

# PART 2

## Financial Summary AND Service Performance





## PART 2 – FINANCIAL SUMMARY AND SERVICE PERFORMANCE

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## 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 2005.



Signed  
**Barry Matthews**  
Chief Executive  
30 September 2005



Countersigned  
**John Ryan**  
Chief Financial Officer  
30 September 2005

## TO THE READERS OF THE DEPARTMENT OF CORRECTIONS' FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

The Auditor-General is the auditor of the Department of Corrections (the Department). The Auditor-General has appointed me, H C Lim 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 2005.

### UNQUALIFIED OPINION

In our opinion the financial statements of the Department on pages 67 to 144:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
  - the Department's financial position as at 30 June 2005;
  - the results of its operations and cash flows for the year ended on that date;
  - its service performance achievements measured against the performance targets adopted for the year ended on that date; and
  - the trust monies managed by the Department on behalf of the Crown for the year ended 30 June 2005.

The audit was completed on 30 September 2005, and is the date at which our opinion is expressed.

The basis of the 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 our 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 the 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.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained information and explanations we required to support the 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. Those financial statements must fairly reflect the financial position of the Department as at 30 June 2005. They must also fairly reflect the results of its operations and cash flows and service performance achievements for the year ended on that date. In addition, they must fairly reflect the trust monies managed by the Department on behalf of the Crown for the year ended 30 June 2005. The Chief Executive's responsibilities arise from 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 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:

- assurance-related assignments in the areas of tendering and project management;
- provision of assistance to internal audit; and
- secondment of a staff member to the Department's corporate finance team.

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



**H C Lim**  
 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 2005 included on the Department of Corrections' website. The Department's Chief Executive is responsible for the maintenance and integrity of the Department of Corrections' website. We have not been engaged to report on the integrity of the Department of Corrections' website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

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 30 September 2005 to confirm the information included in the audited financial statements presented on this website.

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

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# FINANCIAL STATEMENTS

## STATEMENT OF ACCOUNTING POLICIES

For the Year Ended 30 June 2005

### Reporting Entity

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

These are the financial statements of the Department of Corrections prepared pursuant to section 35 of the Public Finance Act 1989 (as if that section had not been amended by the Public Finance Amendment Act 2004), in accordance with section 33 of the Public Finance Amendment Act 2004.

The Department has reported the Crown activities and trust monies that 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 5 of the Public Finance Act 1989, in accordance with section 33 of the Public Finance Amendment Act 2004.

### 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 uncollectable debts.

### Operating Leases

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

### 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, the debit balance will be expensed in the Statement of Financial Performance.



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

### Forests

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

The result of revaluing forestry is credited or debited to the Statement of Financial Performance.

### Depreciation

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

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

### **Financial Instruments**

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

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

### **Goods and Services Tax (GST)**

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

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

### **Taxation**

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

### **Commitments**

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

### **Contingent Liabilities**

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

### **Taxpayers' Funds**

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

### **Changes in Accounting Policies**

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

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

## STATEMENT OF FINANCIAL PERFORMANCE

For the Year Ended 30 June 2005

30/06/04 Actual		Notes	30/06/05 Actual	30/06/05 Main Estimates	30/06/05 Supp. Estimates
\$000			\$000	\$000	\$000
	Revenue				
462,142	Crown		514,375	510,103	534,375
1,276	Departmental		3,346	2,908	4,261
25,752	Other	1	25,444	23,498	26,498
<b>489,170</b>	<b>Total operating revenue</b>		<b>543,165</b>	<b>536,509</b>	<b>565,134</b>
	Expenditure				
240,949	Personnel costs	2	265,632	260,788	280,540
150,562	Operating costs	3	169,392	163,546	172,202
44,511	Depreciation	4	48,831	52,509	52,726
51,897	Capital charge	5	53,839	59,666	59,666
<b>487,919</b>	<b>Total output expenses</b>		<b>537,694</b>	<b>536,509</b>	<b>565,134</b>
7,697	Other expenses	6	(11,559)	—	—
<b>495,616</b>	<b>Total expenses</b>		<b>526,135</b>	<b>536,509</b>	<b>565,134</b>
<b>(6,446)</b>	<b>Net surplus/(deficit)</b>		<b>17,030</b>	<b>—</b>	<b>—</b>

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

For information on major variances against budget refer to Note 19 (page 86).

# STATEMENT OF MOVEMENT IN TAXPAYERS' FUNDS

For the Year Ended 30 June 2005

30/06/04 Actual		30/06/05 Actual	30/06/05 Main Estimates	30/06/05 Supp. Estimates
\$000	Notes	\$000	\$000	\$000
<b>610,557</b>	<b>TAXPAYERS' FUNDS BROUGHT FORWARD AS AT 1 JULY</b>	<b>672,989</b>	<b>676,489</b>	<b>672,989</b>
	<i>Movements during the year (other than flows to and from the Crown)</i>			
(6,446)	Add/(deduct) net surplus/(deficit)	17,030	—	—
20	Increase/(decrease) in revaluation reserves	88,671	—	—
<b>(6,426)</b>	<b>Total recognised revenues and expenses for the period</b>	<b>105,701</b>	<b>—</b>	<b>—</b>
	<i>Adjustment for flows to and from the Crown</i>			
69,761	Add capital contributions from the Crown during the year	180,083	138,683	180,083
(1,251)	Provision for payment of surplus to the Crown	(5,471)	—	—
348	<i>Other</i> Add/(deduct) asset/liability transfers between the Department and the Crown	—	—	—
<b>68,858</b>	<b>Total adjustments for flows to and from the Crown</b>	<b>174,612</b>	<b>138,683</b>	<b>180,083</b>
<b>672,989</b>	<b>Taxpayers' funds at end of the year</b>	<b>953,302</b>	<b>815,172</b>	<b>853,072</b>

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

For information on major variances against budget refer to Note 19 (page 86).

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2005

30/06/04 Actual		Notes	30/06/05 Actual \$000	30/06/05 Main Estimates \$000	30/06/05 Supp. Estimates \$000
<b>ASSETS</b>					
<b>Current assets</b>					
78,735	Cash and bank balances	16	85,836	31,682	27,386
643	Prepayments		952	850	650
5,306	Debtors and receivables	8	4,833	4,300	6,406
4,569	Inventories		4,557	4,100	4,731
<b>89,253</b>	<b>Total current assets</b>		<b>96,178</b>	<b>40,932</b>	<b>39,173</b>
<b>Non-current assets</b>					
6,840	Livestock		8,350	6,526	6,840
5,673	Investments	9	6,278	5,748	5,719
652,182	Physical assets	10	986,376	846,043	886,758
<b>664,695</b>	<b>Total non-current assets</b>		<b>1,001,004</b>	<b>858,317</b>	<b>899,317</b>
<b>753,948</b>	<b>Total assets</b>		<b>1,097,182</b>	<b>899,249</b>	<b>938,490</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
36,492	Creditors and payables	11	93,100	43,400	42,579
1,332	Provisions	12	1,984	—	—
1,251	Provision for repayment of surplus to the Crown	13	5,471	—	—
31,026	Provision for employee entitlements	14	33,516	28,000	32,941
<b>70,101</b>	<b>Total current liabilities</b>		<b>134,071</b>	<b>71,400</b>	<b>75,520</b>
<b>Term liabilities</b>					
10,858	Provision for employee entitlements	14	9,809	12,677	9,898
<b>10,858</b>	<b>Total term liabilities</b>		<b>9,809</b>	<b>12,677</b>	<b>9,898</b>
<b>80,959</b>	<b>Total liabilities</b>		<b>143,880</b>	<b>84,077</b>	<b>85,418</b>
<b>TAXPAYERS' FUNDS</b>					
672,751	General funds	7	864,393	814,954	852,834
238	Revaluation reserves	7	88,909	218	238
<b>672,989</b>	<b>Total taxpayers' funds</b>		<b>953,302</b>	<b>815,172</b>	<b>853,072</b>
<b>753,948</b>	<b>Total liabilities and taxpayers' funds</b>		<b>1,097,182</b>	<b>899,249</b>	<b>938,490</b>

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

For information on major variances against budget refer to Note 19 (page 86).

# STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2005

30/06/04 Actual		30/06/05 Actual	30/06/05 Main Estimates	30/06/05 Supp. Estimates
\$000	Notes	\$000	\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash provided from:				
Supply of outputs to				
462,142	Crown	514,375	510,103	534,375
1,276	Department	3,346	2,908	4,261
24,460	Other	26,574	23,498	25,398
Cash disbursed to:				
(234,121)	Personnel	(264,191)	(260,788)	(280,540)
(151,437)	Operating	(149,062)	(163,546)	(171,042)
839	Net GST paid	(3,765)	—	(666)
(51,897)	Capital charge	(53,839)	(59,666)	(59,666)
<b>51,262</b>	<b>Net cash flows from operating activities</b>	<b>73,438</b>	<b>52,509</b>	<b>52,120</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Cash provided from:				
—	Sale of investments	—	—	(46)
1,656	Sale of physical assets	1,144	1,072	850
Cash disbursed to:				
(107,167)	Purchase of physical assets	(246,313)	(212,301)	(283,105)
<b>(105,511)</b>	<b>Net cash flows from investing activities</b>	<b>(245,169)</b>	<b>(211,229)</b>	<b>(282,301)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Cash provided from:				
69,761	Capital contribution from the Crown	180,083	138,683	180,083
Cash disbursed to:				
(1,146)	Payment of surplus to the Crown	(1,251)	—	(1,251)
<b>68,615</b>	<b>Net cash flows from financing activities</b>	<b>178,832</b>	<b>138,683</b>	<b>178,832</b>
<b>14,366</b>	<b>Net increase/(decrease) in cash held</b>	<b>7,101</b>	<b>(20,037)</b>	<b>(51,349)</b>
64,369	Opening total cash balances at 1 July	78,735	51,719	78,735
<b>78,735</b>	<b>Closing cash balances as of 30 June</b>	<b>85,836</b>	<b>31,682</b>	<b>27,386</b>

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

For information on major variances against budget refer to Note 19 (page 86).

## STATEMENT OF COMMITMENTS

As at 30 June 2005

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.

<b>30/06/04</b>		<b>30/06/05</b>
<b>Actual</b>		<b>Actual</b>
<b>\$000</b>		<b>\$000</b>
	<b>Non-cancellable accommodation leases</b>	
5,254	Less than one year	7,091
3,837	One to two years	6,276
8,332	Two to five years	13,702
1,740	More than five years	5,781
<b>19,163</b>		<b>32,850</b>
	<b>Commitments arising from other contracts</b>	
28,842	Less than one year	20,876
12,577	One to two years	15,850
22,273	Two to five years	22,255
—	More than five years	—
<b>63,692</b>		<b>58,981</b>
	<b>Capital commitments</b>	
50,740	Less than one year	136,272
91	One to two years	1,370
—	Two to five years	—
—	More than five years	—
<b>50,831</b>		<b>137,642</b>
<b>133,686</b>	<b>Total commitments</b>	<b>229,473</b>

The increase in accommodation commitments is largely due to the renewal of leases on premises occupied by the Community Probation Service and Head Office Groups.

The increase in capital commitments is largely due to the contracts entered into for the construction of Auckland Region Women's Corrections Facility, Spring Hill Corrections Facility and the additional 493 bed programme at various existing sites.

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

# STATEMENT OF CONTINGENT LIABILITIES

As at 30 June 2005

<b>30/06/04</b>		<b>30/06/05</b>
<b>Actual</b>		<b>Actual</b>
<b>\$000</b>		<b>\$000</b>
5,915	Legal proceedings	5,564
1,088	Personal grievances	815
<b>7,003</b>	<b>Total Contingent Liabilities</b>	<b>6,379</b>

The Department is defending 28 legal proceedings claims by prisoners and external parties as at 30 June 2005. They cover a range of areas, including breach of the New Zealand Bill of Rights Act 1990 and breach of contract.

The Department is also defending personal grievances made by 42 staff members.

The Department considers the majority of these claims to be low risk.

## **Guarantees and Indemnities**

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

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



## STATEMENT OF UNAPPROPRIATED EXPENDITURE

For the Year 30 June 2005

(Figures are GST-inclusive where applicable)

<b>30/06/04 Unapprop. Expenditure \$000</b>	<b>Output Class</b>	<b>30/06/05 Actual \$000</b>	<b>30/06/05 Appropriation \$000</b>	<b>30/06/05 Unapprop. Expenditure \$000</b>
—	Information Services	31,479	31,751	—
—	Community-based Sentences and Orders	71,165	74,053	—
—	Custody of Remand Inmates	78,872	81,979	—
—	Escorts and Custodial Supervision	7,713	8,184	—
—	Custodial Services	325,274	335,522	—
—	Inmate Employment	32,063	41,809	—
—	Rehabilitative Programmes and Reintegrative Services	45,746	48,669	—
—	Services to the New Zealand Parole Board	6,035	6,114	—
—	Policy Advice and Development	5,602	5,973	—
—	Service Purchase and Monitoring	1,640	1,720	—
—		—	—	—
5,197	Other Expenses	—	—	—

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

# STATEMENT OF DEPARTMENTAL EXPENDITURE AND APPROPRIATIONS

For the Year Ended 30 June 2005

(Figures are GST-inclusive where applicable)

	<b>30/06/05 Expenditure Actual \$000</b>	<b>30/06/05 Appropriation Voted* \$000</b>
<b>VOTE: CORRECTIONS</b>		
Appropriations for classes of outputs		
Information Services	31,479	31,751
Community-based Sentences and Orders	71,165	74,053
Custody of Remand Inmates	78,872	81,979
Escorts and Custodial Supervision	7,713	8,184
Custodial Services	325,274	335,522
Inmate Employment	32,063	41,809
Rehabilitative Programmes and Reintegrative Services	45,746	48,669
Services to the New Zealand Parole Board	6,035	6,114
Policy Advice and Development	5,602	5,973
Service Purchase and Monitoring	1,640	1,720
<b>Sub-total</b>	<b>605,589</b>	<b>635,774</b>
<b>Appropriation for capital contributions</b>	<b>180,083</b>	<b>180,083</b>
<b>Total</b>	<b>785,672</b>	<b>815,857</b>

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

<b>Output Class</b>	<b>Supplementary Estimates \$000</b>	<b>Section 5 Transfers \$000</b>	<b>Final Appropriation \$000</b>
Custodial Services	337,485	(1,963)	335,522
Inmate Employment	39,846	1,963	41,809
Net Adjustment		0	

The Inmate Employment output class was expected to be over appropriation. This was mainly due to difficulties in some markets with volatile commodity prices. As a result of significant vacancies and prisoners tracking below the Ministry of Justice's forecast, the Department was able to transfer funds from the Custodial Services output class to cover this cost pressure.

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

## STATEMENT OF TRUST MONIES

For the Year Ended 30 June 2005

<b>Account</b>	<b>As at 01/07/04 \$000</b>	<b>Contribution \$000</b>	<b>Distribution \$000</b>	<b>As at 30/06/05 \$000</b>
Prison Trust Accounts	469	8,845	(8,894)	420
	<b>469</b>	<b>8,845</b>	<b>(8,894)</b>	<b>420</b>

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2005

## NOTE 1: OTHER REVENUE

30/06/04 Actual		30/06/05 Actual	30/06/05 Main Estimates	30/06/05 Supp. Estimates
\$000		\$000	\$000	\$000
15,076	Timber and livestock	16,227	15,578	18,730
1,257	Rents	1,279	1,009	1,009
9,261	Prison industry sales	7,781	6,391	6,582
158	Miscellaneous	157	520	177
<b>25,752</b>	<b>Total other revenue</b>	<b>25,444</b>	<b>23,498</b>	<b>26,498</b>

## NOTE 2: PERSONNEL COSTS

30/06/04 Actual		30/06/05 Actual	30/06/05 Main Estimates	30/06/05 Supp. Estimates
\$000		\$000	\$000	\$000
237,252	Salaries and wages	265,641	259,917	279,687
3,697	Retirement and long service leave	(9)	871	853
<b>240,949</b>	<b>Total personnel costs</b>	<b>265,632</b>	<b>260,788</b>	<b>280,540</b>

Retirement and long service leave for 2004/05 has decreased due to a change in the discount rates used. This change occurred during the annual revaluation of employee entitlements performed by Aon New Zealand.

## NOTE 3: OPERATING COSTS

30/06/04 Actual		30/06/05 Actual	30/06/05 Main Estimates	30/06/05 Supp. Estimates
\$000		\$000	\$000	\$000
8,061	Operating lease rentals	8,917	9,455	9,924
218	Audit fees to auditors for audit of the financial statements	229	218	229
188	Fees to auditors for other services provided	161	—	—
28,710	Facilities maintenance	34,248	27,576	28,622
38,271	Offender management costs	47,475	42,215	48,664
13,491	Computer costs	12,131	16,477	12,220
16,299	Contract management	18,537	18,317	18,447
17,684	Administration	21,698	24,601	28,439
24,052	Other operating costs	30,596	24,687	25,657
—	Forestry revaluation	(5,304)	—	—
3,588	Write down of fixed assets	704	—	—
<b>150,562</b>	<b>Total operating costs</b>	<b>169,392</b>	<b>163,546</b>	<b>172,202</b>

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

The Department has reclassified some of its administration costs to facilities maintenance, offender management and other operating costs to more accurately reflect the nature of why these costs were incurred. The 2003/04 comparatives have been re-aligned accordingly.

**NOTE 4: DEPRECIATION**

<b>30/06/04</b>		<b>30/06/05</b>	<b>30/06/05</b>	<b>30/06/05</b>
<b>Actual</b>		<b>Actual</b>	<b>Main</b>	<b>Supp.</b>
<b>\$000</b>		<b>\$000</b>	<b>Estimates</b>	<b>Estimates</b>
			<b>\$000</b>	<b>\$000</b>
28,589	Buildings	32,007	34,559	34,476
628	Leasehold improvements	938	850	850
2,812	Plant and equipment	2,870	4,300	4,600
747	Furniture and fittings	799	900	900
8,137	Computer equipment	8,718	9,000	9,000
3,598	Motor vehicles	3,499	2,900	2,900
<b>44,511</b>	<b>Total depreciation charge</b>	<b>48,831</b>	<b>52,509</b>	<b>52,726</b>

**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 2005 was 8.0 percent per annum (2004: 8.5 percent).

**NOTE 6: OTHER EXPENSES**

<b>30/06/04</b>		<b>30/06/05</b>	<b>30/06/05</b>	<b>30/06/05</b>
<b>Actual</b>		<b>Actual</b>	<b>Main</b>	<b>Supp.</b>
<b>\$000</b>		<b>\$000</b>	<b>Estimates</b>	<b>Estimates</b>
			<b>\$000</b>	<b>\$000</b>
—	Revaluation — buildings	(11,559)	—	—
7,697	Revaluation — forests	—	—	—
<b>7,697</b>	<b>Total other expenses</b>	<b>(11,559)</b>	<b>—</b>	<b>—</b>

This represents the portion of the 30 June 2005 revaluation which reverses the revaluation deficit of 30 June 2002.

The effect of the forestry revaluation as at 30 June 2005 is reflected in Note 3: Operating Costs.

## NOTE 7: TAXPAYERS' FUNDS

Taxpayers' Funds comprises two components:

### General Funds

30/06/04 Actual \$000	Notes	30/06/05 Actual \$000	30/06/05 Main Estimates \$000	30/06/05 Supp. Estimates \$000
<b>610,339</b>	<b>General funds as at 1 July</b>	<b>672,751</b>	<b>676,271</b>	<b>672,751</b>
(6,446)	Net operating surplus/(deficit)	17,030	—	—
69,761	Capital contribution	180,083	138,683	180,083
<b>63,315</b>		<b>197,113</b>	<b>138,683</b>	<b>180,083</b>
(1,251)	Provision for repayment of surplus to the Crown	13 (5,471)	—	—
348	Asset/liability transfers between the Department and the Crown	—	—	—
<b>672,751</b>	<b>General funds as at 30 June</b>	<b>864,393</b>	<b>814,954</b>	<b>852,834</b>

### Revaluation Reserve

30/06/04 Total Actual \$000		30/06/05 Livestock \$000	30/06/05 Land \$000	30/06/05 Buildings \$000	30/06/05 Total Actual \$000
218	Balance brought forward	238	—	—	238
20	Revaluation changes at 30 June	1,259	36,572	50,840	88,671
<b>238</b>	<b>Revaluation Reserve as at 30 June</b>	<b>1,497</b>	<b>36,572</b>	<b>50,840</b>	<b>88,909</b>

## NOTE 8: DEBTORS AND RECEIVABLES

30/06/04 Actual \$000		30/06/05 Actual \$000
5,149	Trade debtors	3,408
481	Other	1,040
(324)	Provision for doubtful debts	(322)
—	GST receivable	707
<b>5,306</b>	<b>Total debtors and receivables</b>	<b>4,833</b>

## 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

30/06/04		30/06/05
Actual		Actual
\$000		\$000
	Freehold land	
574	At cost	—
74,375	At valuation	111,840
<b>74,949</b>	<b>Land – net book value</b>	<b>111,840</b>
	Buildings	
82,744	At cost	—
344,576	At valuation	573,081
(55,524)	Accumulated depreciation	—
<b>371,796</b>	<b>Buildings – net book value</b>	<b>573,081</b>
	Leasehold improvements	
7,606	At cost	9,162
(3,377)	Accumulated depreciation	(3,970)
<b>4,229</b>	<b>Leasehold improvements – net book value</b>	<b>5,192</b>
	Forests	
29,401	At valuation	34,705
<b>29,401</b>	<b>Forests – net book value</b>	<b>34,705</b>
	Plant and equipment	
29,812	At cost	31,771
(18,421)	Accumulated depreciation	(19,569)
<b>11,391</b>	<b>Plant and equipment – net book value</b>	<b>12,202</b>
	Furniture and Fittings	
6,573	At cost	7,749
(4,342)	Accumulated depreciation	(4,940)
<b>2,231</b>	<b>Furniture and fittings – net book value</b>	<b>2,809</b>
	Computer equipment (incl software)	
65,726	At cost	71,090
(40,035)	Accumulated depreciation	(43,737)
<b>25,691</b>	<b>Computer equipment – net book value</b>	<b>27,353</b>
	Motor vehicles	
31,140	At cost	33,571
(16,999)	Accumulated depreciation	(18,028)
<b>14,141</b>	<b>Motor vehicles – net book value</b>	<b>15,543</b>
	Items under construction	
113,474	Buildings	195,291
4,879	Computer equipment	8,360
<b>118,353</b>	<b>Items under construction – net book value</b>	<b>203,651</b>
	Total physical assets	
790,880	At cost and valuation	1,076,620
(138,698)	Accumulated depreciation	(90,244)
<b>652,182</b>	<b>Total carrying amount of physical assets</b>	<b>986,376</b>

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 annual valuation of forests was undertaken by an independent registered valuer, P F Olsen and Company Limited, on 30 June 2005. This valuation was completed by T Vos, registered forestry consultant, New Zealand Institute of Forestry.

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**

<b>30/06/04</b>		<b>30/06/05</b>
<b>Actual</b>		<b>Actual</b>
<b>\$000</b>		<b>\$000</b>
12,232	Trade creditors	33,138
21,202	Accrued expenses	59,962
3,058	GST payable	—
<b>36,492</b>	<b>Total creditors and payables</b>	<b>93,100</b>

**NOTE 12: PROVISIONS**

<b>30/06/04</b>		<b>30/06/05</b>
<b>Total</b>		<b>Total</b>
<b>Actual</b>		<b>Actual</b>
<b>\$000</b>		<b>\$000</b>
1,201	Opening balance	1,332
131	Additional provisions made during the year	652
—	Charged against provision for the year	—
—	Unused amounts reversed during the year	—
—	Discounting changes	—
<b>1,332</b>	<b>Closing balance</b>	<b>1,984</b>

Provisions include an employee provision for the estimated cost of future work-related accident claims, 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**

<b>30/06/04</b>		<b>30/06/05</b>
<b>Actual</b>		<b>Actual</b>
<b>\$000</b>		<b>\$000</b>
(6,446)	Net surplus/(deficit)	5,471
7,697	Add: Other expenses (not for production of outputs)	—
1,251	Net surplus from delivery of outputs	5,471
<b>1,251</b>	<b>Total provision for repayment of surplus to the Crown</b>	<b>5,471</b>



**NOTE 14: PROVISION FOR EMPLOYEE ENTITLEMENTS**

<b>30/06/04</b>		<b>30/06/05</b>
<b>Actual</b>		<b>Actual</b>
<b>\$000</b>		<b>\$000</b>
	Current liabilities	
9,831	Retirement and long service leave	10,738
21,195	Annual leave	22,778
<b>31,026</b>	<b>Total current portion</b>	<b>33,516</b>
	Non-current liabilities	
10,858	Retirement and long service leave	9,809
<b>10,858</b>	<b>Total non-current portion</b>	<b>9,809</b>
<b>41,884</b>	<b>Total provision for employee entitlements</b>	<b>43,325</b>

Aon New Zealand revalued the non-current retiring leave portion of employee entitlements as at 31 August 2004. The Department applied the new rates from this revaluation to the non-current long service leave portion of employee entitlements.

The major assumptions used in this review are that salary growth rates are 3.0 percent per annum, and discount rates ranged from 6.18 percent to 6.21 percent per annum.

**NOTE 15: RECONCILIATION OF NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2005**

<b>30/06/04</b>		<b>30/06/05</b>	<b>30/06/05</b>	<b>30/06/05</b>
<b>Actual</b>		<b>Actual</b>	<b>Main</b>	<b>Supp.</b>
<b>\$000</b>		<b>Estimates</b>	<b>\$000</b>	<b>Estimates</b>
<b>\$000</b>		<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>(6,446)</b>	<b>Net surplus/(deficit)</b>	<b>17,030</b>	–	–
	Add/(less) non-cash items			
44,511	Depreciation	48,831	52,509	52,726
2,022	Inc/(dec) in non-current employee entitlements	(1,049)	–	(960)
11,086	Inc/(dec) other non-cash items	(17,015)	–	–
<b>57,619</b>	<b>Total non-cash items</b>	<b>30,767</b>	<b>52,509</b>	<b>51,766</b>
	Working capital movements			
(1,000)	(Inc)/dec in receivables	473	–	(1,100)
(426)	(Inc)/dec in inventories	12	–	(162)
254	(Inc)/dec in prepayments	(309)	–	(7)
(3,509)	Inc/(dec) in creditors and payables	22,933	–	(292)
4,806	Inc/(dec) in current employee entitlements	2,490	–	1,915
<b>125</b>	<b>Working capital movements – net</b>	<b>25,599</b>	<b>–</b>	<b>354</b>
–	Add/(less) investing activity items	–	–	–
(36)	Net loss/(gain) on sale of physical assets	42	–	–
<b>(36)</b>	<b>Total investing activity items</b>	<b>42</b>	<b>–</b>	<b>–</b>
<b>51,262</b>	<b>Net cash flow from operating activities</b>	<b>73,438</b>	<b>52,509</b>	<b>52,120</b>

## 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 1989, 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 2005 (30 June 2004: 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**

Revenue Crown, operating and personnel costs are less than projected in the Supplementary Estimates process due to actual prisoner numbers being less than forecast. In addition, the Department also had recruitment difficulties in 2004/05 that impacted on the amount of training provided and associated staff costs.

General funds, physical assets and net cash flows from financing activities is more than projected in the Main Estimates process due to additional capital being appropriated to construct 493 beds on existing sites.

Physical assets and revaluation reserves are more than projected in the Main Estimates process due to an increase in the value of land, buildings and forests.

The increase in cash is offset by the increase in Creditors and Payables. This is primarily due to timing issues arising from when payments were made at the end of the financial year.

The Inmate Employment output class is \$9.7 million under appropriation of which \$5.3 million is due to forestry revaluation as at 30 June 2005 and the remainder is due to higher cost offsets as a result of higher than expected internal sales.

**NOTE 20: POST-BALANCE DATE EVENTS**

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

# SERVICE PERFORMANCE

Output Performance for the Year Ended 30 June 2005

## 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.<sup>6</sup> 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 Ended 30 June 2005

30/06/04 Actual \$000		30/06/05 Actual \$000	Main Estimates \$000	Supp. Estimates \$000
	<b>REVENUE</b>			
26,483	Crown	28,223	27,284	28,223
0	Other	0	0	0
<b>26,483</b>	<b>Total Revenue</b>	<b>28,223</b>	<b>27,284</b>	<b>28,223</b>
<b>25,966</b>	<b>Total Expenses</b>	<b>27,951</b>	<b>27,284</b>	<b>28,223</b>
<b>517</b>	<b>Net Surplus</b>	<b>272</b>	<b>0</b>	<b>0</b>

<sup>6</sup> Ministerial approval was received for this addition in conjunction with the establishment of the new output 1.6.

## OUTPUT 1.1 Sentencing Information and Advice to Courts

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	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>Quantity</b>				
The number of reports to courts:	28,135	29,115	29,000	115
The number of hours for attendance at courts:	59,467	63,809	56,500	7,309
<b>Quality</b>				
The percentage of reports provided to the following standards contained in the relevant service descriptions and Probation and Offender Services Manual to be no less than:				
	94%	92%	95%	-3%
<ul style="list-style-type: none"> <li>• written reports in a specified format</li> <li>• verification process specified/rationale for no verification</li> <li>• concise, logical and grammatically correct</li> <li>• clear statement of recommendation consistent with the law.</li> </ul>				
The number of written complaints from judges to be no more than:	4	6	15	-9
<b>Timeliness</b>				
The percentage of reports to courts provided to a timetable set through service level agreements to be no less than:				
	94%	95%	98%	-3%

### Comments

The number of reports to courts was at the expected level, although the composition of the reports completed was different than that anticipated.

Activity in this output is driven by demand from the courts, and throughout the year a much higher than expected level of activity involving Community Probation Service staff time in court was evident, which was partially attributable to the impact of the appointment of additional judges. This increase in activity is reflected in the delivery of an additional 13 percent of hours for attendance at courts.

The number of written complaints received from judges was better than the standard, reflecting the greater focus by managers on formalising contact with the judiciary, with all complaints significantly resolved.

## 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	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>Quantity</b>				
The number of New Zealand Parole Board pre-release reports prepared for prisoners:	4,096	4,217	4,400	-183
<b>Quality</b>				
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 Service Manual and Public Prisons Service Sentence Management Manual to be no less than:	100%	100%	100%	Nil
<ul style="list-style-type: none"> <li>the reports are clear and concise, identifying major points to enable the Board to make a decision on the prisoner's release</li> <li>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</li> <li>each prisoner is involved in the development of his or her report.</li> </ul>				
<b>Timeliness</b>				
The percentage of New Zealand Parole Board pre-release reports provided within the deadlines set by the Board to be:	100%	94%	100%	-6%

### Comment

Activity in this output is driven by demand from the New Zealand Parole Board, within the context of the Sentencing Act 2002 and the Parole Act 2002. The number of pre-release reports prepared was marginally below planned levels.

Although all reports met the quality standard, the timeliness standard was below planned levels, reflecting some definition and recording process issues in one Public Prisons Service region. These processes are being reviewed to ensure consistency across all the Public Prisons Service regions.

### OUTPUT 1.3 Home Leave Reports

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

Performance Measure	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>Quantity</b>				
The number of home leave reports:	864	672	900	-228
<b>Quality</b>				
The percentage of home leave reports provided to the following standards contained in the relevant service descriptions and Probation and Offender Services Manual to be no less than:				
Manual to be no less than:	99%	95%	98%	-3%
<ul style="list-style-type: none"> <li>• reports completed and all questions addressed</li> <li>• concise, logical and grammatically correct.</li> </ul>				
<b>Timeliness</b>				
The percentage of home leave reports provided within two weeks of request to be no less than:	98%	99%	98%	1%

#### Comment

Activity in this output is driven by demand from the Public Prisons Service, within the context of the Sentencing Act 2002 and the Parole Act 2002. On a national level, the impact on resources as a result of the reduction in the number of reports delivered was small.

### 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	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>Quantity</b>				
The number of home detention specialist reports:	4,124	3,438	4,200	-762
<b>Quality</b>				
The percentage of home detention specialist reports provided to the following standards contained in the relevant service descriptions and Probation and Offender Services Manual to be no less than:				
Manual to be no less than:	99%	95%	98%	-3%
<ul style="list-style-type: none"> <li>• written reports in a specified format</li> <li>• verification process specified/rationale for no verification</li> <li>• concise, logical and grammatically correct</li> <li>• statement of recommendations consistent with the law.</li> </ul>				
<b>Timeliness</b>				
The percentage of home detention specialist reports provided within two weeks of the request to be no less than:	92%	88%	98%	-10%

### Comment

The number of home detention specialist reports completed, although below planned levels, has remained relatively consistent over the financial year. Report numbers have decreased across all Community Probation Service areas, reflecting the introduction of the Sentencing Amendment Act 2004, which tightened the criteria under which offenders could be granted leave to apply for home detention. The number of new starts on home detention was also significantly below planned levels (28 percent).

Although 10 percent of reports were not provided within two weeks of the request, many of these reports were provided in time for the application to be heard. The measure has now been amended for the 2005/06 financial year, to ensure a better alignment with the actual requirements of the New Zealand Parole Board.

## OUTPUT 1.5 Psychological Service Information and Advice to Courts and the New Zealand Parole Board

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

Performance Measure	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>Quantity</b>				
The number of New Zealand Parole Board reports:	770	987	600	387
The number of reports to courts:	139	154	100 <sup>7</sup>	54
<b>Quality</b>				
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%	98%	2%
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%	98%	2%
<ul style="list-style-type: none"><li>• written reports in a specified format</li><li>• concise, logical and grammatically correct</li><li>• source and reason for referral are clearly stated</li><li>• all relevant and appropriate information included</li><li>• sources of information well documented and verified</li><li>• clear statement of recommendations for further investigation</li><li>• complies with the Code of Ethics of the NZ Psychological Society 1986.</li></ul>				
<b>Timeliness</b>				
The percentage of New Zealand Parole Board reports provided within deadlines set by the Board to be:	99%	100%	100%	Nil
The percentage of reports to courts provided to a timetable set through service level agreements to be:	100%	100%	100%	Nil

### Comment

The high volume of reports to the New Zealand Parole Board continued throughout the year, with the year-end result being 65 percent in excess of the adjusted planned 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. It is anticipated that these high volumes will continue in the 2005/06 financial year and additional resources have been made available to enable this level of production to be maintained.

The number of psychological reports to courts is demand driven, with the over delivery reflecting the backlog of extended supervision assessments for offenders released from prison since November 2003. Although the actual quantum of over production is significant at 54 percent, it has had a relatively low fiscal impact.

<sup>7</sup> Ministerial approval was received to revise this performance standard from 156.



## OUTPUT 1.6 Information Services for Extended Supervision Orders<sup>8</sup>

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 application to the New Zealand Parole Board to set conditions for the orders.

Performance Measure	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>Quantity</b>				
The number of health assessments completed on offenders for whom an extended supervision order is considered:	New measure	93	110	-17
The number of extended supervision applications to courts:	New measure	64	88	-24
The number of applications to the New Zealand Parole Board for special conditions (for offenders who are subject to an extended supervision order):	New measure	21	56	-35
<b>Quality</b>				
The percentage of health assessments provided to the following standards:	New measure	100%	100%	Nil
<ul style="list-style-type: none"> <li>• written assessments in a specified format</li> <li>• verification process specified</li> <li>• required information provided where available</li> <li>• clear statement of recommendation consistent with the law.</li> </ul>				
The percentage of applications to courts provided to the following standards:	New measure	100%	100%	Nil
<ul style="list-style-type: none"> <li>• written assessments in a specified format</li> <li>• verification process specified</li> <li>• required information provided where available</li> <li>• clear statement of recommendation consistent with the law.</li> </ul>				
The percentage of reports to the New Zealand Parole Board provided to the following standards:	New measure	100%	100%	Nil
<ul style="list-style-type: none"> <li>• written assessments in a specified format</li> <li>• verification process specified</li> <li>• required information provided where available</li> <li>• clear statement of recommendation consistent with the law.</li> </ul>				
<b>Timeliness</b>				
The percentage of health assessments provided within deadlines to be:	New measure	100%	100%	Nil
The percentage of applications to courts provided within deadlines to be:	New measure	100%	100%	Nil
The percentage of applications to the New Zealand Parole Board provided within deadlines to be:	New measure	62%	100%	-38%

### Comment

This is a new output, following the implementation of the Parole (Extended Supervision) Amendment Act 2004, which provides for the intensive monitoring of child-sex offenders for up to 10 years following release from prison. There was, therefore, no previous actual information available to inform the establishment of the quantity standards, which were based on initial estimates of volumes.

<sup>8</sup> Ministerial approval was received for the establishment of this new output.

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The lower than planned volume of health assessments was, in part, due to the inability to locate some transitional offenders (those already in the community), on whom there was insufficient recorded information to enable an assessment to be made without an interview being held. This will not be an issue in the future, as offenders will be in prison when assessed. Applications for extended supervision orders were made for a lower than planned proportion of those assessed. It is not yet clear whether this will be an ongoing pattern, or whether it is a result of the transitional offenders assessed in the first year. This will be monitored.

The low number of applications to the New Zealand Parole Board is largely the result of the slower than anticipated process of court hearings in respect of these orders. Of the 64 applications made to the courts, only 30 decisions had been made by 30 June 2005. The high number of reports not provided to the New Zealand Parole Board within deadlines was the result of 'teething issues' with the procedures used to prepare the reports. These have now been addressed and a high level of compliance is expected in 2005/06.

## OUTPUT CLASS 2

### COMMUNITY-BASED SENTENCES AND ORDERS

This output class provides for the management and delivery of community-based sentences and orders through sentence management and sentence compliance services. Included as part of these are the sentences of supervision and community work 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 provided for 40,549 new sentences and orders in the 2004/05 financial year.

#### OUTPUT CLASS STATEMENT: COMMUNITY-BASED SENTENCES AND ORDERS

For the Year Ended 30 June 2005

30/06/04 Actual \$000		30/06/05 Actual \$000	Main Estimates \$000	Supp. Estimates \$000
	<b>REVENUE</b>			
58,512	Crown	63,825	61,750	65,825
0	Other	0	0	0
<b>58,512</b>	<b>Total Revenue</b>	<b>63,825</b>	<b>61,750</b>	<b>65,825</b>
<b>58,305</b>	<b>Total Expenses</b>	<b>63,187</b>	<b>61,750</b>	<b>65,825</b>
<b>207</b>	<b>Net Surplus</b>	<b>638</b>	<b>0</b>	<b>0</b>

#### 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	2003/04		Performance Standard 2004/05	
	Actual	Actual	Budget	Variance
<b>Quantity</b>				
The number of supervision sentences:	4,928	5,301	5,100	201
<b>Quality</b>				
The percentage of offenders who comply with the special conditions imposed as part of their sentence to be no less than:	73%	81%	68%	13%

#### Comment

This measure is influenced by rates of arrests and decisions of the judiciary. The number of supervision sentences was marginally in excess of planned levels for the financial year.

The percentage of offenders who complied with the special conditions imposed as part of their supervision sentence continued in excess of the standard over the financial year. Compliance is influenced by a wide range of variables that are not quantified easily and it is difficult to attribute the impact of any one particular factor to the overall positive result.

## 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	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>Quantity</b>				
The number of community work sentences:	28,043	27,928	29,000	-1,072
<b>Quality</b>				
The percentage of offenders who successfully complete a community work sentence be no less than:	76%	75%	70%	5%

### Comment

This measure is influenced by rates of arrests and decisions of the judiciary and is outside the Department's control. Notwithstanding, the number of community work sentences was marginally below planned levels for the financial year.

The percentage of offenders who successfully completed a community work sentence was in excess of the standard for the financial year. Completion rates are influenced by a wide range of variables, which are not easily quantified, and thus it is difficult to attribute the impact of any one particular factor to the overall positive result.

## OUTPUT 2.3 Home Detention Orders

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 rehabilitation or reintegration programme or counselling that addresses their offending.

Performance Measure	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>Quantity</b>				
The number of offenders directed to complete a home detention order:	1,950	1,515	2,100	-585
<b>Quality</b>				
The percentage of offenders on home detention with a sentence plan to address their rehabilitative or employment needs, to be no less than:	84%	83%	98%	-15%

### Comment

Volumes are determined by the decisions of the courts and the New Zealand Parole Board and are not directly controlled by the Department. There was a general decline in the monthly number of home detention new starts throughout the year. The volume of home detention reports was also lower than planned. Both results are considered to be due to the changes introduced in the Parole (Extended Supervision) Amendment Act 2004.

The percentage of offenders with sentence plans to address rehabilitative or employment needs remained consistent throughout the latter part of the year. There was still, however, a consistent percentage of offenders on short sentences (less than one month), which does not easily allow for employment or rehabilitative needs to be addressed. The measure has been replaced by two more pertinent measures, relating to absconding and compliance with special conditions, in the 2005/06 Statement of Intent.

## OUTPUT 2.4 Parole Orders

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

Performance Measure	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>Quantity</b>				
The number of prisoners directed to complete a parole order:	1,308	1,132	1,200	-68
<b>Quality</b>				
The percentage of offenders who comply with the special conditions imposed as part of their order to be no less than:	72%	75%	65%	10%

### Comment

Volumes are determined by the decisions made by the New Zealand Parole Board, and are not directly controlled by the Department.

The percentage of offenders who comply with the special conditions imposed as part of their order continued in excess of the standard over the financial year. Compliance is influenced by a wide range of variables, which are not easily quantified, and thus it is difficult to attribute the impact of any one particular factor to the overall positive result.

## 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	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>Quantity</b>				
The number of prisoners released on post-release conditions imposed by the court:	3,457	4,652	3,900	752
<b>Quality</b>				
The percentage of offenders who comply with the conditions imposed as part of their order to be no less than:	70%	72%	65%	7%

### Comment

Total average prison receptions have increased per month since the introduction of the Sentencing Act 2002. A significant proportion of these additional receptions are prisoners sentenced to short sentences (those serving less than two years). This trend in sentencing has had a direct impact on the number of prisoners eligible for and subsequently released into the community on post-release conditions, with the full year result being 19 percent in excess of planned levels.

The positive higher rate of compliance with conditions has been evident throughout the year. Compliance is influenced by a wide range of variables, including the different conditions imposed by the judiciary, which are not easily quantified, and thus it is difficult to attribute the impact of any one particular factor to the overall positive result.

## OUTPUT 2.6 Extended Supervision Orders



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	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>Quantity</b>				
The number of offenders commencing an extended supervision order:	New measure	21	56 <sup>9</sup>	-35
The number of offenders subject to an extended supervision order at 30 June:	New measure	19	56 <sup>10</sup>	-37
<b>Quality</b>				
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:	New measure	100%	100%	Nil

### Comment

The number of offenders commencing an extended supervision order has been below expectations due to fewer applications than anticipated, defended hearings, and hearings delayed due to counsel requesting independent psychological assessments.

As at 30 June 2005, the courts had ordered 30 offenders to commence extended supervision orders – 24 for the maximum 10-year term, one for a term of eight years and six months, one for a seven-year term, two for a five-year term and two for two-year terms. Of these offenders, 21 commenced an extended supervision order, although the number of offenders subject to an order as at 30 June 2005 (19) does not include two offenders whose orders have been suspended due to imprisonment.

<sup>9</sup> Ministerial approval was received to revise this performance standard from 86.

<sup>10</sup> Ministerial approval was received to revise this performance standard from 86.

## OUTPUT CLASS 3

### CUSTODY OF REMAND INMATES

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

It provided for a throughput of 11,597 new remand prisoners in the 2004/05 financial year, representing an average prison population of 1,247 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 2005

30/06/04 Actual \$000		30/06/05 Actual \$000	Main Estimates \$000	Supp. Estimates \$000
	<b>REVENUE</b>			
47,674	Crown	70,371	50,844	72,871
0	Other	0	0	0
<b>47,674</b>	<b>Total Revenue</b>	<b>70,371</b>	<b>50,844</b>	<b>72,871</b>
<b>47,659</b>	<b>Total Expenses</b>	<b>70,076</b>	<b>50,844</b>	<b>72,871</b>
<b>15</b>	<b>Net Surplus</b>	<b>295</b>	<b>0</b>	<b>0</b>

#### OUTPUT 3.1 Custody of Remand Inmates

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 specific reintegrative interventions.

Performance Measure	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>Quantity</b>				
The average number of remand prisoners held by the:				
• Auckland Central Remand Prison:	263	343	339 <sup>11</sup>	4
• Public Prisons Service:	886	830	913	-83
• Police/court cells:	0	74	0	74
Total average number of remand prisoners held:	1,149	1,247	1,252	-5
<b>Quality</b>				
The number of breakouts per annum to be no more than:	0	0	2	-2
The number of all other escapes per annum to be:	0	0	0	Nil
The number of breakouts per annum from Auckland Central Remand Prison to be:	0	0	0	Nil

#### Comment

This measure is influenced by rates of arrests and decisions of the judiciary and is outside the Department's control. Notwithstanding, the total average number of remand prisoners was in line with planned levels, with the latter reflecting the Ministry of Justice prison population forecast. The lower number of remand prisoners accommodated by the Public Prisons Service primarily reflects the utilisation of additional remand capacity made available at the Auckland Central Remand Prison, and the fact that some beds intended for remand prisoners were occupied by sentenced prisoners.

The year-end result includes those remand prisoners who were held in police cells, the full year average of which was 74 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.

<sup>11</sup> Ministerial approval was received to revise this performance standard from 257.

## OUTPUT CLASS 4 ESCORTS AND CUSTODIAL SUPERVISION

This output class provides for safe, secure and humane services and facilities for 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: ESCORTS AND CUSTODIAL SUPERVISION

For the Year Ended 30 June 2005

30/06/04 Actual \$000		30/06/05 Actual \$000	Main Estimates \$000	Supp. Estimates \$000
<b>REVENUE</b>				
6,238	Crown	7,275	6,326	7,275
0	Other	0	0	0
<b>6,238</b>	<b>Total Revenue</b>	<b>7,275</b>	<b>6,326</b>	<b>7,275</b>
<b>5,964</b>	<b>Total Expenses</b>	<b>6,804</b>	<b>6,326</b>	<b>7,275</b>
<b>274</b>	<b>Net Surplus</b>	<b>471</b>	<b>0</b>	<b>0</b>

### OUTPUT 4.1 Escort Services

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

Performance Measure	2003/04		Performance Standard 2004/05	
	Actual	Actual	Budget	Variance
<b>Quantity</b>				
The number of prisoners escorted to and from court in:				
• Northland/Auckland (including police escorts): <sup>12</sup>	31,120	32,633	27,750	4,883
• remainder of New Zealand (excluding police escorts): <sup>13</sup>	9,177	8,918	8,240	678
<b>Quality</b>				
The number of escapes by prisoners during escort to and from court to be no more than:				
	2	0	1	-1

#### Comment

The higher than planned number of prisoner escorts reflects the impact of the higher than anticipated prison population (above the planned levels, which were based on the Ministry of Justice prison population forecast), and the high throughput of prisoners, particularly those on remand and short sentences. In these circumstances, there were a significantly greater number of prisoners requiring escort to courts than originally planned.

<sup>12</sup> Provided by Chubb New Zealand Limited.

<sup>13</sup> Provided by the Public Prisons Service.



## OUTPUT 4.2 Courtroom Custodial Supervision Services

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

Performance Measure	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>Quantity</b>				
The number of prisoners supervised in courts in:				
• Northland/Auckland: <sup>14</sup>	7,164	8,792	7,800	992
• remainder of New Zealand: <sup>15</sup>	10,151	10,515	8,950	1,565
<b>Quality</b>				
The number of escapes by remand prisoners and sentenced prisoners while they are held in custody at court to be:				
	0	0	0	Nil

### Comment

The higher than planned number of prisoners supervised in courts reflects the impact of the higher than anticipated prison population, exacerbated by the throughput of prisoners, and particularly those on remand and short sentences. In these circumstances, there was a significantly greater number of prisoners requiring escort to, and consequently supervision in, courts than originally planned.

<sup>14</sup> Provided by Chubb New Zealand Limited.

<sup>15</sup> Provided by the Public Prisons Service

## 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 17 years of age and vulnerable 17-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 9,196 new prisoners in the 2004/05 financial year, representing an average prison population of 5,559 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 2005

30/06/04 Actual \$000		30/06/05 Actual \$000	Main Estimates \$000	Supp. Estimates \$000
	<b>REVENUE</b>			
254,810	Crown	286,477	290,316	297,222*
418	Departmental	2,510	1,412	2,765
0	Other	0	0	0
<b>255,228</b>	<b>Total Revenue</b>	<b>288,987</b>	<b>291,728</b>	<b>299,987*</b>
<b>255,879</b>	<b>Total Expenses</b>	<b>289,151</b>	<b>291,728</b>	<b>299,987*</b>
<b>(651)</b>	<b>Net Deficit</b>	<b>(164)</b>	<b>0</b>	<b>0</b>

\*These figures also include the following adjustment under section 5 of the Public Finance Act 1989:

	Supplementary Estimates \$000	Section 5 Transfers \$000	Final Appropriation \$000
	298,967	(1,745)	297,222

The Inmate Employment output class was expected to be over appropriation mainly due to difficulties in some markets with volatile commodity prices. As a result of significant vacancies and prisoners tracking below the Ministry of Justice's forecast, the Department was able to transfer the funds from the Custodial Services output class to cover this cost pressure.

## OUTPUT 5.1 Maximum Security Men

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	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>Quantity</b>				
The average number of maximum security sentenced prisoners:	99	62	103	-41
<b>Quality</b>				
The percentage of sentenced prisoners with sentence 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:	72%	77%	100%	-23%
<ul style="list-style-type: none"> <li>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</li> <li>assessment interviews include prison staff and the prisoner and take into account any pre-sentence reports that are available</li> <li>the prisoner is placed into the appropriate work/programme</li> <li>the prisoner attends the allocated work/programme</li> <li>all information is recorded and filed on the prisoner's file</li> <li>sentence management plans are reviewed as per the plan.</li> </ul>				
The number of breakouts per annum:	0	0	0	Nil
The number of non-returns from temporary release per annum:	0	0	0	Nil
The number of all other escapes per annum:	0	0	0	Nil

### Comment

The average number of maximum security sentenced prisoners is initially influenced by rates of arrests and decisions of the judiciary and is outside the Department's control. Thereafter, the security classification of individual prisoners becomes a function of the offence type and the security risk posed by the prisoner population. The downward trend in the maximum security prisoner population established over the 2003/04 financial year continued in the 2004/05 financial year, and reflects the application of processes designed to assign security classifications to prisoners at the lowest level practicable, having regard to the availability of accommodation and other resources. The Department will be reviewing the security classification system in 2005/06.

The percentage of sentenced prisoners with sentence plans is below the standard, reflecting a backlog of plans within the Public Prisons Service, which was being addressed throughout the year. The backlog was primarily attributable to:

- the impact of the timing differential between the decision to reduce the number of sentence planners in the Northern Region and the recruitment of additional sentence planners for the other regions in the upper North Island
- the increased throughput of remand and short-serving prisoners, and the associated higher level of prisoner movements as a result of these muster pressures, particularly in the upper North Island.

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During the year, a contingency plan was developed to address the backlog and increased emphasis was placed on attending to the backlog of sentence plans for other sentence management categories of prisoners, which was considered the best use of resources in the short term. A prisoner's maximum security classification generally occurs at the commencement of the sentence and prisoner management plans are developed as the prisoner moves out of this classification.

Notwithstanding the foregoing, achievement of a 100 percent standard under this quality measure is not realistic, because the overall prisoner population upon which the standard is based inevitably includes a proportion of prisoners who are not eligible for, or do not meet, the Department's criteria for sentence planning.

Accordingly, this measure has been amended in the 2005/06 financial year to record the percentage of sentence plans for those prisoners "who are eligible and have met the Department's criteria for sentence planning".

## 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	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>Quantity</b>				
The average number of medium security sentenced prisoners:				
• Auckland Central Remand Prison:	25	26	0	26
• Public Prisons Service:	2,543	2,584	2,775 <sup>16</sup>	-191
• Police/court cells:	0	33	0	33
Total average number of medium security sentenced prisoners:	2,568	2,643	2,775	-132
<b>Quality</b>				
The percentage of sentenced prisoners with sentence 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:				
	78%	90%	100%	-10%
<ul style="list-style-type: none"> <li>• 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</li> <li>• assessment interviews include prison staff and the prisoner and take into account any pre-sentence reports that are available</li> <li>• the prisoner is placed into the appropriate work/programme</li> <li>• the prisoner attends the allocated work/programme</li> <li>• all information is recorded and filed on the prisoner's file</li> <li>• sentence management plans are reviewed as per the plan.</li> </ul>				
The number of breakouts per annum to be no more than:	9	7	3	4
The number of non-returns from temporary release per annum to be no more than:	0	0	2	-2
The number of all other escapes per annum to be no more than:	5	2	8	6

### Comment

The average number of medium security prisoners is initially influenced by rates of arrests and decisions of the judiciary and is outside the Department's control. Thereafter, the security classification of individual prisoners becomes a function of the offence type and the security risk posed by the prisoner population. The total average number of medium security prisoners was below planned levels, with the latter reflecting the Ministry of Justice prison population forecast.

The year-end result includes those sentenced prisoners who were held in court cells, the full year average of which was 33 prisoners. In general, the Department utilises court cells to accommodate sentenced prisoners, where necessary, and police cells to accommodate remand prisoners, although some sentenced prisoners were accommodated in police cells during the year.

<sup>16</sup> Ministerial approval was received to revise this performance standard from 2,697.

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The percentage of sentenced prisoners with sentence plans is below the standard, reflecting a backlog of plans within the Public Prisons Service, which was being addressed throughout the year. The backlog was primarily attributable to:

- the impact of the timing differential between the decision to reduce the number of sentence planners in the Northern Region and the recruitment of additional sentence planners for the other regions in the upper North Island
- the increased throughput of remand and short-serving prisoners, and the associated higher level of prisoner movements as a result of these muster pressures, particularly in the upper North Island.

During the year, a contingency plan was developed to address the backlog and emphasis was placed on attending to the backlog of sentence plans for medium and minimum security male prisoners, which was considered the best use of resources in the short term.

Notwithstanding the foregoing, achievement of a 100 percent standard under this quality measure is not realistic, because the overall prisoner population upon which the standard is based inevitably includes a proportion of prisoners who are not eligible for, or do not meet, the Department's criteria for sentence planning. The latter comprises:

- prisoners whose final release date is within three months
- prisoners on witness protection
- recall prisoners
- prisoners who have appeared before the New Zealand Parole Board more than twice.

Accordingly, this measure has been amended in the 2005/06 financial year to record the percentage of sentence plans for those prisoners "who are eligible and have met the Department's criteria for sentence planning".

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

### OUTPUT 5.3 Minimum 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 minimum security. It incorporates the costs of accommodation, security, sentence management (including assessment), food and medical care.

Performance Measure	2003/04		Performance Standard 2004/05	
	Actual	Actual	Budget	Variance
<b>Quantity</b>				
The average number of minimum security sentenced prisoners:				
• Auckland Central Remand Prison:	6	6	0	6
• Public Prisons Service:	2,037	2,411	2,156 <sup>17</sup>	255
Total average number of minimum security sentenced prisoners:	2,043	2,417	2,156	261
<b>Quality</b>				
The percentage of sentenced prisoners with sentence 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:				
	76%	90%	100%	-10%
<ul style="list-style-type: none"> <li>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</li> <li>assessment interviews include prison staff and the prisoner and take into account any pre-sentence reports that are available</li> <li>the prisoner is placed into the appropriate work/programme</li> <li>the prisoner attends the allocated work/programme</li> <li>all information is recorded and filed on the prisoner's file</li> <li>sentence management plans are reviewed as per the plan.</li> </ul>				
The number of breakouts per annum to be no more than:	0	2	1	1
The number of non-returns from temporary release per annum to be no more than:	2	0	12	-12
The number of all other escapes per annum to be no more than:	2	6	8	-2

#### Comment

The average number of minimum security prisoners is initially influenced by rates of arrests and decisions of the judiciary and is outside the Department's control. Thereafter, the security classification of individual prisoners becomes a function of the offence type and the security risk posed by the prisoner population. The total average number of minimum security prisoners was above planned levels (with the latter reflecting the Ministry of Justice prison population forecast) and was influenced by, inter alia, an increase in the throughput of prisoners on short sentences.

The percentage of sentenced prisoners with sentence plans is below the standard, reflecting a backlog of plans within the Public Prisons Service, which was being addressed throughout the year. The backlog was primarily attributable to:

- the impact of the timing differential between the decision to reduce the number of sentence planners in the Northern Region and the recruitment of additional sentence planners for the other regions in the upper North Island

<sup>17</sup> Ministerial approval was received to revise this performance standard from 2,200.

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- the increased throughput of remand and short-serving prisoners, and the associated higher level of prisoner movements as a result of these muster pressures, particularly in the upper North Island.

During the year, a contingency plan was developed to address the backlog and emphasis was placed on attending to the backlog of sentence plans for medium and minimum security male prisoners, which was considered the best use of resources in the short term.

Notwithstanding the foregoing, achievement of a 100 percent standard under this quality measure is not realistic, because the overall prisoner population upon which the standard is based inevitably includes a proportion of prisoners who are not eligible for, or do not meet, the Department's criteria for sentence planning. The latter comprises:

- prisoners whose final release date is within three months
- applicants for front-end home detention
- prisoners on witness protection
- recall prisoners
- prisoners who have appeared before the New Zealand Parole Board more than twice.

Accordingly, this measure has been amended in the 2005/06 financial year to record the percentage of sentence plans for those prisoners "who are eligible and have met the Department's criteria for sentence planning".

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



## 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	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>Quantity</b>				
The average number of maximum security sentenced prisoners:	0	0	0	0
The average number of medium security sentenced prisoners:	86	97	77	20
The average number of minimum security sentenced prisoners:	185	222	213 <sup>18</sup>	9
<b>Quality</b>				
The percentage of sentenced prisoners with sentence 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:	63%	73%	100%	-27%
<ul style="list-style-type: none"> <li>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</li> <li>assessment interviews include prison staff and the prisoner and take into account any pre-sentence reports that are available</li> <li>the prisoner is placed into the appropriate work/programme</li> <li>the prisoner attends the allocated work/programme</li> <li>all information is recorded and filed on the prisoner's file</li> <li>sentence management plans are reviewed as per the plan.</li> </ul>				
The number of breakouts per annum to be no more than:	0	2	1	1
The number of non-returns from temporary release per annum to be no more than:	0	0	1	-1
The number of all other escapes per annum to be no more than:	0	0	1	-1

### Comment

The average number of sentenced female prisoners is initially influenced by rates of arrests and decisions of the judiciary and is outside the Department's control. Thereafter, the security classification of individual prisoners becomes a function of the offence type and the security risk posed by the prisoner population. The total average number of female prisoners was above planned levels, with the latter reflecting the Ministry of Justice prison population forecast.

The year-end result includes those sentenced prisoners who were held in court cells. In general, the Department utilises court cells to accommodate sentenced prisoners, where necessary, and police cells to accommodate remand prisoners.

The percentage of sentenced prisoners with sentence plans is below the standard, reflecting a backlog of plans within the Public Prisons Service, which was being addressed throughout the year.

<sup>18</sup> Ministerial approval was received to revise this performance standard from 193.

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The backlog was primarily attributable to:

- the impact of the timing differential between the decision to reduce the number of sentence planners in the Northern Region and the recruitment of additional sentence planners for the other regions in the upper North Island
- the increased throughput of remand and short-serving prisoners, and the associated higher level of prisoner movements as a result of these muster pressures, particularly in the upper North Island.

During the year, a contingency plan was developed to address the backlog and emphasis was placed on attending to the backlog of sentence plans for medium and minimum security male prisoners, which was considered the best use of resources in the short term.

Notwithstanding the foregoing, achievement of a 100 percent standard under this quality measure is not realistic, because the overall prisoner population upon which the standard is based inevitably includes a proportion of prisoners who are not eligible for, or do not meet, the Department's criteria for sentence planning. The latter comprises:

- prisoners whose final release date is within three months
- applicants for front-end home detention
- prisoners on witness protection
- recall prisoners
- prisoners who have appeared before the New Zealand Parole Board more than twice.

Accordingly, this measure has been amended in the 2005/06 financial year to record the percentage of sentence plans for those prisoners "who are eligible and have met the Department's criteria for sentence planning".

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

## OUTPUT 5.5 Male Youth

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	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>Quantity</b>				
The average number of male sentenced youth prisoners held in Young Offenders Units:	134	118	112 <sup>19</sup>	6
<b>Quality</b>				
The percentage of youth prisoners with sentence 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:	64%	79%	100%	-21%
<ul style="list-style-type: none"> <li>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</li> <li>assessment interviews include prison staff and the prisoner and take into account any pre-sentence reports that are available</li> <li>the prisoner is placed into the appropriate work/programme</li> <li>the prisoner attends the allocated work/programme</li> <li>all information is recorded and filed on the prisoner's file</li> <li>sentence management plans are reviewed as per the plan.</li> </ul>				
The number of breakouts per annum from Young Offenders Units to be:	0	0	0	Nil
The number of all other escapes per annum from Young Offenders Units to be:	0	0	0	Nil

### 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 security classification of individual prisoners becomes a function of the offence type and the security risk posed by the prisoner population. In addition, male sentenced prisoners in the Department's Young Offenders Units are accommodated and retained in these units in accordance with the criteria set out in the Department's Service Description for the Young Offenders Units. The total average number of male sentenced prisoners in the Young Offenders Units was marginally above planned levels, with the latter reflecting the Ministry of Justice prison population forecast.

The percentage of sentenced prisoners with sentence plans is below the standard, reflecting a backlog of plans within the Public Prisons Service, which was being addressed throughout the year. The backlog was primarily attributable to:

- the impact of the timing differential between the decision to reduce the number of sentence planners in the Northern Region and the recruitment of additional sentence planners for the other regions in the upper North Island
- the increased throughput of remand and short-serving prisoners, and the associated higher level of prisoner movements as a result of these muster pressures, particularly in the upper North Island.

<sup>19</sup> Ministerial approval was received to revise this performance standard from 134. It now excludes remand prisoners.

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During the year, a contingency plan was developed to address the backlog and emphasis was placed on attending to the backlog of sentence plans for medium and minimum security male prisoners, which was considered the best use of resources in the short term.

Notwithstanding the foregoing, achievement of a 100 percent standard under this quality measure is not realistic, because the overall prisoner population upon which the standard is based inevitably includes a proportion of prisoners who are not eligible for, or do not meet, the Department's criteria for sentence planning.

Accordingly, this measure has been amended in the 2005/06 financial year to record the percentage of sentence plans for those prisoners "who are eligible and have met the Department's criteria for sentence planning".

## 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	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>Quantity</b>				
The number of general random drug screening tests carried out to be no less than:	2,937	3,250	2,585	665
The number of random drug screening tests carried out on prisoners returning from temporary release to be no less than:	323	350	387	-37
The number of random drug screening tests carried out on identified drug users to be no less than:	1,647	1,774	1,670	104
The number of other drug screening tests carried out to be no less than: <sup>20</sup>	5,459	5,422	4,215	1,207
<b>Quality</b>				
The annual average percentage of general random programme drug screening tests producing a positive result to be no more than:	17%	17%	16%	1%
The annual average percentage of random drug screening tests of prisoners returning from temporary release producing a positive result:	11%	13%	To be reported	
The annual average percentage of random drug screening tests of identified drug users producing a positive result:	36%	34%	To be reported	

### Comment

The algorithm used to determine the number of general random programme drug screening tests generated a greater than anticipated number of tests during the year, resulting in a higher than expected number of tests being conducted. The additional number of tests generated by the algorithm was influenced by the higher than anticipated prison population, exacerbated by the increased throughput of prisoners.

The total number of other drug screening tests undertaken nationally over the financial year reflected the continued emphasis on both drug detection activities at all prisons, including the impact of tests conducted for reasonable cause and on voluntary grounds, and prison search policy activities, which were enhanced by the increase in the number of drug detection dog teams.

It is expected that the number of positive results for identified drug user tests will be higher than for the general population, because the prisoners have already been identified as drug users.

The positive result statistics need to be read in the context of the number of results that have yet to be determined. As at 12 September 2005:

- 75 results have yet to be determined of the 3,250 general random tests conducted
- 107 results have yet to be determined of the 1,774 identified drug user tests conducted
- 179 results have yet to be determined of the 5,442 other tests conducted.

<sup>20</sup> Other drug screening tests are defined as those undertaken on reasonable grounds or on a voluntary basis.

## OUTPUT CLASS 6 INMATE EMPLOYMENT

Prisoner employment contributes to reducing re-offending by providing prisoners and remandees 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 gaining recognised qualifications and work experience that improve the chances of obtaining sustainable post-release employment, which reduces the likelihood of re-offending.

Over time, prisoner employment aims to provide all prisoners eligible and available for work with 1,410 hours of employment per year. In the 2004/05 financial year a total of 4.7 million hours of prisoner employment was achieved.

### OUTPUT CLASS STATEMENT: INMATE EMPLOYMENT For the Year Ended 30 June 2005

30/06/04 Actual \$000		30/06/05 Actual \$000	Main Estimates \$000	Supp. Estimates \$000
	<b>REVENUE</b>			
11,230	Crown	5,666	11,403	8,921*
25,752	Other	25,444	23,498	26,498
<b>36,982</b>	<b>Total Revenue</b>	<b>31,110</b>	<b>34,901</b>	<b>35,419*</b>
<b>36,983</b>	<b>Total Expenses</b>	<b>28,174</b>	<b>34,901</b>	<b>35,419*</b>
<b>(1)</b>	<b>Net Surplus/(Deficit)</b>	<b>2,936</b>	<b>0</b>	<b>0</b>

\*These figures also include the following adjustment under section 5 of the Public Finance Act 1989:

	Supplementary Estimates \$000	Section 5 Transfers \$000	Final Appropriation \$000
	7,176	1,745	8,921

The Inmate Employment output class was expected to be over appropriation mainly due to difficulties in some markets with volatile commodity prices. As a result of significant vacancies and prisoners tracking below the Ministry of Justice's forecast, the Department was able to transfer the funds from the Custodial Services output class to cover this cost pressure.

### 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	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>Quantity</b>				
The number of hours worked by prisoners employed on land-based activities:	783,938	780,485	671,160	109,325
<b>Quality</b>				
The percentage of prisoners undertaking prisoner employment who receive an externally recognised qualification: <sup>21</sup>	96%	351%	40%	311%

<sup>21</sup> 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. The percentage of inmates who receive an externally recognised qualification is calculated as the number of unit standards passed against the number of full-time equivalent positions during the year.

**Comment**

The 2004/05 plan levels assumed minimal garden-based prisoner employment following a planned decision to close most garden ventures. Subsequently, a decision was made to continue with a greater volume of gardening ventures (albeit on a reduced scale) because the benefits of continuing were believed to outweigh the potential savings. This resulted in garden-based activities providing an additional 63,000 employment hours in the financial year. In other land-based activities, prisoners worked longer hours than anticipated in 2004/05 and compared with the 2003/04 year, which also increased delivery of employment hours.

The Department provided employment in land-based activities to an average number of 412 prisoners in the 2004/05 financial year, with a total of 1,944 New Zealand Qualifications Authority (NZQA) standards obtained by prisoners engaged in land-based activities, which equates essentially to five unit standards for every prisoner employed. The significant number of unit standards received reflects the delivery of many short course units (for example, first aid, safety in the workplace) to the large number of prisoners who pass through the various activities.

Notwithstanding, the existing performance measure does not satisfactorily reflect the quality of unit standard related training delivered. Accordingly, this performance measure has been removed and replaced in the Department's *2005/06 Statement of Intent* with a more robust and meaningful measure.

## 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	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>Quantity</b>				
The number of hours worked by prisoners employed on manufacturing activities:	876,777	883,618	826,260	57,358
<b>Quality</b>				
The percentage of prisoners undertaking prisoner employment who receive an externally recognised qualification: <sup>22</sup>	56%	68%	40%	28%

**Comment**

The full year over-delivery can largely be attributed to both higher than anticipated demand from the Regional Prisons Development Project for panels from the pre-cast concrete operation in Auckland Prison, and activity additional to that planned in the timber joinery operations, partially off-set by lower than anticipated delivery in textiles, craft and timber processing operations.

The Department provided employment in manufacturing activities to an average number of 510 prisoners in the 2004/05 financial year, with a total of 486 NZQA standards obtained by prisoners engaged in manufacturing activities, which equates essentially to one unit standard for every prisoner employed. The number of unit standards received reflects the delivery of many short course units (for example, first aid, safety in the workplace) to the large number of prisoners who pass through the various activities.

Notwithstanding, the existing performance measure does not satisfactorily reflect the quality of unit standard related training delivered. Accordingly, this performance measure has been removed and replaced in the Department's *2005/06 Statement of Intent* with a more robust and meaningful measure.

<sup>22</sup> 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. The percentage of inmates who receive an externally recognised qualification is calculated as the number of unit standards passed against the number of full-time equivalent positions during the year.

## OUTPUT 6.3 Internal Service Self-Sufficiency Activities



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	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>Quantity</b>				
The number of hours worked by prisoners on internal self-sufficiency activities:	3,046,516	2,951,040	2,701,647	249,393
<b>Quality</b>				
The percentage of prisoners undertaking prisoner employment who receive an externally recognised qualification: <sup>23</sup>	148%	121%	40%	81%

### Comment

Internal service self-sufficiency activities are deliverable by both Corrections Inmate Employment and the Public Prisons Service, with the over-delivery in the year continuing the trend established in the 2003/04 financial year.

The over-delivery is 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.

The Department provided employment in internal service self-sufficiency activities to an average number of 533 prisoners in Corrections Inmate Employment and 2,276 prisoners in the Public Prisons Service in the 2004/05 financial year, with a total of 1,213 NZQA standards obtained by prisoners engaged in Corrections Inmate Employment internal service activities, which equates essentially to two unit standards for every prisoner employed by Corrections Inmate Employment. The significant number of unit standards received reflects the delivery of many short course units (for example, first aid, safety in the workplace) to the large number of prisoners who pass through the various activities.

Notwithstanding, the existing performance measure does not satisfactorily reflect the quality of unit standard related training delivered. Accordingly, this performance measure has been removed and replaced in the Department's 2005/06 *Statement of Intent* with a more robust and meaningful measure.

<sup>23</sup> 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. The percentage of inmates who receive an externally recognised qualification is calculated as the number of unit standards passed against the number of full-time equivalent positions during the year.





## OUTPUT 6.4 Release to Work

This output entails employment undertaken by minimum security prisoners outside the prison boundaries. 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 certain eligibility criteria to be temporarily released during the day to work.

Performance Measure	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>Quantity</b>				
The number of hours worked by prisoners on release-to-work activities:	46,493	30,350	56,400	-26,050
<b>Quality</b>				
The percentage of prisoners undertaking release-to-work activities who meet the eligibility criteria:	100%	100%	100%	Nil

### Comment

The under-delivery in hours reflects the fact that over the 2004/05 year an average of 15 prisoners have been available for release-to-work activities, compared with the 40 prisoners planned. This reduced level was primarily attributable to insufficient numbers of prisoners being available in the particular locations and with the appropriate security classifications. Factors that constrained the availability of prisoners for release-to-work activities included:

- prisoner behaviour, for example, identified drug user status, a history of escapes or breaches of temporary release conditions
- a high risk of re-offending
- prisoner eligibility for back-end home detention
- programme attendance requirements – especially toward the end of a sentence, for example, Kia Marama and Te Piriti
- lower risk prisoners being too close to full release to benefit from release-to-work, linked to the usual requirements for prisoners to have been on minimum security for three or six months and, where applicable, to have had a New Zealand Parole Board hearing
- medical complaints limiting the type of employment
- the requirement for a prisoner to be on segregation, for example, because of offence type
- in the case of prisoners on life sentences and preventive detention, there is no recommendation from the New Zealand Parole Board for release-to-work
- time taken to approve identified eligible prisoners.

Corrections Inmate Employment and the Public Prisons Service have been, and are currently, addressing this issue with a view to identifying appropriate options to increase delivery of this activity. A full review of the release-to-work regime is scheduled to be completed by 30 September 2005, in order to identify opportunities to increase the available pool of prisoners without compromising public safety.

## OUTPUT 6.5 Vocational Training Services



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	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>Quantity</b>				
The number of prisoners who commence training towards the achievement of an externally recognised qualification:	1,306	1,370	1,125	245
<b>Quality</b>				
The percentage of prisoners undertaking training activities who receive an externally recognised qualification: <sup>24</sup>	80%	83%	40%	43%

### Comment

The results for the year continued the trends established in 2003/04, with delivery in excess of planned levels, particularly in the Waikato/Central and Midland regions of the Public Prisons Service, which accounted for 67 percent of the volumes achieved.

The Public Prisons Service has consistently exceeded the target in respect of prisoners attending vocational training activities, reflecting the fact that many of the courses offered are generally of short duration and thus attractive to prisoners. The attraction of these short courses is also reflected in the relatively high completion rates and thus the numbers of prisoners receiving externally recognised qualifications.

<sup>24</sup> 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.



## 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 during the day in supervised work parties benefiting local communities.

Performance Measure	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>Quantity</b>				
The number of hours worked by prisoners on community services:	77,841	55,312	80,000	-24,688
The average number of prisoners engaged on community services:	64	56	160	-104
<b>Quality</b>				
The percentage of prisoners who have undertaken community services and have received a work certificate or record of achievement from the Department upon their release, to be no less than:	65%	Not reported	100%	

### Comment

Staffing levels and muster pressures, particularly those associated with the increased throughput of remand and short-serving prisoners, impacted on the ability of some Public Prisons Service regions to meet community service requirements. Consequently, both deliverable hours and numbers of prisoners employed were significantly below planned levels. Notwithstanding, where operational requirements permitted, emphasis continued to be placed on community service activities, to identify and take advantage of all available opportunities.

The Department's existing data capture systems were unable to facilitate the provision of work certificates to prisoners engaged on community service activities. In addition, it is considered that this performance measure does not satisfactorily reflect the quality of employment delivered. Accordingly, this performance measure has been removed from the *Department's 2005/06 Statement of Intent*.

## 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/whanau. Emphasis is placed on the targeted provision of reintegrative services to reinforce and sustain behavioural changes by building up basic skills (for example, budgeting and relationship management) which support reintegration into the community. 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 2005

30/06/04 Actual \$000		30/06/05 Actual \$000	Main Estimates \$000	Supp. Estimates \$000
	<b>REVENUE</b>			
43,871	Crown	40,266	47,923	41,766
858	Departmental	836	1,496	1,496
0	Other	0	0	0
<b>44,729</b>	<b>Total Revenue</b>	<b>41,102</b>	<b>49,419</b>	<b>43,262</b>
<b>44,167</b>	<b>Total Expenses</b>	<b>40,608</b>	<b>49,419</b>	<b>43,262</b>
<b>562</b>	<b>Net Surplus</b>	<b>494</b>	<b>0</b>	<b>0</b>



## 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 specialist male Young Offenders Units). These programmes are designed to use Māori philosophy, values, knowledge and practices to increase motivation for the offender to address their offending behaviour
- Christian-based programmes, which are delivered in the Faith-based Unit at Rimutaka Prison.

Performance Measure	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>STRAIGHT THINKING PROGRAMMES</b>				
<b>Quantity</b>				
The number of hours offenders spend attending a Straight Thinking programme				
• Prisoners:	44,916	39,812	55,440 <sup>25</sup>	-15,628
• Community-based offenders:	27,976	21,330	53,900 <sup>26</sup>	-32,570
The number of offenders who start a Straight Thinking programme				
• Prisoners:	752	710	779 <sup>27</sup>	-69
• Community-based offenders:	560	483	932 <sup>28</sup>	-449
<b>Quality</b>				
The percentage of offenders who start and complete a Straight Thinking programme to be no less than				
• Prisoners:	84%	87%	80%	7%
• Community-based offenders:	67%	54%	65%	-11%

### Comment

There has been a steady increase in the number of offenders starting Straight Thinking throughout the year as the capacity and capability of Intervention Services increased. However, this has not been sufficient to compensate for under-delivery arising earlier in the financial year, particularly within the Community Probation Service.

Increases in the number of new starts have been particularly positive in the Public Prisons Service. Within the Community Probation Service an ongoing issue of low levels of appropriate referrals remains. The variance in programme hours completed in the Community Probation Service is primarily due to offenders exited from the programme for poor motivation and attendance.

Intervention Services and the Community Probation Service are working together to identify strategies to address the number of referrals to Straight Thinking and to maintain the motivation and attendance of offenders while undertaking the programme.

<sup>25</sup> Ministerial approval was received to revise this performance standard from 69,300.

<sup>26</sup> Ministerial approval was received to revise this performance standard from 82,880.

<sup>27</sup> Ministerial approval was received to revise this performance standard from 990.

<sup>28</sup> Ministerial approval was received to revise this performance standard from 1,184.

**OUTPUT 7.1 Responsivity/Motivational Programmes (continued)**


Performance Measure	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>TIKANGA MĀORI PROGRAMMES</b>				
<b>Quantity</b>				
The number of offenders who start a Tikanga Māori programme:				
• Prisoners:	841	841	943	-102
• Community-based offenders:	239	416	523	-107
<b>Quality</b>				
The percentage of offenders who start and complete a Tikanga Māori programme to be no less than:				
• Prisoners:	99%	96%	75%	21%
• Community-based offenders:	67%	71%	65%	6%

**Comment**

The reduced number of new starts in the Public Prisons Service primarily reflects the cancellation of one of the men's Tikanga Māori programmes in the Northern Region because of staffing and operational issues, the postponement of the scheduled women's Tikanga Māori programme in both the Wellington and Southern regions as a result of delays in the scheduled appointment of the service providers, and the fact that the programmes were not always delivered to the planned optimum number of prisoners.

Although still below target, the number of offenders who started a programme in the Community Probation Service was significantly higher than in the previous year (239). This reflects a considerable focus on this programme throughout the year, and particularly within the Central Region. Similar initiatives in the Northern and Southern region should see the targets achieved in 2005/06.

The pilot of the women's Tikanga Māori programme was successfully completed with two programmes delivered in the Hawke's Bay/Gisborne area and one in the Tai Tokerau area.

The completion rate for both prisoners and community-based offenders remained above expectations.

Performance Measure	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>FAITH BASED UNIT</b>				
<b>Quantity</b>				
The number of sentenced prisoners in the Faith-based Unit to be up to:				
	59	60	60	Nil
<b>Quality</b>				
The minimum average occupancy rate:				
	99%	100%	95%	5%



## OUTPUT 7.2 Criminogenic Programmes

This output delivers programmes to address an offender's criminogenic needs, either in prison or 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 special treatment units
- generic criminogenic programmes, such as the Mixed Programme to Reduce Re-offending (M-PRO) and Structured Individual Programmes (SIP)
- Māori therapeutic programmes involving alcohol, drug, and violence prevention delivered in Māori Focus Units and at the Northland Region Corrections Facility
- Making Our Drivers Safer (MODS), a programme delivered within the community to reduce re-offending by addressing high-risk, recidivist traffic offenders.

Performance Measure	2003/04		Performance Standard 2004/05	
	Actual	Actual	Budget	Variance
<b>SEX OFFENDER TREATMENT PROGRAMMES</b>				
<b>Quantity</b>				
The number of hours prisoners spend attending a programme at				
• Kia Marama:	14,243	12,616	12,500	116
• Te Piriti:	14,325	12,883	12,500	383
The number of prisoners who start a programme at:				
• Kia Marama:	46	40	40	Nil
• Te Piriti:	44	40	40	Nil
<b>Quality</b>				
The number of prisoners who start and complete a programme at:				
• Kia Marama to be no less than:	37	38	38	Nil
• Te Piriti to be no less than:	43	39	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%	Nil
<ul style="list-style-type: none"> <li>• norm building</li> <li>• construction of offence chain incorporating challenging cognitive distortion</li> <li>• sexual arousal reconditioning</li> <li>• victim impact and empathy</li> <li>• social skills, relationship skills and sex education</li> <li>• mood, anger and stress management and problem solving</li> <li>• relapse prevention</li> <li>• release planning.</li> </ul>				

### Comment

During the year, there were increased numbers of prisoners in each treatment group at Kia Marama following the unit's adoption of the Te Piriti model of increased cultural input. The transition from eight prisoners per group to ten prisoners per group, and the subsequent reduction in the number of programmes from five to four, resulted in the delivery of programme hours earlier than originally anticipated, although the year-end result was in line with the planned level.

**OUTPUT 7.2 Criminogenic Programmes (continued)**



Performance Measure	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>VIOLENCE PREVENTION PROGRAMMES</b>				
<b>Quantity</b>				
The number of hours prisoners spend attending a violence prevention programme at Rimutaka Prison:	8,112	8,007	7,700	307
The number of prisoners who start a violence prevention programme at Rimutaka Prison:	29	30	30	Nil
<b>Quality</b>				
The number of violence prevention programmes completed at Rimutaka Prison:	3	3	3	Nil
The percentage of offenders who start and complete a violence prevention programme at Rimutaka Prison:	80%	73%	70%	3%

Performance Measure	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>EQUIP</b>				
<b>Quantity</b>				
The number of EQUIP programme hours provided to young offenders:	2,864	3,691	3,840	-149
The number of young offenders who start an EQUIP programme:	165	181	134	47
<b>Quality</b>				
The percentage of sentenced youth in Young Offenders Units who participate in an EQUIP programme:	73%	59%	98%	-39%

**Comment**

The high level of throughput in the Young Offenders Units over the year is reflected in the significant number of young offenders who commenced the programme. The increased throughput reflects the Department's obligations under international conventions and the service description for prisoner receptions to the Young Offenders Units, together with the subsequent movement of young offenders through to mainstream facilities.

The percentage of sentenced youth in the Young Offenders Units who participated in an EQUIP programme was below planned levels, reflecting the 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.




**OUTPUT 7.2 Criminogenic Programmes (continued)**

Performance Measure	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>CRIMINOGENIC PROGRAMMES (EXCLUDING MĀORI THERAPEUTIC PROGRAMMES)</b>				
<b>Quantity</b>				
The number of hours offenders spend attending a criminogenic programme				
• Prisoners:	81,325	73,410	105,400	-31,990
• Community-based offenders:	43,908	36,428	73,190	-36,762
The number of offenders who start a criminogenic programme				
• Prisoners:	679	466	700	-234
• Community-based offenders:	632	513	783	-270
<b>Quality</b>				
The percentage of offenders who start and complete a criminogenic programme				
• Prisoners:	74%	67%	75%	-8%
• Community-based offenders:	76%	71%	65%	6%

**Comment**

Criminogenic programmes delivered within this grouping and under this output, comprise:

- delivery of the Department's 100-hour criminogenic programmes by Intervention Services to offenders within the Public Prisons Service and the Community Probation Service
- structured Individual Programmes delivered to offenders in the Community Probation Service
- delivery of specialist programmes in the Public Prisons Service's Drug Treatment Units
- delivery of the Pacific violence prevention programme, Saili Matagi, at Auckland Prison.

The number of offenders commencing 100-hour criminogenic programmes was met by Intervention Services for prisoners (target 310, actual 311) but not for offenders in the community (target 783, actual 513). The result for offenders managed by the Community Probation Service was due to the level of capacity of Intervention Services, which arose from delays in recruitment of facilitators and have now largely been addressed.

Delivery hours were below target due to offender absences from programmes, the number of offenders who commenced programmes and some programmes not being completed before the end of the financial year.

Delivery of programmes within the Public Prisons Service Drug Treatment Units was below planned levels, primarily reflecting resourcing and other operational issues associated with delivery of the programme at Rolleston Prison. The Public Prisons Service is currently investigating future programme delivery options for the Rolleston Drug Treatment Unit, with a report to be presented for approval in the 2005/06 financial year.

Delivery of the Saili Matagi programme was delayed and did not commence until late in the financial year, with the programme not now scheduled to be completed until early in the 2005/06 financial year. This factor has also impacted on the overall completion rate for the delivery of programmes within the Public Prisons Service, which was below planned levels at 67 percent. The completion rate for the Department's 100-hour criminogenic programmes delivered by Intervention Services was in line with the target at 75 percent.

**OUTPUT 7.2 Criminogenic Programmes (continued)**



Performance Measure	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>MĀORI THERAPEUTIC PROGRAMMES</b>				
<b>Quantity</b>				
The number of hours prisoners spend attending Māori therapeutic programmes:	23,973	2,728	5,000	-2,272
The number of prisoners who start a Māori therapeutic programme:	323	20	50 <sup>29</sup>	-30
<b>Quality</b>				
The percentage of prisoners who start and complete Māori therapeutic programmes to be no less than:	70%	100%	75%	25%

**Comment**

The policy and service description for Māori Therapeutic Programmes were revised to provide consistency to the programme content and delivery, and focus on addressing the offending need. In line with the approved implementation plan, the Public Prisons Service undertook a consultation and appointment process to select suitable existing Māori Therapeutic Programme providers to deliver the revised Māori Therapeutic Programmes.

The consultation process, evaluation and subsequent training of providers extended over a longer period than originally anticipated. Consequently delivery of the programme only occurred during the final quarter of the financial year, at Hawke's Bay and Wanganui prisons. The Public Prisons Service is currently undertaking a competitive tender process to select providers for the remaining programmes, where the existing providers either did not wish to participate or did not meet the requirements.

The number of Māori Therapeutic Programme hours delivered reflects the delivery of two programmes to 20 prisoners, and also includes a small number of hours relating to the completion of one of the previous programmes at Hawke's Bay Prison in July 2004.

<sup>29</sup> Ministerial approval was received to revise this performance standard from 100.

## 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 and alcohol and drug programmes delivered by third parties
- community-based violence prevention programmes delivered by third parties.

Performance Measure	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>Quantity</b>				
The number of hours offenders spend attending other rehabilitative programmes funded by Probation and Offender Services:	117,710	117,911	95,000	22,911
<b>Quality</b>				
The percentage of offenders who start and complete a rehabilitative programme funded by Probation and Offender Services to be no less than:	59%	53%	65%	-12%

### Comment

The Department had anticipated a reduction in the number of hours spent on other programmes as it continued to tighten the focus of funded programmes. However, this reduction did not occur, with the total being almost identical to 2003/04 (117,710), suggesting that the decrease in hours spent on programmes no longer funded were not as substantial as had been expected. The standard has been increased for 2005/06.

The completion rate is below target, and requires further investigation.

## 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	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>Quantity</b>				
The number of hours prisoners spend attending a module under the NCES:	115,644	132,003	236,827	-104,824
<b>Quality</b>				
The percentage of prisoners who start and complete a module under the NCES to be no less than:	73%	84%	80%	4%

### Comment

The full year under-delivery in programme hours was primarily attributable to a number of key factors:

- prison population pressures and the associated high numbers of transfers and movements
- changes to operational practices at certain sites, resulting from ongoing muster issues and staff shortages
- low prisoner demand, attributed to lower numbers of referrals than anticipated
- a number of classes were delivered to five prisoners or less, compared with the average planned class size of eight
- classroom availability, both in terms of insufficient classrooms and constraints on the times during which the classrooms could be utilised
- tutor unavailability due to resignations and sickness.

Despite the under-delivery in prisoner hours, over 100 prisoners graduated with the qualification, and in excess of 28,000 unit standard credits were achieved by prisoners in the year.



## OUTPUT 7.5 Reintegrative Services

This output entails the provision and administration of reintegrative services. This includes the delivery of programmes and activities to meet 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/whanau, the community and the workforce
- tattoo removal
- offenders as victims of crime.

Performance Measure	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>WHANAU LIAISON SERVICE</b>				
<b>Quantity</b>				
The number of offenders and their families/whanau receiving the whanau liaison service to be no less than:	281	267	257	10
<b>Quality</b>				
The percentage of offenders and their families/whanau receiving the whanau liaison service for which an action plan is developed to be no less than:	98%	94%	100%	-6%

Performance Measure	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>REINTEGRATIVE SERVICES – as provided by the Public Prisons Service</b>				
<b>Quantity</b>				
The number of hours delivered by the Public Prisons Service for reintegrative services for prisoners:	20,669	24,575	38,200	-13,625
<b>Quality</b>				
The percentage of reintegrative services provided by the Public Prisons Service in accordance with a prisoner's plan to be no less than:	100%	90%	90%	Nil

### Comment

Delivery of Reintegrative Services within the Public Prisons Service was significantly below planned levels, with lower delivery recorded in each of the living, budgeting and parenting skills programmes. The compilation of the Reintegrative Services plan assumed the maximum class sizes of 12 prisoners for each programme. However, a number of factors continued to impact on the ability of Public Prisons Service regions to ensure that programmes were delivered to the optimal planned class sizes, which, in some instances, resulted in course postponements, thus further contributing to lower delivery volumes. These factors included:

- a lower number of referrals than originally anticipated
- prisoner withdrawals from the programmes
- muster-related issues and prisoner transfers
- inability to mix certain groups of prisoners
- inadequate and insufficient classrooms located in accessible areas.

**OUTPUT 7.5 Reintegrative Services (continued)**



Performance Measure	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>REINTEGRATIVE SERVICES – as provided by the New Zealand Prisoners' Aid and Rehabilitation Society (NZPARS)</b>				
<b>Quantity</b>				
The number of support service hours to be provided to be no more than:	34,710	40,070	40,860	-790
<b>Quality</b>				
The percentage of referrals (urgent or otherwise) to NZPARS per month acknowledged within five working days of receipt:	95%	98%	95%	3%

**Comment**

Support service hours delivered by NZPARS were marginally below planned levels, primarily reflecting the non-delivery of planned services at the Northland Region Corrections Facility as a result of NZPARS' capacity and infrastructure constraints within the region. The associated approved funding was utilised to assist NZPARS in the establishment of an infrastructure base in Northland in the final quarter, in advance of service delivery in the 2005/06 year.

Performance Measure	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>REINTEGRATIVE SUPPORT SERVICES</b>				
<b>Quantity</b>				
The number of offenders and their families/whanau receiving the service to be no more than:	106	91	120	-29
<b>Quality</b>				
The percentage of offenders and their families/whanau receiving the service for which an action plan is developed to be no less than:	100%	100%	100%	Nil

**Comment**

The number of offenders receiving this service has been below target at both sites (Auckland and Christchurch). This appears to have been largely due to issues related to inappropriate referrals to the services, and the increase in the prison population, which has resulted in increased prisoner movements. Funding for the services (currently pilots) has been confirmed to June 2006, while government considers the results of an outcome evaluation completed in June 2005.

## OUTPUT 7.6 Community Residential Centres and Reducing Youth Offending Programme

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	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>COMMUNITY RESIDENTIAL CENTRES</b>				
<b>Quantity</b>				
The number of offenders directed to attend a community residential centre:	64	68	82	-14
The number of psychologist hours provided to Montgomery House:	745	860	740	120
<b>Quality</b>				
The percentage of offenders who successfully undertake their community residential centre order to be no less than:	76%	87%	60%	27%
The percentage of assessments for Montgomery House programmes for which all of the information elements were assessed to be:	92%	100%	100%	Nil
The percentage of post-programme assessments for Montgomery House programmes completed by a psychologist to be:	100%	100%	100%	Nil
The percentage of clinical monitoring reports for Montgomery House programmes that adhere to the standards to be:	100%	100%	100%	Nil
The percentage of clinical monitoring reports for Montgomery House programmes provided within agreed timeframes to be:	100%	100%	100%	Nil

### Comment

The number of offenders attending community residential centres is slightly higher than last year (64) although still below target. The Department and the providers are continuing to work closely to maximise appropriate referrals to these centres. The variance in psychologist hours resulted from the need to train new staff in delivery of the Montgomery House programme. Completion rates, for those who do start, continued to improve to 87 percent, compared to 76 percent in 2003/04.

Performance Measure	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>REDUCING YOUTH OFFENDING PROGRAMME</b>				
<b>Quantity</b>				
The number of youth who are directed to attend a Reducing Youth Offending programme:	81	109	130	-21
<b>Quality</b>				
The percentage of youth who successfully undertake a Reducing Youth Offending programme order to be no less than:	78%	74%	70%	4%

### Comment

The number of youth attending the programme continues to increase (109 compared with 81 in 2003/04), although the full year result has been below target. The programme has continued to experience difficulties in identifying appropriate referrals, and this remains a focus for the programme managers for 2005/06.

Efforts by both sites (Auckland and Christchurch) to improve programme completion rates have been successful, with a year-end result of 74 percent achieved.

## OUTPUT 7.7 Provision of Psychological Services



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

Performance Measure	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>PSYCHOLOGICAL SERVICES</b>				
<b>Quantity</b>				
The number of psychological consultation hours provided to the				
• Public Prisons Service:	9,625	9,609	9,199	410
• Community Probation Service:	10,285	10,751	11,288	-537
• Community Probation Service (extended supervision):	New measure	23	156 <sup>30</sup>	-133
The number of psychological reports provided to the				
• Public Prisons Service:	1,117	975	779	196
• Community Probation Service:	1,084	1,089	916	173
<b>Quality</b>				
The percentage of psychological consultations which meet the following standards to be no less than:				
	100%	100%	95%	5%
<ul style="list-style-type: none"> <li>• a structured offender assessment interview is conducted</li> <li>• confidentiality and consent issues are explained</li> <li>• relevant history is obtained</li> <li>• assessment measures are used (as appropriate)</li> <li>• problems are presented clearly formulated</li> <li>• treatment goals are specified (addressing assessed problems)</li> <li>• appropriate interventions are used (based on current literature)</li> <li>• adequate case notes are recorded for all sessions</li> <li>• records are kept of ongoing measures or observations to monitor interventions</li> <li>• assessment and treatment reports are completed and delivered.</li> </ul>				
The percentage of psychological reports which meet the following standards to be no less than:				
	100%	100%	95%	5%
<ul style="list-style-type: none"> <li>• concise, logical and grammatically correct</li> <li>• source and reason for referral are clearly stated</li> <li>• all relevant and appropriate information is included</li> <li>• sources of information are well documented and verified</li> <li>• clear statements of recommendations for further interventions</li> <li>• complies with the Psychologists' Code of Ethics.</li> </ul>				

### Comment

The requirement to deliver more reports for the New Zealand Parole Board, and clearing the initial batches of extended supervision health assessments, limited the time available for the delivery of psychological consultation hours. While remedial action was taken in the final quarter, delivery of consultation hours to the Community Probation Service was marginally below planned levels.

<sup>30</sup> Ministerial approval was received for the development of this new measure.



The number of psychological reports provided to the Public Prisons Service and the Community Probation Service was above planned 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 lower number of consultation hours provided for extended supervision offenders is attributable to the time interval for granting extended supervision orders, with a number of high-risk offenders continuing to be managed under parole conditions, having not yet moved under extended supervision orders.

## R OUTPUT 7.7 Provision of Psychological Services (continued)

Performance Measure	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>BICULTURAL THERAPY MODEL</b>				
<b>Quantity</b>				
The number of consultation hours provided by Māori service providers under the Bicultural Therapy Model:	4,104	3,897	4,000	-103
<b>Quality</b>				
The percentage of Māori service providers who comply with the following standards when delivering consultation hours under the Bicultural Therapy Model to be:	98%	99%	100%	-1%
<ul style="list-style-type: none"> <li>• all referrals follow locally agreed referral processes</li> <li>• provider has received induction from the Psychological Service</li> <li>• provider has signed a contract for services</li> <li>• treatment provided is centred around Māori values and beliefs using the principles of kaupapa Māori and nga tikanga Māori</li> <li>• provider is mandated by the relevant Oversight Committee, comprising representatives of local iwi and the Psychological Service</li> <li>• a report is provided to the Psychological Service at the end of each referral.</li> </ul>				

### Comment

All Māori prisoners are offered bicultural therapy. An increasing number of prisoners are taking up this option – commensurate with the increased emphasis placed on it. The Bicultural Therapy Model continued to be maintained by each Psychological Service office and regional managers.

## 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	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>Quantity</b>				
The number of full-time equivalent chaplains in prisons:	31	32	26	6
<b>Quality</b>				
The percentage of chaplaincy service reports provided to the Public Prisons Service within the agreed timeframes:	100%	100%	100%	Nil

### Comment

The increased number of chaplains reflects the fact that the Catholic Bishop continued to make available additional chaplains to the Chaplaincy Service 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 will assist 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 2005

30/06/04 Actual \$000		30/06/05 Actual \$000	Main Estimates \$000	Supp. Estimates \$000
	<b>REVENUE</b>			
5,476	Crown	5,434	5,870	5,434
0	Other	0	0	0
<b>5,476</b>	<b>Total Revenue</b>	<b>5,434</b>	<b>5,870</b>	<b>5,434</b>
<b>5,319</b>	<b>Total Expenses</b>	<b>5,356</b>	<b>5,870</b>	<b>5,434</b>
<b>157</b>	<b>Net Surplus</b>	<b>78</b>	<b>0</b>	<b>0</b>

#### OUTPUT 8.1 Services to the New Zealand Parole Board

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

Performance Measure	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>Quantity</b>				
The number of hearings by the New Zealand Parole Board to be:	9,027	8,971	8,000	971
<b>Quality</b>				
The percentage of offenders or victims notified of an impending hearing at least 10 working days before a hearing:	100%	100%	95%	5%
The percentage of offenders or victims notified of a Board decision within 10 working days after a hearing:	100%	95%	95%	Nil
The percentage of papers for home detention (deferred sentences) hearings provided to the Board at least five working days before a hearing:	85%	97%	95%	2%
The percentage of all other papers for each hearing provided to the Board at least 10 working days before a hearing:	85%	95%	95%	Nil
The scheduling of cases to be heard by the Board to be within the timeframe specified in the Parole Act 2002:	100%	100%	100%	Nil

#### Comment

The increased number of hearings reflects the anticipated impact of the changes to the Parole Act 2002 and Sentencing Act 2002, notwithstanding a reduction in deferred home detention applications.

## 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 2005

<b>30/06/04 Actual \$000</b>		<b>30/06/05 Actual \$000</b>	<b>Main Estimates \$000</b>	<b>Supp. Estimates \$000</b>
	<b>REVENUE</b>			
4,070	Crown	5,309	4,468	5,309
0	Other	0	0	0
<b>4,070</b>	<b>Total Revenue</b>	<b>5,309</b>	<b>4,468</b>	<b>5,309</b>
<b>3,981</b>	<b>Total Expenses</b>	<b>4,938</b>	<b>4,468</b>	<b>5,309</b>
<b>89</b>	<b>Net Surplus</b>	<b>371</b>	<b>0</b>	<b>0</b>


**OUTPUT 9.1 Policy Advice and Development Services**

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

Performance Measure	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>Quantity</b>				
Advice will be provided according to a work programme agreed with the Minister of Corrections:	79%	100%	100%	Nil
<b>Quality</b>				
The Minister of Corrections will expect advice to be delivered according to the quality standards as outlined below:	100%	100%	100%	Nil
<ul style="list-style-type: none"> <li>• the aims of the paper have been clearly stated and they answer the questions that have been set</li> <li>• the assumptions behind the advice are explicit, and the argument is logical and supported by the facts</li> <li>• the facts in the paper are accurate and all material facts have been included</li> <li>• an adequate range of options has been presented and each has been assessed for benefits, costs and consequences to the Government and the community</li> <li>• there is evidence of adequate consultation with interested parties and possible objections to proposals have been identified</li> <li>• the problems of implementation, technical feasibility, timing and consistency with other policies have been considered</li> <li>• 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.</li> </ul>				
<b>Timeliness</b>				
Policy advice purchased will be delivered within the specific reporting deadlines agreed with the Minister of Corrections:	79%	100%	100%	Nil

## OUTPUT 9.2 Ministerial Servicing



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

Performance Measure	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>Quantity</b>				
The number of responses to be prepared to Ministerial correspondence is estimated to be:	479	481	600	-119
The number of responses to Parliamentary questions is estimated to be:	806	450	700	-250
<b>Quality</b>				
The percentage of replies returned for redrafting not to exceed:	20%	15%	10%	5%
All responses signed out by either a general manager or, in his or her absence, an appropriate manager to be:	100%	100%	100%	Nil
<b>Timeliness</b>				
The percentage of responses to Ministerial correspondence completed within the timeframes agreed with the Minister's Office to be no less than:	74%	67%	90%	-23%
The percentage of responses to Parliamentary questions completed within the timeframes set by the Minister's office to be:	90%	84%	100%	-16%

### Comment

The volume of Ministerial correspondence was lower than expected for the year, perhaps due to political attention surrounding law and order issues being focused on other portfolios. Notwithstanding, the overall complexity of correspondence topics, and the level of research and consultation required for complete and accurate responses, did not diminish.

The number of Parliamentary questions, particularly in the final quarter, was also significantly lower than anticipated, probably due to political energies being re-directed towards the forthcoming election.

Responses returned for re-drafting covered a wide variety of subjects, with re-write requests usually involving politically sensitive topics and, in a small number of instances, the correction of proof-reading errors. In addition, the Minister also requested the provision of more background information on a number of issues.

Overdue items of Ministerial correspondence continued to be prisoner related, necessitating the receipt of information from prisons. The sensitive nature of this information (including Official Information Act requests) demands particular care in research, drafting and compilation.


**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	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>Quality</b>				
The percentage of research and evaluation delivered to agreed project milestones:	100%	88%	100%	-12%
The percentage of psychological and other research that will be provided to the following criteria contained in the Psychological Service Manual:	100%	100%	100%	Nil
<ul style="list-style-type: none"> <li>• the hypothesis/aim of the research is clearly stated; capable of being tested; uses minimal variables; is resourced appropriately</li> <li>• data collection is to meet appropriate standards of research design, and appropriate analysis tools are to be used</li> <li>• the results are accurately and clearly described</li> <li>• there is concise and thorough explanation of the implications of the results for the issues investigated</li> <li>• the research should be peer reviewed both internally and externally</li> <li>• the report is written in a format appropriate to the audience</li> <li>• the aims of the paper are accurate and all material facts have been included</li> <li>• the material is free of spelling or grammatical errors and an executive summary is provided if the report exceeds five pages</li> <li>• when possible the material is published within internationally recognised journals.</li> </ul>				

#### Comment

Delays were experienced in commencing a number of research projects while some aspects of the proposed work were clarified within the Department. In addition, during the year, one researcher was central to the preparation and presentation of the Department's evidence for Waitangi Tribunal hearing claims, while another researcher continued to represent the Department at court and New Zealand Parole Board hearings regarding risk assessments.

Part one of a research project could not be completed in 2004/05, because Information Technology changes during the year precluded the Psychological Service from accessing the recidivism data required.

## OUTPUT CLASS 10 SERVICE PURCHASE AND MONITORING

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

### OUTPUT CLASS STATEMENT: PURCHASE AND MONITORING

For the Year Ended 30 June 2005

30/06/04 Actual \$000		30/06/05 Actual \$000	Main Estimates \$000	Supp. Estimates \$000
	<b>REVENUE</b>			
3,778	Crown	1,529	3,919	1,529
0	Other	0	0	0
<b>3,778</b>	<b>Total Revenue</b>	<b>1,529</b>	<b>3,919</b>	<b>1,529</b>
<b>3,696</b>	<b>Total Expenses</b>	<b>1,449</b>	<b>3,919</b>	<b>1,529</b>
<b>82</b>	<b>Net Surplus</b>	<b>80</b>	<b>0</b>	<b>0</b>

### OUTPUT 10.1 Purchase and Monitoring of Service Delivery

This output involves the development, management and monitoring of:

- Internal Purchase Agreements with the 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, Books in Prison Trust and Arts Access Aotearoa
- interagency agreements, 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, Career Services, Housing New Zealand Corporation, Office of the Ombudsmen, Department of Labour.

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

Performance Measure	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>INTERAGENCY AGREEMENTS</b>				
<b>Quantity</b>				
The number of interagency agreements managed by Corporate Management:	11	13	12	1
<b>Quality</b>				
The percentage of interagency agreements managed in accordance with the review and reporting provisions to be:	100%	100%	100%	Nil
<b>Timeliness</b>				
The percentage of interagency agreements that are renegotiated and/or reviewed by the date specified to be:	100%	100%	100%	Nil




**OUTPUT 10 .1 Purchase and Monitoring of Service Delivery (continued)**

Performance Measure	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>INTERNAL PURCHASE AGREEMENTS AND EXTERNAL CONTRACTORS</b>				
<b>Quantity</b>				
The number of Internal Purchase Agreements with internal providers:	4	5	5	Nil
The number of contracts for services with external providers negotiated and managed by Corporate Management:	3	3	3	Nil
<b>Quality</b>				
The percentage of Internal Purchase Agreements and contracts for services with external providers that meet the following standards to be:	100%	100%	100%	Nil
<ul style="list-style-type: none"> <li>• services are clearly described</li> <li>• performance measures and standards are specified</li> <li>• price and payment regime (including incentives as appropriate)</li> <li>• format and dates of reporting requirements are specified.</li> </ul>				
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:	100%	100%	100%	Nil
<ul style="list-style-type: none"> <li>• the procedures are being followed</li> <li>• service delivery and performance measures are as specified</li> <li>• the quality of service delivery and performance is as specified</li> <li>• the manner, timing and form of reporting are as laid down.</li> </ul>				

**OUTPUT 10 .1 Purchase and Monitoring of Service Delivery (continued)**



Performance Measure	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>COMMUNITY FUNDING CONTRACTS</b>				
<b>Quantity</b>				
The number of community funding contracts to be negotiated with external providers:	99	99	110	-11
<b>Quality</b>				
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:	100%	100%	100%	Nil
<ul style="list-style-type: none"> <li>• the correct parties to the contract are specifically identified and the parties have legal power to contract and are a legal entity</li> <li>• the term of the contract has been identified</li> <li>• the price is identified in the schedule of the contract</li> <li>• the payment regime is specified</li> <li>• the format and dates of reporting requirements are stated</li> <li>• the mechanism for resolving disputes is stated</li> <li>• the programme is clearly described (including programme aims, content and delivery process)</li> <li>• the contract is legal.</li> </ul>				
<b>Timeliness</b>				
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:	95%	100%	95%	5%

**Comment**

The number of contracts negotiated is the same as for 2003/04, with changes in the mix of contracts not resulting in the increase in numbers that had been allowed for.


**OUTPUT 10 .1 Purchase and Monitoring of Service Delivery (continued)**

Performance Measure	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>CONTRACTS WITH COMMUNITY RESIDENTIAL CENTRES</b>				
<b>Quantity</b>				
The number of contracts between the Probation and Offender Services and community residential centres:	3	3	3	Nil
<b>Quality</b>				
The percentage of contracts for services with community residential centres that meet the following standards:	100%	100%	100%	Nil
<ul style="list-style-type: none"> <li>• services are clearly described</li> <li>• performance measures and standards are specified</li> <li>• price and payment regime is specified (including incentives as appropriate)</li> <li>• format and dates of reporting requirements are specified.</li> </ul>				
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:	100%	100%	100%	Nil
<ul style="list-style-type: none"> <li>• the procedures are being followed</li> <li>• service delivery and performance measures are as specified</li> <li>• the quality of service delivery and performance is as specified</li> <li>• the manner, timing and form of reporting are as laid down.</li> </ul>				

## 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 service groups that it inspects.

Performance Measure	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>Quantity</b>				
The number of inspections in the inspectorate work programme as approved by the Assurance Board				
• Routine visits:	94	96	80–120	Nil
• Special investigations:	17	12	10–30	Nil
<b>Quality</b>				
The percentage of inspections that are carried out to the following criteria to be:				
• to a quality which satisfies the Assurance Board	100%	100%	100%	Nil
• according to the guidelines and standards of the New Zealand Institute of Internal Auditors				
<b>Timeliness</b>				
All reports on routine inspection visits will be finished within one month of visit. All special reports will be finished within the time period agreed in the terms of reference for the investigation:				
	96%	98%	100%	-2%

**OUTPUT 10.3 Provision of National Systems Services**

This output involves:

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

Performance Measure	2003/04	Performance Standard 2004/05		
	Actual	Actual	Budget	Variance
<b>Quantity</b>				
The number of information transactions with external agencies:	7,731	8,451	9,000	-549
<b>Quality</b>				
The percentage of accuracy of the statutory appointment and delegations registers affecting the operational management of prisoners:	100%	100%	100%	Nil
<b>Timeliness</b>				
The percentage of national systems transactions completed within seven working days of applications being received:	100%	100%	100%	Nil
The percentage of applications for victims' registration processed within 10 working days of being received:	100%	100%	100%	Nil
The percentage of personnel records established for prisoners imprisoned for six months or more within 10 working days of reception to prison:	100%	100%	100%	Nil

**Comment**

The number of information transactions is driven by requests from external agencies and is outside the Department's control.