is not directly comparable to previous years' figures due to the use of a different departmental computerised recording system.

²² No forecast was included in the 2005/06 Statement of Intent.

²³ No forecast was included in the 2005/06 Statement of Intent.

²⁴ No forecast was included in the 2005/06 Statement of Intent.

²⁵ No forecast was included in the 2005/06 Statement of Intent.



OUTPUT 5.4 Women

This output provides for the safe, secure and humane confinement of all female sentenced prisoners. It incorporates the costs of accommodation, security, sentence management (including assessment), food and medical care.

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
Quantity				
The average number of maximum security sentenced prisoners:	0	0	0	0
The average number of medium security sentenced prisoners:	97	114 ²⁶	102	(12)
The average number of minimum security sentenced prisoners:	222	236	239	3
The average number of female sentenced prisoners:	319 ²⁷	350	341	(9)
Quality				
The percentage of sentenced prisoners, who are eligible and have met the Department's criteria for sentence planning, with prisoner management plans prepared and managed to the following standards in the relevant service description, Public Prisons Service Policy and Procedures Manual and Public Prisons Service Sentence Management Manual to be:				
	73%	75%	100%	(25%)
<ul style="list-style-type: none"> • on induction, each prisoner is provided verbally and in writing with accurate and timely information on the operation and rules of the institution and the entitlements of prisoners. Prisoners are informed of their obligations, rights, privileges and their access to services in a way they can understand. The prisoner's immediate needs are addressed or referred for prompt action • assessment interviews include prison staff and the prisoner and take into account any pre-sentence reports that are available • the prisoner is placed into the appropriate work/programme • the prisoner attends the allocated work/programme • all information is recorded and filed on the prisoner's file • sentence management plans are reviewed as per the plan. 				
The number of breakout escapes per annum:	2	0	n/a ²⁸	0
The number of non-returns from temporary release per annum:	0	0	n/a ²⁹	0
The number of all other escapes per annum:	0	0	n/a ³⁰	0

Comment

The national system for security classification is objectively applied to all prisoners and actual numbers in each classification is largely outside the control of the Department.

The percentage of sentenced prisoners with sentence plans was below the standard, reflecting a backlog of plans within the Public Prisons Service. This target was adversely affected by prison population pressures and increased throughput, plus increased prison transfers, all of which contributed to delays in completing some prisoner sentence plans within 28 days of sentence commencement.

²⁶ This figure is not directly comparable to previous years' figures due to the use of a different departmental computerised recording system.

²⁷ Includes those prisoners who are held in Police and court cells.

²⁸ No forecast was included in the 2005/06 Statement of Intent.

²⁹ No forecast was included in the 2005/06 Statement of Intent.

³⁰ No forecast was included in the 2005/06 Statement of Intent.

This output provides for the safe, secure and humane confinement of sentenced males under 18 years of age and vulnerable 18-to 19-year-olds, accommodated in the Department's Young Offenders Units (except those classified maximum security). It incorporates the costs of accommodation, security, sentence management (including assessment), food and medical care.

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
Quantity				
The average number of male sentenced youth prisoners:	118	118	125	7
Quality				
The percentage of sentenced prisoners, who are eligible and have met the Department's criteria for sentence planning, with prisoner management plans prepared and managed to the following standards in the relevant service description, Public Prisons Service Policy and Procedures Manual and Public Prisons Service Sentence Management Manual to be:	79%	92%	100%	(8%)
<ul style="list-style-type: none"> on induction, each prisoner is provided verbally and in writing with accurate and timely information on the operation and rules of the institution and the entitlements of prisoners. Prisoners are informed of their obligations, rights, privileges and their access to services in a way they can understand. The prisoner's immediate needs are addressed or referred for prompt action assessment interviews include prison staff and the prisoner and take into account any pre-sentence reports that are available the prisoner is placed into the appropriate work/programme the prisoner attends the allocated work/programme all information is recorded and filed on the prisoner's file sentence management plans are reviewed as per the plan. 				
The number of breakouts per annum from Young Offenders Units:	0	0	n/a ³¹	0
The number of all other escapes per annum from Young Offenders Units:	0	0	n/a ³²	0

Comment

The average number of male sentenced young offenders is initially influenced by rates of arrests and decisions of the judiciary and is outside the Department's control. Thereafter the national system for security classification is objectively applied to all prisoners and actual numbers in each classification is difficult to predict.

Sentence plans were not completed for 14 male youth prisoners within 28 days of commencement of their sentence. These delays were due to a variety of reasons, including operational pressures, prisoner refusals, or prisoners being held off-site, for example in a secure mental health facility where they have a specific management plan.

³¹ No forecast was included in the 2005/06 Statement of Intent.

³² No forecast was included in the 2005/06 Statement of Intent.



OUTPUT 5.6 Drug Reduction

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

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
Quantity				
The number of general random drug screening tests carried out to be no less than:	3,250	3,423	3,208	215
The number of random drug screening tests carried out on prisoners returning from temporary release to be no less than:	350	313	561	(248)
The number of random drug screening tests carried out on identified drug users to be no less than:	1,774	1,961	2,119	(158)
The number of other drug screening tests carried out to be no less than: ³³	5,422	6,020	6,152	(132)
Quality				
The annual average percentage of general random drug screening tests producing a positive result to be no more than:	17%	15%	16%	1%
The annual average percentage of random drug screening tests of prisoners returning from temporary release producing a positive result:	13%	11%	n/a ³⁴	(11%)
The annual average percentage of random drug screening tests of identified drug users producing a positive result:	34%	31%	n/a ³⁵	(33%)

Comment

The number of general random drug screening tests was 7% more than forecast, and 5% more than in 2004/05. The higher number was influenced by the higher than anticipated average prison population, and the increased throughput of prisoners. These factors also influenced the lower number of random drug screening tests conducted on prisoners returning from temporary release and on identified drug users. However, the total number of random drug tests carried out was 6% above the number in the 2004/05 financial year.

The number of general random drug tests producing a positive result was lower than expected. This was a positive result for the Department.

The number of other drug screening tests carried out was 2% lower than expected, but reflects an 11% improvement compared with 2004/05.

It should be noted that the above results are based on the number of test results received back by 30 June 2006, and do not include results still awaited at that date.

³³ Other drug screening tests are defined as those undertaken either on "reasonable grounds" or on a voluntary basis.

³⁴ No forecast was included in the 2005/06 Statement of Intent.

³⁵ No forecast was included in the 2005/06 Statement of Intent.

OUTPUT CLASS 6 PRISONER EMPLOYMENT

Prisoner employment contributes to reducing re-offending by providing remand and sentenced prisoners with the opportunity to gain work experience and improve their work habits and skills. Prisoners are also provided with the opportunity to undertake training toward recognised qualifications and work experience that improves their chances of obtaining sustainable post-release employment, which reduces the likelihood of their re-offending.

Over time, prisoner employment aims to provide all prisoners eligible for work with 1,410 hours per year of work training experience. This year's target was 5 million hours.

OUTPUT CLASS STATEMENT: PRISONER EMPLOYMENT

For the Year Ended 30 June 2006

30/06/05 Actual (\$000)		30/06/06 Actual (\$000)	Main Estimates (\$000)	Supp. Estimates* (\$000)
	REVENUE			
5,666	Crown	9,229	6,958	9,185
25,444	Other	25,248	23,498	24,498
31,110	Total Revenue	34,477	30,456	33,683
28,174	Total Expenses	37,574	30,456	33,683
2,936	Net Surplus	(3,097)	0	0

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

	Supp. Estimates (\$000)	Section 26A Transfer (\$000)	Final Appropriation (\$000)
	33,727	(44)	33,683

R

OUTPUT 6.1 Land-Based Activities

This output relates to the provision of employment hours and qualifications to prisoners who work in farming, forestry, horticulture and other land-based activities.

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
Quantity				
The number of hours worked by prisoners employed in land-based activities:	780,485	791,865	774,560	17,305
Quality				
The number of hours of prisoner employment per NZQA unit standard delivered:	new measure	308	588	280

Comment

Total hours of employment exceeded expectations. The lower hours of prisoner employment per New Zealand Qualifications Authority (NZQA) standard delivered (at 47% below forecast) indicates that significantly fewer hours of employment were needed to achieve a NZQA standard.

In 2005/06 the Department provided land-based employment activities to an average number of 390 prisoners, achieving a total of 2,575 New Zealand Qualifications Authority (NZQA) standards. This improvement in the volume of NZQA standards achieved resulted from the adoption of innovative tactics such as the use of external trainers, or assigning instructors as "specialist trainers".

R

OUTPUT 6.2 Manufacturing Activities

This output relates to the provision of employment hours and qualifications to prisoners who work in manufacturing, construction and labour-only services.

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
Quantity				
The number of hours worked by prisoners employed in manufacturing activities:	883,618	818,293	826,260	(7,967)
Quality				
The number of hours of prisoner employment per NZQA unit standard delivered:	new measure	761	1,692	931

Comment

Total hours of employment were within expectations. The lower hours of prisoner employment per New Zealand Qualifications Authority (NZQA) standard delivered (at 55% below forecast) indicates that significantly fewer hours of employment were needed to achieve a NZQA standard.

In 2005/06 the Department provided manufacturing employment activities to an average number of 452 prisoners, achieving a total of 1,075 New Zealand Qualifications Authority (NZQA) standards. This improvement in the volume of NZQA standards achieved resulted from the adoption of innovative tactics such as the use of external trainers, or assigning instructors as "specialist trainers".

This output relates to the provision of employment hours and qualifications to prisoners who work in internal self-sufficiency activities including:

- kitchens and laundry
- cleaning
- prison asset maintenance.

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
Quantity				
The number of hours worked by prisoners in internal self-sufficiency activities				
• Public Prisons Service: ³⁶	1,826,134	2,294,604	2,006,000	288,604
• Corrections Inmate Employment:	1,124,906	1,248,446	1,216,125	32,321
The total number of hours worked by prisoners in internal self-sufficiency activities:	2,951,040	3,543,050	3,222,125	320,925
Quality				
The number of hours of prisoner employment per NZQA unit standard delivered:				
	new measure	651	1,058	407

Comment

Internal service self-sufficiency activities are delivered by both Corrections Inmate Employment (CIE) and the Public Prisons Service, with the over-delivery in the year continuing the trend established in the 2003/04 and 2004/05 financial years. The over-delivery was primarily attributable to the Public Prisons Service, reflecting the continuing emphasis on unit cleaning and hygiene, and as a means of minimising the impact of the reduction in other prisoner employment opportunities available at certain locations and for prisoners of particular security classifications. However, there was also a marked increase in CIE internal service activities in kitchens and laundries.

Total hours of employment exceeded expectations (10%). The lower hours of prisoner employment per New Zealand Qualifications Authority (NZQA) standard delivered (at 38% below forecast) indicates that significantly fewer hours of employment were needed to achieve a NZQA standard.

In 2005/06 the Department provided internal service self-sufficiency employment activities to an average number of 590 prisoners in Corrections Inmate Employment and an average of 1,223³⁷ prisoners in the Public Prisons Service, achieving a total of 1,917 New Zealand Qualifications Authority (NZQA) standards. This improvement in the volume of NZQA standards achieved resulted from the adoption of innovative tactics such as the use of external trainers, or assigning instructors as "specialist trainers".

The forecast number of hours worked by prisoners in internal self-sufficiency activities is prepared annually based on an average of the preceding two years' historical data.

³⁶ The separation of hours worked details the difference between CIE and PPS. CIE activities are NZQA based and PPS activities are not.

³⁷ Average based on monthly "snapshot" of the number of prisoners engaged in internal self-sufficiency activities with the Public Prisons Service.

R OUTPUT 6.4 Release-to-Work

This output relates to employment undertaken by minimum security prisoners in workplaces outside the prison. These are prisoners nearing release who are on release-to-work.

This output relates to the provision of employment hours completed by prisoners participating in the release-to-work programme.

This programme allows prisoners nearing their release date and who meet the eligibility criteria to be temporarily released during the day to work.

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
Quantity				
The number of hours worked by prisoners on release-to-work activities:	30,350	39,665	84,600	(44,935)
Quality				
The percentage of prisoners undertaking release-to-work activities who meet the eligibility criteria:	100%	100%	100%	0%

Comment

An average of 25 prisoners was engaged on release-to-work activities, compared with the forecast average of 45 prisoners, primarily attributable to insufficient numbers of prisoners being available in the particular locations and with the appropriate security classifications.

The Department was also not able to place the expected number of prisoners on release-to-work while the review of the release-to-work scheme was underway. This review is due to be completed by September 2006. However, the Department aimed to identify at least ten eligible and suitable prisoners per prison for release-to-work activities, and there was an increase in the number of prisoners engaged on release-to-work activities in June, peaking at 27. Where possible, prisoners available for work but not matching the release-to-work opportunities available, are employed in activities operated by the Department's Corrections Inmate Employment.

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

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
Quantity				
The number of prisoners who commence training towards the achievement of an externally recognised qualification				
• Public Prisons Service:	1,370	1,428	1,180	248
• Corrections Inmate Employment ³⁸ :	new measure	199	n/a ³⁹	199
Quality				
The percentage of prisoners undertaking training activities who receive an externally recognised qualification ⁴⁰				
• Public Prisons Service:	83%	62%	40%	22%
• Corrections Inmate Employment ⁴¹ :	new measure	18%	n/a ⁴²	18%

Comment

The number of prisoners who commenced Public Prison Service training and the percentage who received a qualification were above forecast by 21% and 22% respectively, reflecting the positive trend established over the last two years.

The Public Prisons Service regions have consistently exceeded the target in respect of prisoners commencing vocational training activities, reflecting the fact that many of the courses offered (which are generally low cost) are of short duration, and thus attractive to prisoners. The attraction of these short courses is also reflected in the result for prisoners receiving externally recognised qualifications.

Corrections Inmate Employment conducted the first trial of classroom-based vocational training at the Northland Region Corrections Facility from November 2005 to March 2006. Three programmes were provided by the Northland Polytechnic, resulting in a total of 200 credits with 34 prisoners gaining a New Zealand Qualifications Authority (NZQA) qualification. The majority of prisoners who did not gain an NZQA qualification during the trial will continue training during the next courses.

38 CIE commenced classroom vocational training in November 2005.

39 No forecast was included in the 2005/06 Statement of Intent.

40 An externally recognised qualification is a NZQA unit standard or, where no unit standard exists, one that is a recognised equivalent standard. A recognised equivalent standard is a document that attests that a prisoner has passed either all components of a defined course of study, or a module or unit associated with the partial completion of that course of study.

41 CIE commenced classroom vocational training in November 2005.

42 No forecast was included in the 2005/06 Statement of Intent.



OUTPUT 6.6 Community Services

This output relates to the provision of employment hours by prisoners undertaking community services. Prisoners nearing their release date, and who meet eligibility criteria, can work outside of the prison boundaries during the day in supervised work parties benefiting local communities.

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
Quantity				
The number of hours worked by prisoners on community service:	55,312	32,992	68,000	(35,008)
The average number of prisoners engaged on community service:	56	40	68	(28)

Comment

The year-end result reflects staffing level and prison population pressures, particularly those associated with the increased throughput of remand and short-serving prisoners, causing the unavailability of staff to supervise work parties and affecting the ability of some Public Prisons Service regions to meet community service requirements.

Consequently both deliverable hours and numbers of prisoners employed were below forecast levels. Where operational requirements permitted, emphasis continued to be placed on community service activities to identify and take advantage of all available opportunities.

OUTPUT CLASS 7 REHABILITATIVE PROGRAMMES AND REINTEGRATIVE SERVICES

This output class provides:

- Responsivity programmes to improve offenders' motivation to address the causes of their criminal offending. These programmes are designed to increase an offender's responsivity to undertake a specific programme that seeks to address an identified criminogenic need.
- Rehabilitative programmes to address the causes of criminal offending. There is a suite of nationally defined rehabilitation programmes. Assessment tools determine programme eligibility according to an offender's criminogenic needs, responsivity and risk of re-offending.
- Reintegrative services to prepare for an offender's release into the community, including support for families/whānau. Emphasis is placed on the targeted provision of reintegrative services to reinforce and sustain behavioural changes by building up basic skills (for example, budgeting and relationship management) which support reintegration into the community. These services include projects for regional reintegration coordinators and supported accommodation.
- Specialist psychological services, including counselling of offenders, professional training and supervision in the use of assessment tools, to monitor and support programme delivery.

OUTPUT CLASS STATEMENT: REHABILITATIVE PROGRAMMES AND REINTEGRATIVE SERVICES

For the Year Ended 30 June 2006

30/06/05 Actual (\$000)		30/06/06 Actual (\$000)	Main Estimates (\$000)	Supp. Estimates* (\$000)
	REVENUE			
40,266	Crown	47,969	45,729	47,899
836	Departmental	1,107	1,496	1,496
41,102	Total Revenue	49,076	47,225	49,395
40,608	Total Expenses	45,802	47,225	49,395
494	Net Surplus	3,274	0	0

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

	Supp. Estimates (\$000)	Section 26A Transfer (\$000)	Final Appropriation (\$000)
	49,465	(70)	49,395



OUTPUT 7.1 Responsivity/Motivational Programmes

This output entails the delivery of Straight Thinking, Tikanga Māori and faith-based programmes. Attendance at these programmes improves an offender's responsivity or motivation to address identified criminogenic needs. Specific programmes include:

- Straight Thinking, which aims to improve the critical reasoning required for effective social integration.
- Tikanga Māori programmes, which are delivered to community-based offenders, remand and sentenced prisoners (including youth in the Department's Young Offenders Units). These programmes are designed to use Māori philosophy, values, knowledge and practices to increase motivation for offenders to address their offending behaviour.
- Christian-based programmes that are delivered in the Faith-based Unit at Rimutaka Prison.

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
STRAIGHT THINKING PROGRAMMES				
Quantity				
The number of hour's offenders spend attending a Straight Thinking programme				
• Prisoners:	39,812	31,832	56,000	(24,168)
• Community-based offenders:	21,330	12,412	65,100	(52,688)
The number of offenders who start a Straight Thinking programme				
• Prisoners:	710	526	800	(274)
• Community-based offenders:	483	275	930	(655)
Quality				
The percentage of offenders who start and complete a Straight Thinking programme				
• Prisoners:	87%	80%	80%	0%
• Community-based offenders:	54%	55%	65%	(10%)

Comment

During 2005/06 the Department undertook a review of the programmes delivered by Intervention Services and agreed to a new approach to rehabilitation programmes. As part of this, it was decided not to commence any new Straight Thinking programmes from the end of March 2006.

The decision was consistent with recent research evidence in New Zealand and overseas and the outcomes of programmes measured by the rehabilitation quotient. Current evidence indicates that the intensity of a programme should be related to the level of risk of the offenders. While Straight Thinking was a relatively low-intensity (70 hours) programme, it had been targeted to medium to high-risk offenders. To address the motivation of offenders, a short motivation programme, which the Department designed and has successfully delivered, is being introduced from July 2006.

Hence, the year-end result for the Straight Thinking programmes reflects both the impact of discontinuing delivery of these programmes in the last quarter of the financial year, and progress made against the annual targets to the end of the third quarter. That is, at the end of March 2006, the number of offenders who had commenced a Straight Thinking programme (at 526) was 87% of the year-to-date target (of 602 offenders), whereas with no additional new offenders starting the programme after March 2006, these 526 offenders represented 66% of the full year target of 800.

The number of community-based offenders commencing Straight Thinking remained constant for the first three quarters of the year at about 40% of the quarterly target. The low level of appropriate referrals of community-based offenders remained an issue throughout the year. The large variance in programme hours completed by community-based offenders was due to the lower than forecast number of offenders commencing the programme, as well as offenders exited from programmes due to poor motivation and attendance.

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
TIKANGA MĀORI PROGRAMMES				
Quantity				
The number of offenders who start a Tikanga Māori programme				
• Prisoners:	841	991	1,053	(62)
• Community-based offenders:	416	632	523	109
Quality				
The percentage of offenders who start and complete a Tikanga Māori programme to be no less than				
• Prisoners:	96%	93%	90%	3%
• Community-based offenders:	71%	70%	65%	5%
FAITH-BASED UNIT				
Quantity				
The number of sentenced prisoners in the Faith-based Unit to be up to:				
	60	60	60	0%
Quality				
The minimum average occupancy rate:				
	100%	100%	95%	5%

Tikanga Māori Programmes

Comment

The lower than expected number of prisoners who started the programme in the Public Prisons Service was primarily due to the cancellation of one Tikanga Māori programme.

In the Community Probation Service, numbers in the first three quarters of the 2005/06 financial year were below forecast levels with the number of new starts for the whole year exceeding expectations. This was the result of a schedule that saw the majority of Tikanga programmes taking place in the last quarter of the year.

The contracting of new providers and ensuring that appropriate programme delivery processes are in place contributed to a completion rate that was above forecast levels.

Faith-based Unit

Comment

The results for the year were in line with expectations.



OUTPUT 7.2 Criminogenic Programmes

This output delivers programmes to address an offender's criminogenic needs, either in prison or in the community. 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 Special Treatment Unit at Rimutaka Prison and the Pacific violence prevention programme.
- EQUIP, a youth offender programme designed to develop cognitive behavioural reasoning for effective social interaction.
- Substance abuse programmes to highly recidivist offenders with identified alcohol- and drug-related needs. The output includes the delivery of alcohol and drug treatment programmes within specialist treatment units.
- Generic criminogenic programmes, such as the Mixed Programme to Reduce Re-offending (M-PRO) and Structured Individual Programmes (SIP).
- Māori therapeutic programmes delivered in Māori focus units.
- Making Our Drivers Safe (MODS), a programme delivered within the community to reduce re-offending by addressing high-risk, recidivist traffic offenders.

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
SEX OFFENDER TREATMENT PROGRAMMES				
Quantity				
The number of hours prisoners spend attending a programme at				
• Kia Marama:	12,616	12,999	12,500	499
• Te Piriti:	12,883	13,075	12,500	575
The number of prisoners who start a programme at				
• Kia Marama:	40	40	40	0
• Te Piriti:	40	47	40	7
Quality				
The number of prisoners who start and complete a programme to be no less than				
• Kia Marama:	38	38	38	0
• Te Piriti:	39	37	38	(1)
The percentage of programmes completed at Kia Marama and Te Piriti where all the following components described in the service description were completed:	100%	100%	100%	0%
• norm building				
• construction of offence chain incorporating challenging cognitive distortion				
• sexual arousal reconditioning				
• victim impact and empathy				
• social skills, relationship skills and sex education				
• mood, anger and stress management and problem solving				
• relapse prevention				
• release planning.				

Comment

All results are within forecast levels with the exception of the number of prisoners who started a programme at Te Piriti, which was above forecast by seven prisoners or 18%. Te Piriti commenced one additional programme during the year to treat prisoners with intellectual difficulties who cannot undertake the standard programme.

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
VIOLENCE PREVENTION PROGRAMMES				
Quantity				
The number of hours prisoners spend attending a violence prevention programme at Rimutaka Prison:	8,007	8,714	7,700	1,014
The number of prisoners who start a violence prevention programme at Rimutaka Prison:	30	30	30	0
Quality				
The number of violence prevention programmes completed at Rimutaka Prison:	3	3	3	0
The percentage of offenders who start and complete a violence prevention programme at Rimutaka Prison to be no less than:	73%	73%	70%	3%
Comment				
The number of hours prisoners spend attending violence prevention programmes at the Rimutaka Violence Prevention Unit was above expectations, primarily due to more time being spent in group therapy sessions while the group facilitators were familiarising themselves with the revised manual and changes made to the programme during the year. More individual work was undertaken to keep difficult prisoners in the group.				
Improved rates of retention in the groups meant that prisoners remained in the groups for longer before being evicted. This impacted on the hours delivered but not on the percentage of offenders who completed a programme, which was 3% above forecast.				
EQUIP				
Quantity				
The number of EQUIP programme hours provided to young offenders:	3,691	3,553	4,080	(527)
The number of young offenders who start a EQUIP programme:	181	189	145	44
Quality				
The percentage of sentenced youth in the Department's Young Offenders Units who participate in an EQUIP programme:	59%	67%	98%	(31%)
Comment				
The number of EQUIP hours delivered to young offenders remained below expectations throughout the year. Almost half the under-production resulted from the decision not to proceed with the planned unit at the Northland Region Corrections Facility. The remainder of the under-delivery resulted from the very high number of remand prisoners in the Hawke's Bay Regional Prison Youth Unit who were not eligible to attend the programme.				
The number of young offenders who started an EQUIP programme was 30% above target due to high levels of throughput in the Young Offenders Units, which was exacerbated by movements to accommodate prison population pressures.				
The percentage of sentenced youth in the Young Offenders Units who participated in an EQUIP programme continued to be below planned levels, reflecting the continued high level of throughput, in combination with the continued impact of the sentence management business rules under which certain prisoners are not eligible for the programme. It also related to enhancements to the programme, whereby youth are assessed and assigned to the programme based on risk and need, and timed to fit in with the structured group programmes.				



OUTPUT 7.2 Criminogenic Programmes (continued)

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
CRIMINOGENIC PROGRAMMES (excluding MĀORI THERAPEUTIC PROGRAMMES)				
Quantity				
The number of hours offenders spend attending a criminogenic programme				
• Prisoners:	73,410	86,820	94,758	(7,938)
• Community-based offenders:	36,428	34,290	73,190	(38,900)
The number of offenders who start a criminogenic programme				
• Prisoners:	466	548	516	32
• Community-based offenders:	513	539	783	(244)
Quality				
The percentage of offenders who start and complete a criminogenic programme				
• Prisoners:	67%	76%	75%	1%
• Community-based offenders:	71%	65%	65%	0%
MĀORI THERAPEUTIC PROGRAMMES				
Quantity				
The number of hours prisoners spend attending Māori therapeutic programmes:				
	2,728	12,117	14,000	(1,883)
The number of prisoners who start a Māori therapeutic programme:				
	20	137	140	(3)
Quality				
The percentage of prisoners who start and complete Māori therapeutic programmes to be no less than:				
	100%	58%	75%	(17%)

Criminogenic Programmes (Excluding Māori Therapeutic Programmes)**Comment**

During 2005/06, the Department reviewed its suite of criminogenic programmes and revised its approach. The revised approach is based on more focused targeting of offenders to programme types, development of more intensive programmes for medium and high-risk offenders, the introduction of a short motivational programme and an increased focus on relapse prevention.

Until the new programmes are put in place during 2006/07, the 100-hour criminogenic programmes that address specific needs (alcohol and drug, violence and driving) continued to be delivered, but the mixed programme was immediately halted. In addition, the eligibility criteria were restricted to medium-risk offenders over the age of 20 years. These decisions are consistent with recent research evidence in New Zealand and overseas and the outcomes of programmes measured by the rehabilitation quotient. This decision had an effect on the overall hours delivered to prisoners and community-based offenders attending criminogenic programmes.

In addition, the overall hours delivered were affected by:

- The Public Prisons Service's Kowhai Drug Treatment Unit curtailing its alcohol and drug treatment programme delivery to prisoners until a new viable alternative was selected and approved by the Department. This programme has been re-established for the 2006/07 financial year, which will improve delivery performance of criminogenic programmes to prisoners.
- Delivery hours to community-based offenders being affected by offender absences during programmes, the number of offenders starting the programme, and some programmes not being completed before the end of the financial year. This resulted in resources being switched during the year to provide more programmes to prisoners and less to community-based offenders.

By year-end, the number of prisoners starting a 100-hour criminogenic programme run by Intervention Services exceeded the target by 29% (426 new starts compared with a target of 330), whereas the year-end position for criminogenic programmes delivered to

offenders in the community was 31% below target (539 new starts compared with a target of 783). The number of community-based offenders starting a 100-hour criminogenic programme declined during the last quarter. This has been identified as a likely consequence of the decision to cease delivery of the mixed programme and to restrict the eligibility criteria.

Māori Therapeutic Programmes

Comment

One Māori therapeutic programme was cancelled during the year and another programme carried over into the 2006/07 financial year. This resulted in the number of hours prisoners spent attending Māori therapeutic programmes and the percentage of prisoners completing these programmes being lower than forecast.

OUTPUT 7.3 Other Rehabilitative Programmes and Activities



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

This comprises:

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

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
Quantity				
The number of hours offenders spend attending other rehabilitative programmes funded by Probation and Offender Services:	117,911	143,539	110,000	33,539
Quality				
The percentage of offenders who start and complete rehabilitative programmes funded by Probation and Offender Services to be no less than:	53%	54%	65%	(11%)

Comment

The number of offender hours spent on these rehabilitative programmes was above forecast by 30% for the year. Preliminary analysis has determined that this result was driven by providers making more hours available per offender on domestic violence programmes and residential alcohol and drug programmes.

However, the percentage of offenders who completed programmes was 11% below forecast. The completion rate remained consistent with the previous year, and was driven by high exit rates from domestic violence programmes, most commonly due to non-attendance. Improvements are being made to contract monitoring and reporting to allow for more in-depth analysis of programmes.



OUTPUT 7.4 Education and Training

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

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
NATIONAL CERTIFICATE IN EMPLOYMENT SKILLS				
Quantity				
The number of hours prisoners spend attending a module under the NCES:	132,003	152,409	245,269	(92,860)
Quality				
The percentage of prisoners who start and complete a module under the NCES to be no less than:	84%	94%	80%	14%

Comment

The number of hours prisoners attended NCES was 38% below target for the year. A number of key factors contributed to the lower programme hours, including:

- smaller than forecast class sizes due to the need to appropriately stream prisoners into homogenous educational groups
- low prisoner demand and participation rates
- prison population pressures and the associated high numbers of transfers and movements
- changes to operational practices at certain sites, resulting from ongoing prison population issues and staff shortages.

Nevertheless, the 2005/06 financial year saw a significant improvement in the number of qualifications attained compared with the 2004/05 financial year, with:

- 257 prisoners graduating with the full qualification (an increase of 185%)
- 34,700 unit credits being gained by prisoners (an increase of 14%)
- 24,652 tutor hours delivered within prisons (an increase of 9%).

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

- family functioning/social attitudes, victim empathy and life skills
- the provision of social worker and other support services to support the successful reintegration of offenders into their families/whānau, the community and the workforce
- tattoo removal
- offenders as victims of crime.

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
WHĀNAU LIAISON SERVICE				
Quantity				
The number of offenders and their families/whānau receiving the whānau liaison service to be no less than:	267	351	286	65
Quality				
The percentage of offenders and their families/whānau receiving the whānau liaison service for which an action plan is developed to be no less than:	94%	82%	100%	(18%)
Comment				
Demand for the whānau liaison service exceeded expectations. Not all referrals result in an action plan, for example some referrals may terminate at the assessment stage.				
REINTEGRATIVE SERVICES – provided by the Public Prisons Service				
Quantity				
The number of hours delivered by the Public Prisons Service for reintegrative services for prisoners:	24,575	24,587	38,940	(14,353)
Quality				
The percentage of reintegrative services provided by the Public Prisons Service in accordance with a prisoners plan to be no less than:	90%	58%	90%	(32%)
Comment				
Targets for reintegrative services provided by the Public Prisons Service were not met due to lower delivery recorded in each of the living, budgeting and parenting skills programmes, primarily attributable to the following factors:				
<ul style="list-style-type: none"> • smaller class sizes than anticipated • lower number of referrals than anticipated • high attrition rate • prison population-related issues and prisoner transfers. 				



OUTPUT 7.5 Reintegrative Services (continued)

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
REINTEGRATIVE SERVICES – provided by the New Zealand Prisoners' Aid and Rehabilitation Society (NZPARS)				
Quantity				
The number of support service hours provided to be no more than:	40,070	42,236	42,248	(12)
Quality				
The percentage of referrals (urgent or otherwise) to NZPARS per month acknowledged within five working days of receipt:	98%	100%	95%	5%
Comment				
The results for the year were in line with expectations.				
REINTEGRATIVE SUPPORT SERVICES				
Quantity				
The number of offenders and their families/whānau receiving the service to be no more than:	91	78	120	(42)
Quality				
The percentage of offenders and their families/whānau receiving the service for which an action plan is developed to be no less than:	100%	100%	100%	0%
Comment				
The number of offenders and their families/whānau receiving reintegrative support services was 35% below forecast. Both the PILLARS and PARS reintegrative programmes finish on 30 September 2006 and neither programme has been accepting new referrals since February 2006. This led to a steadily decreasing number of offenders receiving these services.				
REINTEGRATIVE SUPPORT SERVICES – supported accommodation initiatives (including community reintegrative accommodation)				
Quantity				
The number of offenders receiving the service to be no more than:	new measure	8	25	(17)
Quality				
The percentage of offenders who start and complete a supported accommodation service:	new measure	100%	65%	35%
Comment				
The target of securing eight properties for the supported accommodation pilot was met. The lower than expected volumes of offenders being supported were the result of slower than expected property acquisition.				
Of the eight offenders who received this service, six are still being housed in supported accommodation and two have successfully moved into other accommodation.				

This output entails offenders' attendance at community residential centres to address reintegrative and rehabilitative needs, and the piloting of the Reducing Youth Offending Programme.

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
COMMUNITY RESIDENTIAL CENTRES				
Quantity				
The number of offenders directed to attend a community residential centre:	68	72	82	(10)
The number of psychologist hours provided to Montgomery House:	860	916	740	176
Quality				
The percentage of offenders who successfully undertake their community residential centre order to be no less than:	87%	68%	60%	8%
The percentage of assessments for Montgomery House programmes for which all of the information elements were assessed to be no less than:	100%	97%	100%	(3%)
The percentage of post-programme assessments for Montgomery House programmes completed by a psychologist to be no less than:	100%	100%	100%	0%
The percentage of clinical monitoring reports for Montgomery House programmes that adhere to the standards to be no less than:	100%	100%	100%	0%
Timeliness				
The percentage of clinical monitoring reports for Montgomery House programmes provided within agreed timeframes to be no less than:	100%	100%	100%	0%

Comment

Whilst the number of offenders directed to attend a community residential centre was below forecast, all three programmes ran at capacity during the last quarter in the year.

The number of psychologist hours provided to Montgomery House has remained above forecast throughout the year. A level of expertise built up among other Hamilton psychologists resulted in additional staff attending and co-facilitating groups in order to maintain expertise in programme delivery. More sessions were delivered because of the complexity of the issues that needed to be addressed within the context of the programmes.

The percentage of offenders who successfully undertook their community residential centre order exceeded forecast. A wide range of variables influenced this result. One factor has been greater understanding amongst Probation Officers of the referral criteria, which has resulted in an increase in the quality of referrals and more offenders who are likely to complete a programme being referred and completing their programmes.

The percentage of assessments for programmes at Montgomery House in which all information elements were assessed was slightly below target at 97%, as one assessment did not fully assess all information elements.

R OUTPUT 7.6 Community Residential Centres and the Reducing Youth Offending Programme (continued)

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
REDUCING YOUTH OFFENDING PROGRAMME				
Quantity				
The number of youth who are directed to attend a Reducing Youth Offending Programme:	109	53	130	(77)
Quality				
The percentage of youth who successfully undertake the Reducing Youth Offending Programme order to be no less than:	74%	69%	70%	(1%)

Comment

No new young offenders were accepted into the Reducing Youth Offending Programme after early February 2006 due to uncertainty over the programme's future. When decisions were available on the programme's future, including Child, Youth and Family extending the pilot without the active involvement of the Department, new young offenders were held on a waiting list while changes in referral criteria and treatment priorities were determined. This, coupled with capacity and referral issues in the first two quarters of the year, resulted in fewer numbers of youth attending the programme than expected.

However, 69% of young offenders successfully completed the full programme during the year.

The Reducing Youth Offending Programme will not be available in the 2006/07 financial year for offenders managed by the Department.

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

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
PSYCHOLOGICAL SERVICES				
Quantity				
The number of psychological consultation hours provided to the				
• Public Prisons Service:	9,609	12,293	9,575	2,718
• Community Probation Service:	10,751	10,872	11,132	(260)
• Community Probation Service (extended supervision):	23	176	312	(136)
The number of psychological reports provided to the				
• Public Prisons Service:	975	1,232	812	420
• Community Probation Service:	1,089	1,197	916	281
Quality				
The percentage of psychological consultations which meet the following standards to be no less than:	100%	100%	95%	5%
• a structured offender assessment interview is conducted				
• confidentiality and consent issues are explained				
• relevant history is obtained				
• assessment measures are used (as appropriate)				
• problems are presented clearly formulated				
• treatment goals are specified (addressing assessed problems)				
• appropriate interventions are used (based on current literature)				
• adequate case notes are recorded for all sessions				
• records are kept of ongoing measures or observations to monitor interventions				
• assessment and treatment reports are completed and delivered.				
The percentage of psychological reports that meet the following standards to be no less than:	100%	100%	95%	5%
• concise, logical and grammatically correct				
• source and reason for referral are clearly stated				
• all relevant and appropriate information is included				
• sources of information are well documented and verified				
• clear statements of recommendations for further interventions				
• complies with the Code of Ethics of the NZ Psychological Society 1986.				

Comment

The psychological consultation hours provided to the Public Prisons Service were 28% above forecast levels. The rape treatment pilot at Auckland Prison delivered hours in excess of those normally expected by the Psychological Service. The rape group pilot is an approved project to develop a programme for a group of offenders who previously were not catered for in the existing range of available programmes.

The psychological consultation hours provided to the Community Probation Service for extended supervision remained below forecast levels, primarily due to a number of offenders eligible for treatment under the extended supervision regime choosing to defend the extended supervision order, delaying the start of the order and consequently meaning these offenders were not eligible to receive treatment. Some cases have been outstanding for more than a year with multiple adjournments happening when they have been scheduled to be heard.



OUTPUT 7.7 Provision of Psychological Services (continued)

The number of psychological reports provided to the Public Prisons Service and the Community Probation Service was above forecast levels, primarily reflecting the throughput of offenders in the Young Offenders Units, and the requirement to provide reports on offenders as they move out of the programmes. In addition, the urgency of waiting lists continued to necessitate the undertaking of assessments (which require a report) to prioritise offenders.

The quality of psychological consultations and reports continues to be above forecast at 100%. Forecast targets for consultation and reports are currently set at 95%. This target may be reviewed in light of continuing high performance for these outputs.

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
BICULTURAL THERAPY MODEL				
Quantity				
The number of consultation hours provided by Māori service providers under the Bicultural Therapy Model:	3,897	3,933	4,000	(67)
Quality				
The percentage of Māori service providers who comply with the following standards when delivering consultation hours under the Bicultural Therapy Model to be no less than:	99%	100%	100%	0%
<ul style="list-style-type: none"> • all referrals follow locally agreed referral processes • provider has received induction from the Psychological Service • provider has signed a contract for services • treatment provided is centred around Māori values and beliefs using the principles of kaupapa Māori and nga tikanga Māori • provider is mandated by the relevant Oversight Committee, comprising representatives of local iwi and the Psychological Service • a report is provided to the Psychological Service at the end of each referral. 				
Comment				
The results for the year were in line with expectations.				



OUTPUT 7.8 Chaplaincy Services

This output entails the use of chaplaincy and religious activities to assist the regeneration of pro-social values and behaviour.

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
Quantity				
The number of full-time equivalent chaplains in prisons:	32	34	26	8
Quality				
The percentage of chaplaincy services delivered in accordance with the service description to be no less than:	100%	100%	100%	0%
Comment				
The increased number of chaplains reflects the fact that additional Catholic chaplains were made available on a gratis basis as a gesture of goodwill.				

OUTPUT CLASS 8 SERVICES TO THE NEW ZEALAND PAROLE BOARD

This output class involves the provision of funding for, and administrative, financial and secretariat services to, the New Zealand Parole Board. This assists the New Zealand Parole Board to meet its independent statutory responsibilities.

OUTPUT CLASS STATEMENT: SERVICES TO THE NEW ZEALAND PAROLE BOARD

For the Year Ended 30 June 2006

30/06/05 Actual (\$000)		30/06/06 Actual (\$000)	Main Estimates (\$000)	Supp. Estimates* (\$000)
	REVENUE			
5,434	Crown	5,488	5,537	5,604
0	Other	0	0	0
5,434	Total Revenue	5,488	5,537	5,604
5,356	Total Expenses	5,594	5,537	5,604
78	Net Surplus	(106)	0	0

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

	Supp. Estimates (\$000)	Section 26A Transfer (\$000)	Final Appropriation (\$000)
	5,488	116	5,604



OUTPUT 8.1 Services to the New Zealand Parole Board

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

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
Quantity				
The number of hearings by the New Zealand Parole Board:	8,971	8,745	8,000	745
Quality				
The percentage of offenders or victims notified of an impending hearing at least 10 working days before a hearing:	100%	n/a	95%	0%
The percentage of offenders or victims notified of a Board decision within 10 working days after a hearing:	95%	n/a	95%	0%
The percentage of papers for home detention (deferred sentences) hearings provided to the Board at least five working days before a hearing:	97%	n/a	95%	0%
The percentage of all other papers for each hearing provided to the Board at least 10 working days before a hearing:	95%	n/a	95%	0%
The scheduling of cases to be heard by the Board to be within the timeframe specified in the Parole Act 2002:	100%	n/a	100%	0%

Comment

The volume of home detention hearings reduced as expected due to the 2004 legislative changes relating to home detention. However, this was offset by an increase in parole hearings. There are many reasons for this increase, including the increased prison population.

The total number of hearings during the year was 9% above forecast but declined compared with the previous years.

With regard to the quality measures above, no verifiable recording systems are currently in place to accurately measure performance against these standards. A review of these measures will be undertaken in 2006/07 to determine whether these measures are appropriate and to ensure that systems are in place to accurately record performance against the revised measures resulting from this review.

OUTPUT CLASS 9 POLICY ADVICE AND DEVELOPMENT

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

OUTPUT CLASS STATEMENT: POLICY ADVICE AND DEVELOPMENT

For the Year Ended 30 June 2006

30/06/05 Actual (\$000)		30/06/06 Actual (\$000)	Main Estimates (\$000)	Supp. Estimates* (\$000)
	REVENUE			
5,309	Crown	5,403	5,309	5,470
0	Other	0	0	0
5,309	Total Revenue	5,403	5,309	5,470
4,938	Total Expenses	5,122	5,309	5,470
371	Net Surplus	281	0	0

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

	Supp. Estimates (\$000)	Section 26A Transfer (\$000)	Final Appropriation (\$000)
	5,403	67	5,470



OUTPUT 9.1 Policy Advice and Development Services

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

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
Quantity				
Advice provided according to a work programme agreed with the Minister of Corrections:	100%	100%	100%	0%
Quality				
The Minister of Corrections will expect advice to be delivered according to quality standards as outlined below:	100%	100%	100%	0%
<ul style="list-style-type: none"> the aims of the paper have been clearly stated and answer the questions that have been set the assumptions behind the advice are explicit, and the argument is logical and supported by the facts the facts in the paper are accurate and all material facts have been included an adequate range of options has been presented and each has been assessed for benefits, costs and consequences to the Government and the community there is evidence of adequate consultation with interested parties and possible objections to proposals have been identified the problems of implementation, technical feasibility, timing and consistency with other policies have been considered the format meets Cabinet Office requirements, the material is effectively and concisely summarised, has short sentences in plain English and is free of spelling or grammatical errors. 				
Timeliness				
Policy advice purchased will be delivered within the specific reporting deadlines agreed with the Minister of Corrections:	100%	100%	100%	0%
Comment				
All the above targets were met; however, the actual volume of work greatly exceeded expectations due to new major projects such as Effective Interventions and the Prisoner Employment Strategy.				

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

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
Quantity				
The number of responses to be prepared to Ministerial correspondence is estimated to be:	481	432	600	(168)
The number of responses to Parliamentary questions is estimated to be:	450	527	700	(173)
Quality				
The percentage of replies returned for redrafting not to exceed:	15%	12%	10%	2%
All responses signed out by either a general manager or, in his or her absence, an appropriate manager to be:	100%	100%	100%	0%
Timeliness				
The percentage of responses to Ministerial correspondence completed within the timeframes agreed with the Minister's office to be no less than:	67%	54%	90%	36%
The percentage of responses to Parliamentary questions completed within the timeframes set by the Minister's office to be no less than:	84%	52%	100%	48%

Comment

The volume of Ministerial correspondence was below forecast for the year, however a purely quantitative assessment does not properly reflect the time and resources required to respond to increasingly complex Ministerial correspondence, in particular Official Information Act requests.

The volume of Parliamentary Questions was also slightly below forecast, due to the cessation of Parliamentary Questions during the election period.

While the percentage of items returned for re-write, and the time taken to prepare responses to Ministerial correspondence and Parliamentary Questions was below target, most deadlines were missed by only a short period. Re-writes, due to complexity of the requests responded to, lead to lateness, and closer monitoring of the reasons for re-writes continues.

The Department is looking at ways to improve its handling of all correspondence, including Ministerial correspondence and Parliamentary Questions.



OUTPUT 9.3 Provision of Psychological and Other Research

This output involves the provision of psychological research and other approved research projects related to corrections services.

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
Quality				
The percentage of research and evaluation delivered to the agreed project milestones:	88%	100%	100%	0%
The percentage of psychological and other research that is provided to the following criteria contained in the Psychological Service Manual:	100%	100%	100%	0%
<ul style="list-style-type: none"> the hypothesis/aim of the research is clearly stated; capable of being tested; uses minimal variables; is resourced appropriately data collection meets appropriate standards of research design, and appropriate analysis tools are used the results are accurately and clearly described there is concise and thorough explanation of the implications of the results for the issues investigated the research is peer reviewed both internally and externally the report is written in a format appropriate to the audience the aims of the paper are accurate and all material facts have been included the material is free of spelling or grammatical errors and an executive summary is provided if the report exceeds five pages when possible the material is published within internationally recognised journals. 				

Comment

The full year results were in line with expectations.

OUTPUT CLASS 10 SERVICE PURCHASE AND MONITORING

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

OUTPUT CLASS STATEMENT: SERVICE PURCHASE AND MONITORING

For the Year Ended 30 June 2006

30/06/05 Actual (\$000)		30/06/06 Actual (\$000)	Main Estimates (\$000)	Supp. Estimates* (\$000)
REVENUE				
1,529	Crown	1,589	1,476	1,629
0	Other	0	0	0
1,529	Total Revenue	1,589	1,476	1,629
1,449	Total Expenses	1,626	1,476	1,629
80	Net Surplus	(37)	0	0

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

	Supp. Estimates (\$000)	Section 26A Transfer (\$000)	Final Appropriation (\$000)
	1,589	40	1,629



OUTPUT 10.1 Purchase and Monitoring of Service Delivery

This output involves the development, management and monitoring of:

- Internal Purchase Agreements with the Department's five internal providers of corrections services (Public Prisons Service, Community Probation Service, Psychological Service, Intervention Services and Corrections Inmate Employment).
- Services purchased from external providers, in particular with NZPARS.
- Interagency agreements with other government agencies, in particular, the agreements with Child, Youth and Family and the Ministry of Justice, and memoranda of understanding with the New Zealand Police, Ministry of Social Development, ACC, Ministry of Health, Inland Revenue Department, Department of Building and Housing, New Zealand Parole Board, Housing New Zealand Corporation and Career Services. Service delivery is monitored in terms of quantity and quality, and remedial action is taken if service delivery is unsatisfactory.

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
INTERAGENCY AGREEMENTS				
Quantity				
The number of interagency agreements managed:	13	13	12	1
Quality				
The percentage of interagency agreements managed in accordance with the review and reporting provisions to be no less than:	100%	100%	100%	0%
Timeliness				
The percentage of interagency agreements that are renegotiated and/or reviewed by the date specified to be no less than:	100%	100%	100%	0%
Comment				
In addition to the interagency agreements listed above, memoranda of understandings were signed with the Office of the Ombudsmen and the Department of Labour in late 2004/05.				
The number of interagency agreements in place at 30 June 2006 was one above forecast. It was hoped to subsume the agreement with Child, Youth and Family into the agreement with the Ministry of Social Development prior to 1 July 2006, but this merger was not achieved by that date.				

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
INTERNAL PURCHASE AGREEMENTS AND EXTERNAL CONTRACTORS				
Quantity				
The number of Internal Purchase Agreements with the Department's internal providers of corrections services:	5	0	5	(5)
The number of contracts for services with external providers negotiated and managed by the Department's Corporate Management Group:	3	1	1	0
Quality				
The percentage of Internal Purchase Agreements and contracts for services with external providers that meet the following standards to be no less than:	100%	0%	100%	(100%)
<ul style="list-style-type: none"> • services are clearly described • performance measures and standards are specified • price and payment regime (including incentives as appropriate) • format and dates of reporting requirements are specified. 				
The percentage of Internal Purchase Agreements and contracts for services with external providers that are regularly reviewed and reported on in terms of the following criteria to be no less than:	100%	100%	100%	0%
<ul style="list-style-type: none"> • the procedures are being followed • service delivery and performance measures are as specified • the quality of service delivery and performance is as specified • the manner, timing and form of reporting are as laid down. 				
Comment				
The Department discontinued the practice of Internal Purchase Agreements, as their provisions are adequately addressed through the Department's Statement of Intent and Performance Management System.				
The reduction in contracts for services with external providers negotiated and managed by the Corporate Management Group reflects the fact that the Public Prisons Service now manages the Arts Access Aotearoa Limited and the Books in Prison Trust contracts.				

OUTPUT 10.1 Purchase and Monitoring of Service Delivery (continued)

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
COMMUNITY FUNDING CONTRACTS				
Quantity				
The number of community funding contracts negotiated with external providers:	99	81	110	(29)
Quality				
The percentage of community funding contracts with a value of \$20,000 (or over) that have performance measures and standards to the following criteria to be no less than:	100%	100%	100%	0%
<ul style="list-style-type: none"> the correct parties to the contract are specifically identified and the parties have legal power to contract and are a legal entity the term of the contract has been identified the price is identified in the schedule of the contract the payment regime is specified the format and dates of reporting requirements are stated the mechanism for resolving disputes is stated the programme is clearly described (including programme aims, content and delivery process) the contract is legal. 				
Timeliness				
The percentage of community funding contracts with values of \$20,000 (or over) agreed and in place by the agreed date to be no less than:	100%	57%	95%	(43%)
Comment				
<p>The total number of community programme funding contracts negotiated was below forecast for the year. The forecast was based on the actual numbers of contracts negotiated of 140 in 2002/03 and 95 in 2003/04. Community programme funding contracts are negotiated as required by regional and area managers in order to meet the demand for programme places for offenders to address issues such as domestic violence, alcohol or drug use and sex offending.</p> <p>Of the 81 contracts negotiated during the year, 19 had a value of \$20,000 and over. All of these contracts conformed to the performance measures and were monitored to ensure compliance. Eleven (57%) of these 19 contracts were in place by the agreed date of 1 July, with slight delays to the signing of the remaining eight contracts resulting from the need for detailed negotiation of specific provisions in the contracts. A national contracting project is underway to improve performance by addressing issues such as staff training on performance monitoring, contract length and terms and conditions, and recording/reporting processes.</p>				

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
CONTRACTS WITH COMMUNITY RESIDENTIAL CENTRES				
Quantity				
The number of contracts between the Probation and Offender Services and community residential centres:	3	3	3	0
Quality				
The percentage of contracts for services with community residential centres that meet the following standards to be no less than:	100%	100%	100%	0%
<ul style="list-style-type: none"> • services are clearly described • performance measures and standards are specified • price and payment regime is specified (including incentives as appropriate) • format and dates of reporting requirements are specified. 				
The percentage of contracts for services with community residential centres that are regularly reviewed and reported on in terms of the following criteria to be no less than:	100%	100%	100%	0%
<ul style="list-style-type: none"> • the procedures are being followed • service delivery and performance measures are as specified • the quality of service delivery and performance is as specified • the manner, timing and form of reporting are as laid down. 				
Comment				
Standardised contract documentation, which includes performance standards, was in place for all three contracts.				



OUTPUT 10.2 Provision of Inspectorate Services

This output involves the provision of an inspectorate service that monitors systems and standards in relation to sentence management, investigates incidents, investigates complaints received from offenders and ensures that the complaints system within prisons is working as intended.

The Inspectorate also provides reports to the Assurance Board and is independent of the services that it inspects.

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
Quantity				
The number of inspections in the inspectorate work programme as approved by the Assurance Board				
• routine visits:	96	97	100	(3)
• special investigations:	12	15	20	(5)
Quality				
The percentage of inspections that are carried out to the following criteria to be no less than:				
• to a quality that satisfies the Department's Assurance Board	100%	100%	100%	0%
• according to the guidelines and standards of the New Zealand Institute of Internal Auditors.				
Timeliness				
All reports on routine inspection visits will be completed within one month of the visit:				
	98%	89%	100%	(11%)
All special reports will be completed within the time period agreed in the terms of reference for the investigation:				
	98%	98%	100%	(2%)
Comment				
This was a busy year for the Inspectorate, with an unanticipated rise in complaint numbers during the last quarter and a record number of formal monitoring assignments undertaken.				

The requirement to prioritise completion of investigations and monitoring assignments, combined with the increased volume of complaints resulted in three routine visits being cancelled, and several not meeting the agreed timelines for completion.

This output involves:

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

Performance Measure	2004/05	Performance Standard 2005/06		
	Actual	Actual	Forecast	Variance
Quantity				
Number of national systems maintained:	new measure	17	17	0
Number of service descriptions maintained:	new measure	47	47	0
Number of applications for inclusion on the Victim Notification Register:	new measure	523	600	(77)
Number of personal records established for prisoners:	new measure	4,226	n/a ⁴³	4,226
Number of decisions on offender management made under specified statutory delegations:	new measure	1,456	1,000	456
Quality				
Percentage of national systems and service descriptions that comply with legislation:	new measure	100%	100%	0%
Number of justified complaints by victims:	new measure	0	n/a ⁴⁴	0
Percentage of offender records established in accordance with the agreed procedures:	new measure	100%	100%	0%
Percentage of offender management decisions made that are not overturned on review:	new measure	100%	97%	3%
Timeliness				
Percentage of national systems and service descriptions that are reviewed as scheduled:	new measure	100%	100%	0%
Percentage of applications for inclusion on the Victim Notification Register processed within 10 working days of being received:	new measure	100%	100%	0%
Percentage of offender records established within 10 working days of reception to prison:	new measure	100%	100%	0%
Percentage of offender management decisions made within specified timeframes:	new measure	100%	100%	0%

Comment

The number of offender management decisions made under specified statutory delegations is demand-driven and was higher than expected. This may be partially attributable to the higher than expected number of prisoners being managed within the prison system (i.e. more prisoners generating more applications) as well as an unanticipated increase in the demand for such decisions from prisoners and prisons.

The percentage of offender management decisions made that are not overturned on review was in line with expectations for the year.

The number of applications for inclusion on the Victim Notification Register is outside the Department's control and relies on referrals from New Zealand Police.

⁴³ No forecast was included in the 2005/06 Statement of Intent.

⁴⁴ No forecast was included in the 2005/06 Statement of Intent.

